

Foreign-Controlled Domestic Corporations, 1997

by James R. Hobbs

For Tax Year 1997, the 61,621 domestic corporations each “controlled” by a foreign “person” generated \$1.8 trillion of total receipts and reported \$3.4 trillion of total assets on income tax returns filed with the Internal Revenue Service (IRS). These corporations were relatively few in number, just 1.3 percent of the U.S. total. However, they accounted for 10.7 percent of the receipts and 10.3 percent of the assets reported on all U.S. corporation income tax returns. They also accounted for 9.0 percent of the “taxable income” and 10.7 percent of the total income tax after credits reported on these returns.

The profits (i.e., “net income (less deficit)” shown in the statistics) reported by foreign-controlled domestic corporations (FCDC’s) for tax purposes under the Internal Revenue Code were \$52.4 billion for 1997. This was nearly one-fourth larger than the \$41.9 billion reported for the prior year [1]. Placed in context, the net income (less deficit) reported on all corporation income tax returns increased by a smaller percentage (13.5 percent), from \$806.5 billion for 1996 to \$915.4 billion for 1997 [2].

Of all the FCDC’s, 29,504 reported (positive) net income for 1997, totaling \$79.4 billion, a 17.0-percent increase over the \$67.8 billion reported for 1996. The profitable companies for 1997 also reported \$61.8 billion of taxable income after statutory special deductions (i.e., “income subject to tax” shown in the statistics), 17.1 percent more than for the previous year. Total statutory special deductions also increased between the 2 years, including the net operating loss deduction component of that total. The U.S. tax liability (i.e., “total income tax after credits”) of FCDC’s was \$19.7 billion, 27.8 percent greater than that of the prior year.

For 1997, the 2,916 “largest” companies (i.e., those with at least \$250 million of assets, or with at least \$50 million of receipts, or with both) accounted for most of the key financial items of all FCDC’s: 93.5 percent of total assets, 91.3 percent of total receipts, 88.0 percent of taxable income, and 88.0 percent of total income tax after credits. After an overview of all FCDC’s, this article focuses on the largest foreign-controlled domestic companies and

compares them on industry and age bases to the largest domestic corporations not controlled by foreign persons. It also provides information on the foreign country distribution of the owners of the largest FCDC’s.

Direct Foreign Investment in the United States

Direct foreign investment in the United States can take several forms, including corporations, partnerships, and even joint ventures. Under these forms of direct investment, the foreign investor may have sufficient equity in the enterprise to control and participate in managing its operations [3]. With regard to corporations, a foreign investor can either gain control of an existing U.S. company, create a new company incorporated in the United States, or operate in the United States through a branch of a foreign corporation.

There are numerous factors involved in the decision of a foreign investor to operate in the United States through either a domestic or foreign corporation [4, 5]. For the foreign-controlled domestic corporations covered in this article, “control” is generally defined as ownership by any foreign person or entity (including an individual, corporation, partnership, estate, or trust), directly or indirectly, of 50 percent or more of a U.S. corporation’s voting stock (or the value of all of the corporation’s stock) at any time during the accounting period. (This is discussed in greater depth in the Data Sources and Limitations section. Also, a description of foreign persons and an explanation of the rules of ownership attribution are given in the Explanation of Selected Terms section.)

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Form Coverage

Data for all corporation income tax returns discussed in this article include the following seven form types filed by domestic corporations: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*; (3) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (4) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (5) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; (6) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*; and

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(7) Form 1120S, *U.S. Income Tax Return for an S Corporation*. Also included in the total is Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, for foreign corporations with income effectively connected with a U.S. trade or business. All of these form types are included in the Statistics of Income Corporate Study, from which FCDC statistics are derived [6]. By comparison, FCDC's can file tax returns only on Forms 1120, 1120-L, 1120-PC, 1120-REIT, and 1120-RIC. They cannot file Forms 1120-A, 1120-F, or 1120S.

This article includes two basic tables showing balance sheet, income statement, and tax items, as well as various ratios. Table 1 includes information for all FCDC's by selected industrial groupings and selected countries. Table 2 presents information on the "largest" FCDC's, classified by selected industrial groupings and countries, and age of the companies. For comparison purposes, this table also contains data for the largest domestic corporations not

controlled by foreign persons. For reasons explained later in this article, Table 2 excludes data from Forms 1120-REIT, 1120-RIC, and 1120S.

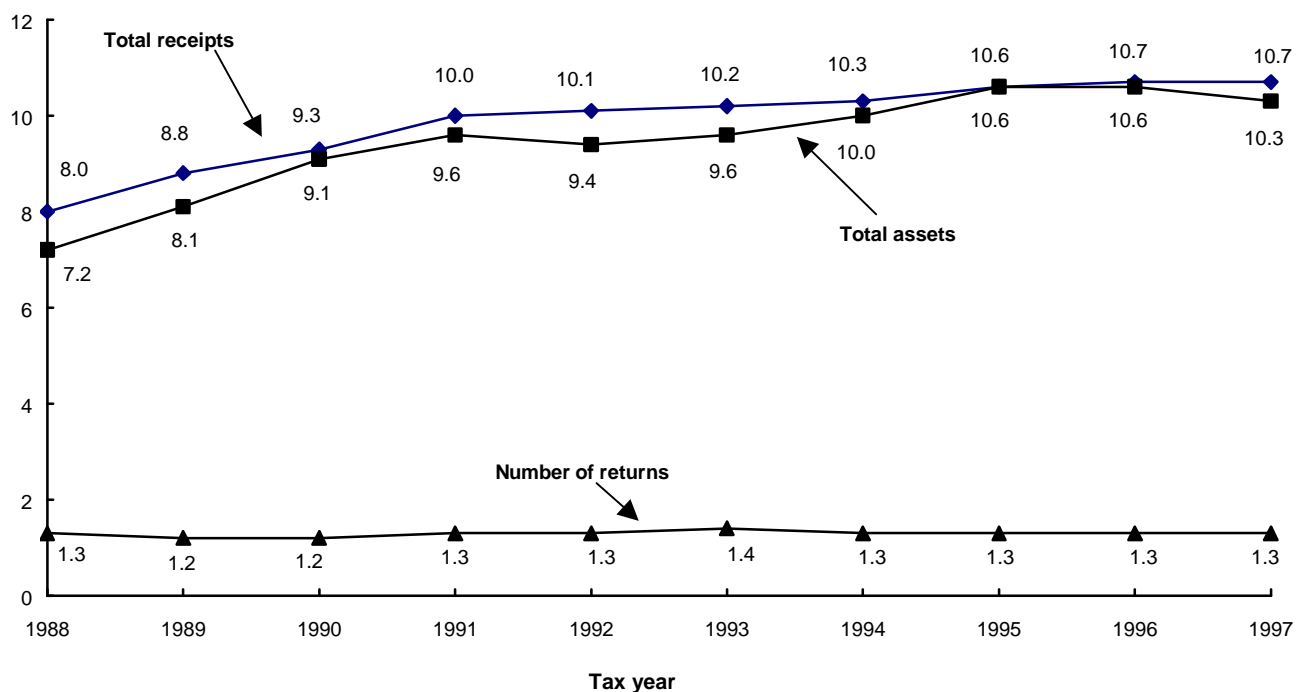
Growth of Corporations

Direct foreign investment in the United States through foreign-controlled domestic corporations grew steadily and substantially during the 1988-1997 period [7]. Total receipts of FCDC's grew from \$0.8 trillion for 1988 to \$1.8 trillion for 1997, a 115.8-percent increase (using current dollars). In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$10.3 trillion for 1988 to \$16.6 trillion for 1997, a 61.8-percent increase. As a result of the rapid growth rate of FCDC's, their share of the receipts reported on all corporate returns increased from 8.0 percent for 1988 to 10.7 percent for 1997 (see Figure A). Most of this growth occurred in the 1988-1991 period. Since that time, while FCDC growth has been

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1988-1997

Percentage



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greater than that for other corporations, the pace has slowed down. During the 1995-1997 period, FCDC receipts accounted for a steady portion (about 10.6 percent or 10.7 percent) of all corporate receipts.

There were an estimated 61,621 returns of foreign-controlled domestic corporations for 1997, a slight decrease from the estimated 62,141 returns for 1996. Returns of FCDC's comprised a rather constant percentage of all U.S. corporation income tax returns, generally between 1.2 percent and 1.4 percent for each year between 1988 and 1997. This is in contrast to the level of receipts, as well as assets, reported by FCDC's over this period.

To the extent that FCDC's filed consolidated income tax returns, the data included in this article actually represent more companies than the stated number of returns. FCDC's, like most other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. Consolidated returns contained the combined financial data of two or more corporations in which a common parent corporation owned at least 80 percent of the stock of at least one member of the group, and at least 80 percent of the stock of each other member of the group was owned within the group. A consolidated return filed by a common parent was treated as a unit, with each statistical item being determined on the basis of the combined data of the affiliated group.

The assets of domestic corporations controlled by foreign persons increased by 11.3 percent between 1996 and 1997, less than the increase of 15.3 percent for the assets reported on all U.S. corporation income tax returns [8]. As a result, the percentage of total corporate assets accounted for by FCDC's dropped from 10.6 percent for 1996 to 10.3 percent for 1997. This level is still a considerable increase from the 7.2 percent for 1988.

The growth of FCDC's can also be measured from the early 1970's, when a question concerning foreign ownership of companies was first placed on the corporation income tax return. For 1971, the

5,154 companies reported \$36.7 billion of total assets and \$39.2 billion of total receipts. They accounted for just 0.3 percent of the returns, 1.3 percent of the assets, and 2.1 percent of the receipts reported by all corporations for that year.

Industry Characteristics

In the preceding section, it was stated that FCDC receipts grew from 8.0 percent of all corporate receipts for 1988 to 10.7 percent for 1997. This growth can be viewed more specifically on an industrial basis. The four most significant industrial divisions (or groups) for FCDC's have been wholesale trade; manufacturing; finance, insurance, and real estate; and services. Using total receipts as the measure, the growth during the 1988-1997 period of FCDC's as a percentage of all corporations for these four groups was: for wholesale trade, 19.7 percent to 22.6 percent; for manufacturing, 10.1 percent to 14.9 percent; for finance, insurance, and real estate, 4.7 percent to 8.5 percent; and for services, 3.7 percent to 5.4 percent. Thus, FCDC's in all four groups show significant increases over this period.

For 1997, foreign-controlled domestic corporations were involved in every type of industrial activity, but, based on number of returns, 85.4 percent were concentrated in four industrial groupings: (1) finance, insurance, and real estate (18,398 returns); (2) wholesale trade (15,601 returns); (3) services (11,480 returns); and (4) manufacturing (7,143 returns). See Figure B. (In general, data are presented only for broad industrial classifications; with some exceptions, they do not focus on more specific industrial subgroups underlying these broad classifications. The Data Sources and Limitations section discusses how returns were classified by industry.)

While the services industrial division comprised a substantial number of the total returns filed by FCDC's, these companies tended to have small amounts of receipts and assets when compared to companies in the other three groupings. For this reason, most of the remaining discussion on industry characteristics focuses on companies classified in finance, insurance, and real estate; wholesale trade; and manufacturing. However, selected financial data for the services industrial division are included in Table 1.

Based on assets, two industrial divisions dominated the total for 1997. Finance, insurance, and real

For 1971, FCDC's accounted for 2.1 percent of the receipts reported by all corporations. By 1997, this percentage grew to 10.7.

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Figure B

Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Industrial Groupings, Tax Year 1997

[Money amounts are in millions of dollars]

Industrial group	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All industries ¹	61,621	100.0	3,392,051	100.0	1,781,382	100.0
Agriculture, forestry, and fishing.....	932	1.5	3,885	0.1	2,252	0.1
Mining.....	837	1.4	102,232	3.0	44,230	2.5
Construction.....	717	1.2	11,792	0.3	15,723	0.9
Manufacturing.....	7,143	11.6	968,394	28.5	770,735	43.3
Transportation and public utilities.....	2,033	3.3	38,557	1.1	31,867	1.8
Wholesale trade.....	15,601	25.3	318,519	9.4	499,750	28.1
Retail trade.....	4,224	6.9	46,078	1.4	94,198	5.3
Finance, insurance, and real estate.....	18,398	29.9	1,721,579	50.8	230,988	13.0
Services.....	11,480	18.6	180,215	5.3	88,961	5.0

¹ Includes "Wholesale and retail trade not allocable" and "Nature of business not allocable," not shown separately.

estate, and manufacturing accounted for \$1.7 trillion and \$1.0 trillion of total assets, respectively, for a combined 79.3 percent of the \$3.4 trillion of assets for all FCDC's. These two divisions made up a similar portion of the total assets reported on returns of other corporations. In this respect, FCDC's closely mirrored other corporations.

Alternatively, on the basis of total receipts, manufacturing and wholesale trade continued to be the two primary industrial categories of FCDC's for 1997. Manufacturers reported \$0.8 trillion of receipts, while wholesalers reported \$0.5 trillion. These two groups accounted for 71.3 percent of the \$1.8 trillion of total receipts recorded for all FCDC's. This percentage was substantially higher than the comparable one (44.5 percent) for all corporations that filed U.S. corporation income tax returns.

Companies classified in different industries often have different financial characteristics. For instance, the comparative levels of total assets and total receipts of companies primarily engaged in wholesale trade activities differ significantly from those primarily engaged in finance, insurance, and real estate activities. FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.57 of receipts for each dollar of assets for 1997. Companies classified in finance, insurance, and real estate reported large amounts of assets, but

relatively small amounts of receipts. These FCDC's produced only \$.13 of receipts for each dollar of assets. The comparable amounts of receipts per dollar of assets for all corporations that filed U.S. income tax returns were \$2.39 for wholesalers and \$.13 for finance, insurance, and real estate companies.

While foreign-controlled domestic corporations accounted for about one-tenth of the \$16.6 trillion of total receipts reported by all corporations filing U.S. income tax returns for 1997, these companies played disproportionately larger roles in certain industrial groupings. For instance, FCDC's produced very substantial parts of the total receipts reported for mining (29.4 percent) and wholesale trade (22.6 percent). FCDC's also accounted for 14.9 percent of the receipts reported by all manufacturing companies. Conversely, FCDC involvement in the finance, insurance, and real estate; services; retail trade; transportation and public utilities; construction; and agriculture, forestry, and fishing industrial groupings was relatively low, accounting for only 8.5, 5.4, 3.8, 2.4, 2.0, and 1.9 percents, respectively, of the receipts for all companies classified in these categories.

While FCDC's accounted for 29.4 percent of the receipts for all mining companies for 1997, companies in this industrial division are not a major source of FCDC activity. Thus, they are not a major focus of this article. As shown in Figure B, mining accounted

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for only 1.4 percent of the total FCDC returns filed with the IRS, 2.5 percent of the total FCDC receipts, and 3.0 percent of the total FCDC assets.

Statistics classified by industry do have certain limitations, which are discussed more thoroughly in the Data Sources and Limitations section, below. However, a brief point should be made here. FCDC's accounted for 14.9 percent and 22.6 percent of the receipts of all companies classified as manufacturers and wholesalers, respectively. However, these percentages may overstate the FCDC portion of wholesaling, and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of products and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the one industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many domestic companies controlled by foreign corporations acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These domestic companies would have been classified in the wholesale trade industrial grouping.

Country Characteristics

Domestic corporations can be controlled by "persons" resident in any country throughout the world. However, for 1997, owners from nine countries controlled 51.0 percent of the 61,621 domestic corporations classified as 50-percent-or-more controlled by a foreign person. (Table 1 includes data for these nine countries.) The countries represent the geographic location of the direct foreign owner's place of residence in the case of individuals; and place of incorporation, organization, creation, or administration in the case of other persons. Because holding companies located in a country different from that of the ultimate owner may directly own the stock of U.S. affiliates, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. No data on the extent of this potential limitation are available.

The 31,449 corporations controlled by persons from the nine countries shown in Table 1 accounted for the major portion of the most significant financial items for all FCDC's. These corporations reported

89.9 percent of FCDC total assets, 85.4 percent of total receipts, 87.1 percent of total taxable income, and 87.9 percent of total income tax after credits.

Domestic corporations controlled by Japanese persons reported assets of \$614 billion and total receipts of \$458 billion for 1997, amounts substantially larger than those for any other country. These assets and receipts represented 18.1 percent and 25.7 percent of the respective totals for all FCDC's. Companies controlled by Japanese persons also accounted for the largest amount of assets and receipts for each of the years in the 1988-1996 period (see Figure C). Companies classified in finance, insurance, and real estate accounted for \$305 billion, or 49.6 percent, of the Japanese-controlled assets. Over \$269 billion, or 58.7 percent, of the Japanese receipts were produced by wholesalers.

Although, for 1997, Japanese-controlled domestic corporations accounted for the largest part of the assets and receipts reported for all FCDC's, they did not file the largest number of returns. Canadian-controlled domestic corporations filed the most returns, 8,051; Japanese-controlled domestic corporations were second with 6,731; and United Kingdom-controlled domestic corporations were third with 5,340.

Domestic corporations controlled by persons in the United Kingdom accounted for the second largest amounts of FCDC assets (\$544 billion) and receipts (\$248 billion) for 1997, as well as the second largest amounts for the 1988-1996 period as a whole. These assets and receipts represented 16.0 percent and 13.9 percent, respectively, of the 1997 FCDC totals. Like Japan, finance, insurance, and real estate companies accounted for the largest part (\$264 billion) of the U.K.-controlled assets. However, unlike Japan, manufacturers produced most (\$138 billion) of the U.K.-controlled receipts.

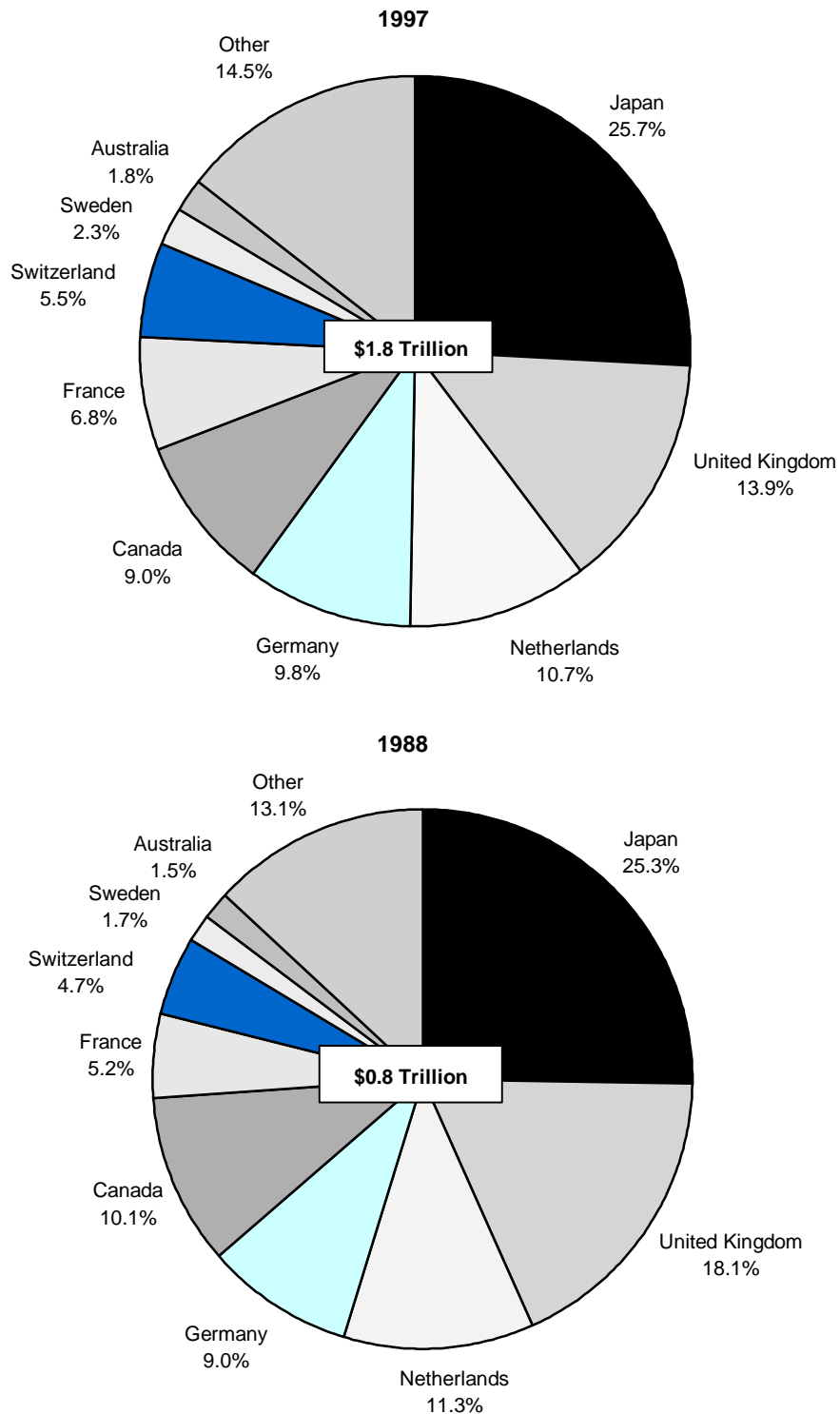
U.K.-controlled domestic corporations reported the largest amounts of net income (less deficit) (\$11.8 billion) and U.S. taxable income (\$12.9 billion), while Japanese-controlled corporations were second

Japanese-controlled corporations accounted for the largest amount of FCDC assets and receipts for each year in the 1988-1997 period.

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Figure C

Foreign-Controlled Domestic Corporations: Total Receipts for Selected Countries of Foreign Owners, Tax Years 1988 and 1997



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with \$7.9 billion of profits and \$11.3 billion of taxable income. However, this order was reversed for total income taxes after credits, with \$4.1 billion for Japan and \$3.9 billion for the United Kingdom. U.K.-controlled corporations reduced their U.S. tax liabilities by far greater amounts of foreign tax credits than those of Japanese-controlled corporations.

For 1997, Japanese-controlled domestic corporations reported a combined net income (less deficit) of \$7.9 billion on \$457.9 billion of receipts, while U.K.-controlled companies reported net income (less deficit) totaling \$11.8 billion on \$248.1 billion of receipts. There are many factors that may have caused the resulting difference in the percentages of net income (less deficit) divided by receipts (1.7 percent versus 4.8 percent, respectively; see column 57 of Table 1) for these two countries. It is noteworthy to look at the reported receipts and profits on a country/industry basis.

In the manufacturing industrial division, the percentages were both positive; the U.K. ratio of 3.8 percent was higher than the Japanese ratio of 2.9 percent. Japanese-controlled manufacturing corporations reported profits of \$3.8 billion on \$131.3 billion of receipts, while U.K.-controlled companies reported profits of \$5.3 billion on \$137.7 billion of receipts. While the receipts of these two groups of companies were similar, the profits resulting from those receipts had a greater disparity.

There was a larger difference between the two countries in the case of companies classified within

For 1997, U.K.-controlled domestic corporations reported the largest amount of profits, \$11.8 billion.

the finance, insurance, and real estate group. Japanese-controlled corporations reported profits of \$1.7 billion, or 5.5 percent of their \$29.9 billion of receipts, while U.K.-controlled companies reported profits of \$4.5 billion, 10.5 percent of their \$42.6 billion of receipts.

For the wholesale trade area, Japanese-controlled domestic corporations reported larger profits (\$2.3 billion) than did U.K.-controlled corporations (\$1.1 billion). However, these profits were produced from very different levels of receipts, \$269.0 billion for Japan, but less than one-tenth of that amount,

\$24.9 billion, for the United Kingdom. As a result, net income (less deficit) as a percentage of total receipts was just 0.9 percent for companies with Japanese owners as compared to 4.5 percent for those companies with owners from the United Kingdom.

Receipts, Deductions, and Profits

A domestic corporation, whether controlled by a foreign person or not, could have business activities in foreign countries, as well as in the United States. The estimates shown in this article include business activities in the United States, as well as certain foreign activities as reported on tax returns of domestic corporations. Whether from domestic or foreign sources, income includes receipts from sales and operations, as well as investment income. However, foreign-source income is reported differently, depending on whether it is earned through a branch or through a foreign subsidiary of a domestic corporation. "Total receipts" shown in this article include the receipts of foreign branch operations of U.S. companies. Also included in these receipts are dividends remitted to U.S. corporations by their foreign subsidiaries. However, for the statistics, two items of constructive taxable income from related foreign corporations (i.e., includable income from Controlled Foreign Corporations and foreign dividend "gross-up") are not included in "total receipts" nor in the statistics for "total receipts less total deductions." These two items are, however, reflected in the data for "net income (less deficit)" [9]. (See the Explanation of Selected Terms section.)

The receipts and deductions shown in this article for foreign-controlled domestic corporations do not include amounts generated by their foreign parent companies. However, FCDC's could have had business transactions with their foreign parent companies (as well as with other related foreign persons), and FCDC receipts and deductions stemming from these transactions are included in the statistics [10].

An FCDC that transacts business with a related foreign (or domestic) person must determine "transfer prices" for those transactions. These transactions may affect either the income or the deductions of the FCDC, such as the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined may affect the amount

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The profits of FCDC's rose by 24.9 percent for 1997, to \$52.4 billion.

of net income or deficit reported on the U.S. income tax return of an FCDC. Section 482 of the Internal Revenue Code, and the related regulations, provide

guidance in determining transfer prices. In general, the objective is to use “arm’s length prices.”

Approximately 89 percent of the \$1.8 trillion of total receipts reported by domestic corporations controlled by a foreign person consisted of “business receipts” (i.e., receipts from sales and operations). These same companies reported \$1.7 trillion of total deductions. Cost of goods sold was 65 percent of that total. (See the Explanation of Selected Terms section.)

It is noteworthy to look at the “gross profit” of FCDC’s. Gross profit is the difference between business receipts and cost of goods sold. The manufacturing and wholesale trade industrial groupings accounted for most of the reported amounts of business receipts and cost of goods sold, but manufacturers show substantially higher gross profits than do wholesalers. As shown in column 50 of Table 1, for every dollar of business receipts, manufacturers reported \$.69 of cost of goods sold. By comparison, wholesalers reported \$.83 of cost of goods sold for each dollar of business receipts.

Total receipts less total deductions for FCDC’s equaled \$51.0 billion for 1997. This is somewhat different from the \$52.4 billion of net income (less deficit) reported by these companies. Total receipts less total deductions include all of the income “actually” (as opposed to “constructively”) received by corporations and reported on tax returns. Unlike net income (less deficit), total receipts less total deductions include nontaxable interest on State and local Government obligations and exclude the two items of constructive taxable income from related foreign corporations previously mentioned. For 1997, FCDC’s received \$0.7 billion of tax-exempt interest on State and local Government obligations and reported \$2.1 billion of constructive taxable income.

The previous paragraph discussed the difference, for statistical purposes, between “total receipts less total deductions” and net income (less deficit). It is also important to make a distinction between (positive) net income and taxable income (i.e., “income

subject to tax” shown in the statistics). Because certain statutory special deductions, including the “net operating loss” deduction, were available to most companies in computing their taxable income, the statistics for net income are generally larger than the amounts shown for taxable income. For 1997, FCDC’s reported \$79.4 billion of net income and \$61.8 billion of taxable income, with the difference in these amounts approximating the \$17.3 billion of statutory special deductions.

Net income (less deficit) for foreign-controlled domestic corporations was \$52.4 billion for 1997, up substantially from the \$41.9 billion for 1996. Net income (less deficit) reported on all corporation income tax returns also increased between 1996 and 1997, from \$806.5 billion to \$915.4 billion. Thus, while the profits of FCDC’s rose 24.9 percent, the profits of all corporations increased at a slower pace, by 13.5 percent.

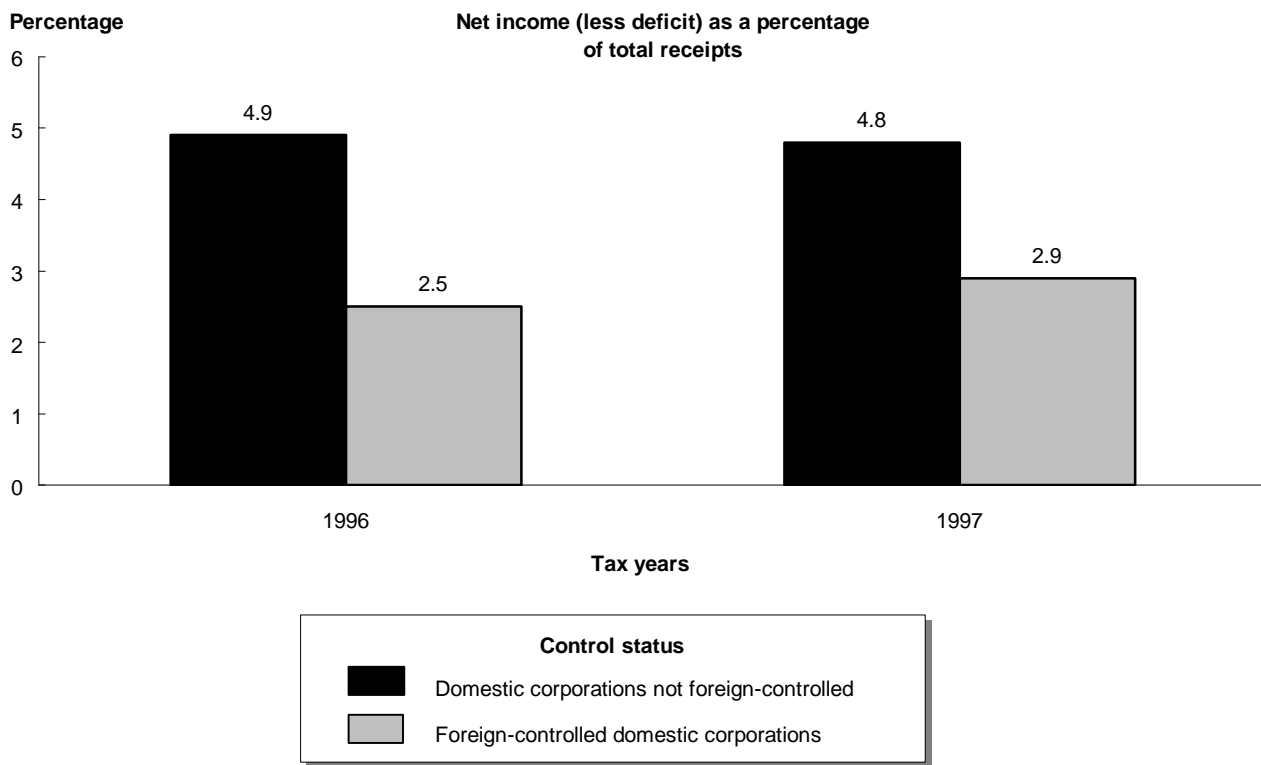
The profits of FCDC’s can be compared to those of other domestic corporations. In Figure D, this is done by calculating the “profit margin,” i.e., net income less deficits as a percentage of the total receipts reported by each of the two groups of corporations. Data from Forms 1120-REIT, 1120-RIC, and 1120S have been excluded from this analysis. While corporations filing these income tax returns report their income, they generally have little or no tax liability. Through separate special provisions of the Internal Revenue Code applicable to each of these types of corporations, the income of these corporations is generally taxed at the shareholder level. The Explanation of Selected Terms section discusses in greater detail the nature of real estate investment trusts (REIT’s), regulated investment companies (RIC’s), and S corporations [11].

Figure D shows that, for both Tax Years 1996 and 1997, the percentages of profits of FCDC’s were substantially less than those for other domestic corporations. For 1996, the reported profit margin of FCDC’s was about one-half that of the other domestic corporations. For 1997, the disparity of the profit margins narrowed somewhat, to 2.9 percent for FCDC’s versus 4.8 percent for other domestic corporations. Figure D provides a general comparison of FCDC’s to other domestic corporations. However, a more complete comparison requires that the analysis take into account characteristics other than just ownership status, such as the industrial activities,

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Figure D

Profitability of Domestic Corporations, by Control Status, Tax Years 1996 and 1997



NOTE: Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations).

sizes, and ages within the two groups of corporations. Later in this article, this type of comparison is presented for the returns of the “largest” corporations.

The performance of FCDC’s in three of the four principal industrial groups shown in Table 1 improved for 1997. The finance, insurance, and real estate group reported a substantial increase in net income (less deficit), \$17.0 billion for 1997 compared to \$11.4 billion for the previous year. Companies whose principal business activity was in manufacturing reported \$27.4 billion of net income (less deficit), a significant increase from the \$22.5 billion reported for 1996. The performance of wholesalers also increased, net income (less deficit) rising to \$5.6 billion from \$4.4 billion for the previous year. However, the performance of the services group slipped slightly with net income (less deficit) falling from \$1.0 billion to \$0.8 billion.

The \$52.4 billion of total FCDC net income (less deficit) was the result of 29,504 corporations reporting \$79.4 billion of (positive) net income and 32,117 companies reporting \$27.0 billion of deficits [12]. Thus, less than one out of every two (47.9 percent) domestic corporations with foreign owners reported a (positive) net income for 1997. In comparison, 56.2 percent of all corporations filing U.S. income tax returns for the same year reported a (positive) net income. However, the percentage of FCDC’s reporting net income for 1997 was higher than the previous year (46.9 percent).

The percentage of companies reporting (positive) net income varied among the different industrial groups. Over half of the FCDC’s classified in services (56.2 percent) and manufacturing (54.3 percent) reported net income for 1997, while nearly one-half did in wholesale trade (49.1 percent) and finance,

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insurance, and real estate (45.7 percent). The latter industrial group is composed of a diverse group of corporations, and the percentage of corporations reporting positive amounts of net income demonstrates this diversity. Within this group, 93.4 percent of the regulated investment companies (RIC's) and real estate investment trusts (REIT's) reported amounts of net income. Banks (79.3 percent) and insurance companies (71.7 percent) also had high percentages. These were followed by holding and investment companies, excluding RIC's and REIT's (60.0 percent); security and commodity brokers and services (54.1 percent); credit agencies other than banks (51.4 percent); real estate companies (39.5 percent); and insurance agents, brokers, and services (14.0 percent). Real estate companies alone accounted for 12,748 returns, over one-fifth of all the FCDC returns. Only 5,030 of the real estate returns showed positive net incomes for 1997.

Conversely, more than one of every two FCDC's reported a deficit for 1997. Collectively, these companies show \$27.0 billion in deficits, slightly more than the amount reported for the previous year. Deficits could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see "Net Operating Loss Deduction" in the Explanation of Selected Terms section). When a company "carried back" a deficit to a previous tax year, it could file either Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*. Data from these forms are not included in the statistics. Net operating losses "carried forward" to Tax Year 1997 from prior years are included in the statistics and further discussed in the next section.

Taxes

For 1997, foreign-controlled domestic corporations reported \$61.8 billion of "income subject to tax" (for purposes of the statistics, this is the base on which the income tax was computed), resulting in \$21.6 billion of income tax. The \$22.5 billion of total income tax before credits reported by FCDC's consisted of the income tax plus the alternative minimum tax, the Personal Holding Company tax, and the tax from the recapture of investment credit. The alternative minimum tax was \$0.9 billion for 1997. The remaining taxes comprised a very small part of

the total, each accounting for less than \$500,000. For 1997, there were no FCDC returns with reported amounts of tax from the recapture of low-income housing credits.

The difference between the \$79.4 billion of (positive) net income and \$61.8 billion of income subject to tax was, for the most part, the result of statutory special deductions. These deductions were allowed for most corporations in computing their taxable income and include the deduction for "net operating losses" (NOL's) from prior years. For 1997, the net operating loss deduction was \$14.9 billion and accounted for over 86 percent of the \$17.3 billion of total statutory special deductions. FCDC's reduced their 1997 net income by nearly 19 percent using NOL's carried over from prior years. (NOL's carried back to Tax Year 1997 from 1998 and beyond are not included in the statistics shown in this article.)

The percentage of FCDC's reporting tax liabilities for 1997 was 34.3 percent.

Tax credits totaling \$2.8 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$19.7 billion for 1997. The largest credits claimed were \$1.8 billion of foreign tax credits,

\$0.4 billion of prior-year minimum tax credits, \$0.4 billion of general business credits, and \$0.2 billion of U.S. possessions tax credits. Other credits included the nonconventional source fuel credit and the qualified electric vehicle credit. The \$19.7 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, it does not include any changes made by taxpayers through amended returns or by IRS as a result of examination or enforcement activities.

The percentage of FCDC's reporting tax liabilities (i.e., total income tax after credits) for 1997 was 34.3 percent, up somewhat from the 33.6 percent reported for the previous year. The percentages of FCDC's that had U.S. income tax liabilities varied considerably among countries, as well as among different industrial groups. For 1997, of the nine countries shown in Table 1, France had the lowest percentage of companies with U.S. income tax liabilities (23.1 percent), while Australia had the highest percentage (69.9). Among the four industrial

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groupings shown in the same table, the finance, insurance, and real estate group had the lowest percentage (30.2), while manufacturing had the highest percentage (44.9).

The "Largest" Foreign-Controlled Domestic Corporations

The "largest" companies accounted for the majority of the key FCDC financial items. For purposes of this article, the largest companies were those with at least \$250 million of total assets, or \$50 million of business receipts, or both. (Within the finance, insurance, and real estate industrial division, total receipts were used in place of business receipts for selecting the largest companies. Total receipts include both business receipts (i.e., gross receipts from sales and operations) plus investment income.) Both size of assets and size of receipts were used to select the largest companies in order to obtain maximum coverage of three primary industrial groupings: manufacturing; wholesale trade; and finance, insurance, and real estate [13]. These three groups accounted for most of the large companies. However, some of the largest companies were classified in other industries. The services group was not separately covered for this large-company analysis because only 7.2 percent of the largest FCDC's were classified in this group.

As previously discussed, certain industries have different characteristics from other industries. For instance, companies classified in wholesale trade generally report large amounts of receipts compared to their end-of-year assets. By comparison, corporations classified in finance, insurance, and real estate generally report large amounts of assets compared to their receipts. If either assets or receipts were used exclusively to select the largest companies, then the largest companies in one of these industrial divisions would have been undercovered in comparison to the other division. Table 2 shows data for the largest FCDC's by selected industrial groups. This table also contains data for the largest domestic corporations that were not foreign-owned (i.e.,

FCDC's accounted for 17.5 percent of the "largest" corporations, far more than the 1.3 percent of all corporations.

that were owned by domestic persons, or in which ownership by each separate foreign person was less than 50 percent). For reasons previously discussed, data for domestic corporations that filed Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations) are excluded from the table.

Table 2 shows that there were 16,659 large domestic corporations for 1997. Of this total, 17.5 percent were controlled by foreign persons. (This percentage is far larger than the 1.3 percent of all returns that FCDC's accounted for, regardless of size.) FCDC's accounted for 29.3 percent of the large wholesalers, 23.4 percent of the large manufacturers, but just 12.1 percent of the large finance, insurance, and real estate companies.

Data shown in Table 2 are the focus of this section of the article, which covers the largest FCDC's in comparison to other large domestic corporations. In addition to presenting data by selected industrial groups, Table 2 also presents data by selected countries of the foreign owners of the domestic corporations, and by age of both the FCDC's and the other domestic corporations. Regarding the age of corporations, two categories are used: "new" and "old." Each company included in the study was placed into one of these categories based on the year of incorporation reported on the income tax return. Certain limitations of the data presented by age of the corporations are discussed below.

For 1997, the largest companies reported 93.5 percent of the total assets, 91.3 percent of the total receipts, 88.0 percent of the taxable income, and 88.0 percent of the total income tax after credits, of all the FCDC's. While accounting for most of these key financial items, these 2,916 companies comprised just 4.7 percent of the number of income tax returns filed by FCDC's.

Table 2 shows that there were 13,743 large domestic corporations that did not have controlling foreign owners for 1997. Like the FCDC's, these large companies accounted for a very small percentage of the total number of income tax returns filed by domestic corporations without foreign owners, while they did comprise the majority of the key financial items (total assets, total receipts, etc.) of this group of returns.

The largest companies generally report greater profits than do the smaller companies. For 1997, the

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largest FCDC's reported a combined profit of \$53.7 billion, while the smaller FCDC's reported a combined loss of \$1.4 billion. Later in this article, the profitability of the largest FCDC's is compared to that of the largest domestically-controlled corporations. This comparison includes industry and age characteristics of the corporations. It also includes country characteristics for the FCDC's.

Industry Characteristics

The industrial classification of the largest companies is somewhat different between domestic corporations that are foreign-controlled and those that are not. For 1997, 20.6 percent of the largest domestic companies without foreign owners were classified in the finance, insurance, and real estate division. For the largest FCDC's, though, this division accounted for only 13.4 percent [14]. Conversely, the largest FCDC's were more commonly classified in manufacturing (40.3 percent versus 28.1 percent) and wholesale trade (28.1 percent versus 14.4 percent), compared to the largest domestic companies that were not foreign-controlled.

Table 2 presents selected items and percentages for the largest domestic corporations, both foreign- and domestically-controlled. In comparing the percentages between the two groups of returns, this article focuses on each of the three industrial groupings shown in the table, rather than on the data for all industries. By doing so, the effect of different financial characteristics in different industries is minimized.

In each of the three industrial groupings shown in Table 2, the percentage of returns reporting (positive) net income was less for the largest FCDC's than for the domestically-controlled large companies. The differences were relatively small for manufacturers (74.4 percent versus 77.7 percent) and wholesalers (76.8 percent versus 78.1 percent). (See column 43 of the table.) The largest difference was in finance, insurance, and real estate, with 87.2 percent of the domestically-controlled companies reporting net income, compared to 72.7 percent of the FCDC's. This group contained a wide variation of business activities and corresponding profits and losses. For instance, 98.6 percent of domestically-controlled banks reported (positive) net income, compared to 94.5 percent of their FCDC counterparts. In contrast, 68.6 percent of domestically-controlled real

For 1997, the "largest" FCDC's reported profits of \$53.7 billion, while smaller FCDC's had losses of \$1.4 billion.

estate companies reported (positive) net income, compared to 52.5 percent of their FCDC counterparts.

Another key ratio is net income (less deficit) to total receipts (column 57 of Table 2). Once again, for each of the three industrial groupings

shown in this table, domestically-controlled companies had higher percentages than did their foreign-controlled counterparts. The differences were most significant for manufacturers (7.0 percent for domestically-controlled companies compared to 3.7 percent for FCDC's), followed by wholesalers (1.6 percent versus 1.2 percent) and finance, insurance, and real estate companies (7.9 percent versus 7.8 percent).

Because the finance, insurance, and real estate industrial sector includes a diverse group of business activities and corporations, this article will now take a closer look at the ratios of net income (less deficit) to total receipts for both domestically-controlled companies (7.9 percent) and FCDC's (7.8 percent). The finance, insurance, and real estate sector generally includes two types of corporations which are taxed under special provisions of the Internal Revenue Code: regulated investment companies (RIC's) and real estate investment trusts (REIT's). RIC's are typically mutual funds, while REIT's invest in real estate and mortgages. In general, companies electing to qualify under either of these provisions must meet certain requirements, including those related to distributions of income to shareholders. Such income is then taxed at the shareholder level. Thus, the tax liability of RIC's and REIT's is typically low. RIC's and REIT's played a much larger role for domestically-controlled corporations than for FCDC's. RIC's and REIT's have been excluded from the data shown in Figure E (and Table 2) for reasons previously given. Looking at ratios of net income (less deficit) to total receipts for each of the seven industries shown in Figure E, the profitability of FCDC's was similar to other domestic corporations for banks, credit agencies, and insurance companies. Larger differences in profitability occurred in the other industries, with other domestic corporations surpassing FCDC's for security and commodity brokers and

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Figure E

"Large" Domestic Corporations in the Finance, Insurance, and Real Estate Industrial Group: Selected Items, by Selected Industries and Control Status, Tax Year 1997

[Money amounts are in millions of dollars]

Industry and control status	Number of returns	Total assets	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax after credits	Net income (less deficit) divided by total receipts (percentage)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Finance, insurance, and real estate: ¹							
Domestic corporations not foreign controlled.....	2,835	12,638,463	1,855,724	145,736	143,875	42,655	7.85
Foreign-controlled domestic corporations.....	392	1,623,376	217,071	16,880	14,980	4,971	7.78
Banking:							
Domestic corporations not foreign controlled.....	1,001	5,391,858	464,912	57,425	56,448	16,113	12.35
Foreign-controlled domestic corporations.....	55	273,026	23,441	3,130	2,722	919	13.35
Credit agencies other than banks:							
Domestic corporations not foreign controlled.....	623	2,423,956	200,501	18,548	19,848	6,239	9.25
Foreign-controlled domestic corporations.....	58	131,168	12,669	1,075	1,041	349	8.49
Security, commodity brokers and services:							
Domestic corporations not foreign controlled.....	125	1,146,756	127,133	13,139	12,866	3,715	10.33
Foreign-controlled domestic corporations.....	68	645,678	51,600	3,016	2,980	939	5.84
Insurance:							
Domestic corporations not foreign controlled.....	773	3,480,688	1,017,170	49,810	48,857	14,909	4.90
Foreign-controlled domestic corporations.....	73	428,676	106,158	5,914	4,914	1,697	5.57
Insurance agents, brokers, and services:							
Domestic corporations not foreign controlled.....	53	29,746	12,223	903	1,163	352	7.39
Foreign-controlled domestic corporations.....	6	11,743	4,361	1,069	1,067	373	24.51
Real estate:							
Domestic corporations not foreign controlled.....	118	47,013	19,288	1,216	1,066	379	6.30
Foreign-controlled domestic corporations.....	61	35,490	8,458	399	285	98	4.72
Holding and other investment companies, except bank holding companies: ¹							
Domestic corporations not foreign controlled.....	142	118,447	14,496	4,694	3,628	948	32.38
Foreign-controlled domestic corporations.....	71	97,594	10,385	2,276	1,971	596	21.92

¹ Excludes Forms 1120-REIT (real estate investment trusts) and 1120-RIC (regulated investment companies).

NOTE: For the finance, insurance, and real estate industrial group, "large" corporations were those with total assets of \$250,000,000 or more, and/or with total receipts of \$50,000,000 or more. Data for "domestic corporations not foreign-controlled" excludes Forms 1120S (S Corporations);

"foreign-controlled domestic corporations" were not eligible to file Forms 1120S.

services, real estate companies, and holding and investment companies. On the other hand, FCDC's surpassed other domestic corporations for insurance agents, brokers, and services.

A third method of viewing the profitability of both the largest FCDC's and other large domestic corporations focuses on retained earnings. Columns 12-14 of Table 2 show total, appropriated, and unappropriated retained earnings, respectively, of the corpora-

tions. The amounts were reported in the end-of-year balance sheets of the corporations' books of account. They represent earnings and profits of the corporations retained from normal and discontinued operations of previous years, as well as from "extraordinary" gains and losses, and from prior period adjustments. The amounts are also after reductions for dividends and distributions made to stockholders. For 1997, the largest FCDC's reported \$10.2 billion of

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retained earnings (only 0.3 percent of their total assets), while other large domestic corporations reported \$2,134.9 billion of retained earnings (10.2 percent of their total assets). It should be noted that retained earnings are components of net worth and thus affect the ratio of net income (less deficit) to net worth, which is shown in column 56 of Table 2.

The ratio of taxable income (i.e., "income subject to tax") to total receipts is shown in column 61 of Table 2. FCDC's generally had lower ratios than those of the other domestic corporations, and the ratios varied among the different industries. The ratios were highest in finance, insurance, and real estate (6.9 percent for FCDC's and 7.8 percent for other domestic corporations), followed by manufacturing (3.8 percent and 7.0 percent, respectively) and wholesale trade (1.5 percent and 1.8 percent, respectively).

For 1997, nearly 92 percent of large FCDC's had tax liabilities of less than 4 percent of their receipts.

tax liability of these companies as reported on their originally-filed U.S. income tax returns. However, it does not take into account either of the following changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of examination or enforcement activities. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits.

In using total income tax after credits as a percentage of total receipts, it should also be noted that a small portion of total income tax after credits (for example, the tax recapture of prior-year investment credits) does not relate to the current-year total receipts reported by corporations. However, this is not considered to be a major limitation in using the percentage because the regular income tax and the alternative minimum tax represented 99 percent or more of the total income tax for both domestically-controlled companies and FCDC's [15].

Table 2 also includes the ratio of total income tax after credits to total receipts (column 64). The total income tax after credits reported by both domestically-controlled companies (\$142.5 billion) and by FCDC's (\$17.4 billion) represents the

Before looking at total income tax after credits for different industries, it is useful to examine the amount of tax liability as a percentage of the total receipts for all large domestic corporations. Figure F presents such data classified by 11 categories of this percentage. For 1997, large FCDC's reported \$17.4 billion of total income tax after credits, 1.1 percent of their total receipts. Column 3 of Figure F shows more specifically that over one-fourth of these companies had no tax liability, that over one-half had tax liabilities of less than 0.5 percent of their receipts, that nearly three-fourths had tax liabilities of less than 1.5 percent of their receipts, and that nearly 92 percent had tax liabilities of less than 4 percent of their receipts. Only 76 of the 2,916 companies (2.6 percent) reported tax liabilities of 7.5 percent or more of their receipts. By comparison, large domestic corporations not foreign-controlled reported \$142.5 billion of total income tax after credits, 1.6 percent of their total receipts. The cumulative percentages for these domestic corporations shown in column 3 of Figure F are lower than those for FCDC's through size categories, including tax liabilities of 7.5 percent of receipts. There were 575 domestic corporations not foreign-controlled that reported tax liabilities of 7.5 percent or more of their receipts, 4.2 percent of the 13,743 corporations.

Of the three industrial groups shown in Table 2, only manufacturing has a substantially higher percentage of total income tax after credits divided by total receipts for domestically-controlled corporations than for FCDC's. In this industry, FCDC's reported taxes after credits of 1.2 percent of their receipts, while the percentage was 1.4 for other domestic corporations. The differences in percentages for the other two industrial groups were negligible.

Tax credits are factors that caused the percentages of total income tax after credits divided by total receipts for FCDC's and for domestically-controlled corporations to be similar to each other. Domestically-controlled corporations claimed relatively more tax credits than did FCDC's. For 1997, large FCDC's claimed \$2.6 billion of credits, equalling 13.0 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$51.4 billion of credits during the same time period, equalling 26.5 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$1.7 billion by

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Figure F

"Large" Domestic Corporations: Selected Items, by Control Status and Percentage of Total Income Tax After Credits Divided by Total Receipts, Tax Year 1997

[Money amounts are in millions of dollars]

Control status and percentage of total income tax after credits divided by total receipts	Returns			Total assets	Total receipts	Net income (less deficit)	Total income tax after credits
	Number	Percentage of total	Cumulative percentage				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
"Large" foreign-controlled domestic corporations, total.....	2,916	--	--	3,172,816	1,625,744	53,722	17,368
Percentage of total income tax after credits divided by total receipts:							
Zero ¹	761	26.1	26.1	411,014	293,747	-13,390	--
Greater than zero and under 0.5 percent.....	893	30.6	56.7	947,208	625,128	10,895	1,163
0.5 percent under 1.0 percent.....	311	10.7	67.4	311,603	173,672	5,649	1,375
1.0 percent under 1.5 percent.....	206	7.1	74.5	374,478	191,152	9,625	2,338
1.5 percent under 2.0 percent.....	141	4.8	79.3	220,095	95,261	5,817	1,691
2.0 percent under 3.0 percent.....	229	7.9	87.1	381,375	120,544	9,802	2,828
3.0 percent under 4.0 percent.....	133	4.6	91.7	122,474	38,331	4,038	1,318
4.0 percent under 5.0 percent.....	74	2.5	94.2	70,639	22,036	3,724	987
5.0 percent under 7.5 percent.....	93	3.2	97.4	263,440	46,954	8,966	2,935
7.5 percent under 10.0 percent.....	24	0.8	98.3	25,517	4,751	1,297	399
10.0 percent or more.....	52	1.8	100.0	44,974	14,168	7,300	2,334
"Large" domestic corporations not foreign-controlled, total.....	13,743	--	--	21,008,088	8,961,785	536,304	142,498
Percentage of total income tax after credits divided by total receipts:							
Zero ¹	2,983	21.7	21.7	1,180,449	935,223	-51,183	--
Greater than zero and under 0.5 percent.....	3,553	25.9	47.6	3,460,555	2,338,137	63,893	5,184
0.5 percent under 1.0 percent.....	1,534	11.2	58.7	2,540,270	1,433,104	58,838	10,755
1.0 percent under 1.5 percent.....	1,004	7.3	66.0	1,601,154	787,325	42,351	9,750
1.5 percent under 2.0 percent.....	761	5.5	71.6	1,946,536	878,067	65,264	15,387
2.0 percent under 3.0 percent.....	1,063	7.7	79.3	3,010,901	1,092,982	107,498	27,655
3.0 percent under 4.0 percent.....	725	5.3	84.6	3,387,171	663,472	81,155	22,758
4.0 percent under 5.0 percent.....	560	4.1	88.6	1,771,323	360,255	51,418	16,138
5.0 percent under 7.5 percent.....	985	7.2	95.8	1,503,424	344,162	70,500	21,253
7.5 percent under 10.0 percent.....	367	2.7	98.5	343,167	81,210	23,075	6,888
10.0 percent or more.....	208	1.5	100.0	263,137	47,848	23,494	6,728

¹ Includes returns with zero total receipts.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance, insurance, and real estate group.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S Corporations). Detail may not add to totals because of rounding.

large FCDC's and \$40.1 billion by other large domestic corporations.

The differences in financial characteristics of different industries once again become evident when reviewing the percentages shown in Table 2. For instance, when the percentage of net income (less deficit) divided by total receipts (column 57) is used, the finance, insurance, and real estate group has a

substantially higher percentage (7.8 percent for the largest FCDC's) than does the wholesale trade group (1.2 percent). However, when total assets are used as the denominator in place of total receipts (column 55), the difference is reversed (the largest FCDC's in finance, insurance, and real estate have a 1.0 percentage and those in wholesale trade have a 1.8 percentage). Because the distribution of industrial

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activities based on principal businesses is not the same for the largest FCDC's as it is for domestically-controlled companies, this, again, illustrates the importance of comparing domestically-controlled companies to FCDC's on an industrial basis.

Age Characteristics

Table 2 presents data for both the largest FCDC's and other large domestic corporations by the age of the corporations. "New" corporations are those with years of incorporation of 1995 and after reported on their income tax returns [16]. "Old" corporations are those incorporated in 1994 and before, or with unknown (i.e., unreported) dates of incorporation.

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies that fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified into just one of the categories based on the year of incorporation of the parent company. Another limitation is the case of a reorganization of an old corporation and, as a result, it becoming a new corporation and reporting a recent year of incorporation. Here, a new corporation is not necessarily the same as a new business. A third limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return form, and recourse to other sources is not always practical. Thus, it is subject to greater levels of taxpayer reporting and data entry errors. Despite these limitations, it is believed that an analysis of the data by age of the corporations is meaningful. Further, there is no known bias in the accuracy of the year of incorporation between FCDC's and other domestic corporations.

Looking at the age characteristics of both the largest FCDC's and other large domestic corporations provides some additional information on the attributes of FCDC's. First, for 1997, most of the largest corporations were old corporations. For the FCDC's, 2,602 of the 2,916 largest corporations were old corporations (89.2 percent). The other large domestic corporations were very similar to FCDC's in this respect, with 91.4 percent classified as old corporations (i.e., 12,565 out of 13,743).

In most cases, new FCDC's reported lower profits than did their older counterparts. Startup costs of new businesses may be one reason for the lower profits. New FCDC's reported amounts of net income

(less deficit) equal to 2.0 percent of their total receipts for 1997, while the percentage was 3.5 for old FCDC's. This type of significant difference occurred in manufacturing (2.1 percent for new FCDC's versus 3.9 percent for old FCDC's), but less so in wholesale trade (1.0 percent versus 1.2 percent) and in finance, insurance, and real estate (7.5 percent versus 7.8 percent).

In addition to comparing FCDC's to other domestic corporations on the bases of industry and size, this article uses the same age groupings for the comparisons. There are four unique industry and age combinations of the largest corporations shown in Figure G by which FCDC's can be compared to other domestic corporations. In all of these combinations, the profit ratios of net income (less deficit) to total receipts were substantially lower for FCDC's than they were for other domestic corporations. Because of the diversity of business activities, the finance, insurance, and real estate group has not been included in Figure G.

In manufacturing, new FCDC's had a profit ratio of 2.1 percent, compared to 3.8 percent for other new domestic corporations. Within this same industrial group, the ratio for old FCDC's was 3.9 percent and that for other old domestic corporations was 7.2 percent.

For wholesalers, the older corporations had profit ratios of 1.2 percent (FCDC's) and 1.5 percent (other domestic corporations). The new large FCDC's in this industrial group reported a combined amount of net income (less deficit) equaling 1.0 percent of their total receipts, while their domestically-controlled counterparts reported a percentage equaling 2.2.

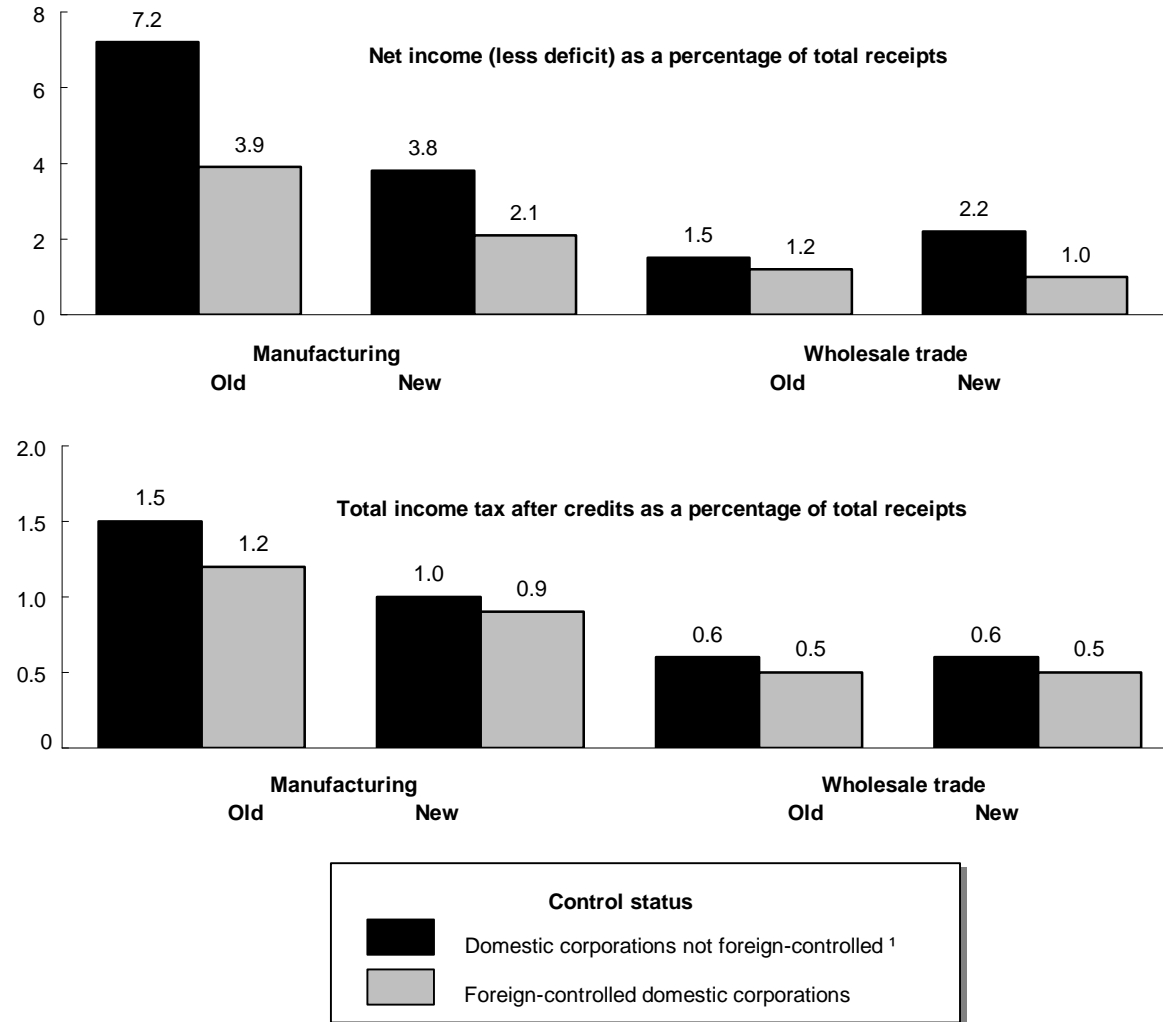
Figure G shows a second percentage, that of total income tax after credits divided by total receipts. While FCDC's again show lower percentages than the other domestic corporations in each of the four

**For large FCDC's,
new companies
reported lower
profits than did
their older counter-
parts.**

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Figure G

"Large" Domestic Corporations: Selected Percentages, by Control Status, Age of Corporations, and Selected Industrial Groupings, Tax Year 1997



¹ Excludes Forms 1120S, U.S. Income Tax Return for an S Corporation. Foreign-controlled domestic corporations were not eligible to file Forms 1120S.

NOTES: "Large" corporations were those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. "New" corporations were those with dates of incorporation between 1995 and 1998; "old" corporations were those with dates of incorporation prior to 1995.

industry/age categories, the differences are substantially less than those calculated using net income (less deficit) as the numerator. In fact, the differences are minimal in three of the four categories, with the fourth category, "old" manufacturing companies, showing 1.2 percent (FCDC's) and 1.5 percent (other domestic corporations) [17].

Country Characteristics

Within each industrial grouping in Table 2, there are seven countries shown for the FCDC's. The country information is based on the location of the owner's country of residence, incorporation, organization, creation, or administration, as reported on the U.S. income tax returns of the foreign-controlled domestic

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corporations. (See the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis.) The seven countries selected for the table were based on the largest aggregated amounts of total receipts for all industries. FCDC's controlled by persons from these seven countries accounted for 74.7 percent of the number of returns, 86.3 percent of the assets, and 82.8 percent of the total receipts of the largest FCDC's.

More specifically, Japanese owners controlled 707 of the 2,916 largest FCDC's, which was the largest single portion (24.2 percent). These corporations accounted for 17.8 percent of the assets and 26.1 percent of the receipts of all large FCDC's. Over three-fourths of these corporations were either manufacturers or wholesalers.

United Kingdom owners controlled the second highest number of the largest FCDC's, 357, or 12.2 percent of the total. Following the United Kingdom, Canada shows 332; Germany, 253; the Netherlands, 210; France, 182; and Switzerland, 136.

FCDC's with U.K. owners also had the second largest total assets and total receipts of all the largest FCDC's. These 357 corporations accounted for 16.5 percent of the assets and 14.4 percent of the receipts of all the largest FCDC's. Nearly one-half of these corporations were manufacturers.

Within a given industrial and age grouping, domestic corporations controlled by owners in different foreign countries had different levels of profitability. Sometimes the differences were comparatively small, such as for old FCDC's classified as manufacturers. The ratios of net income (less deficit) to total receipts for the seven countries ranged from a low of 2.05 percent for Canada to a high of 4.94 percent for the Netherlands. As Table 2 indicates, in other cases, the differences among countries were much larger.

Summary

Direct foreign investment and activity in the United States through FCDC's continued to grow for 1997. FCDC's reported \$1.8 trillion of total receipts for 1997, an increase of \$125.0 billion over the 1996 level. While total receipts reported on all U.S. corporation income tax returns increased by 7.0 percent over the previous year, receipts of domestic corporations controlled by foreign persons increased

by 7.5 percent. The share of total corporate receipts accounted for by FCDC's remained at 10.7 percent.

Two industrial groupings (manufacturing and wholesale trade) generated 71.3 percent of the total receipts of all FCDC's. Manufacturers produced \$771 billion of receipts, while wholesalers accounted for an additional \$500 billion. From a country perspective, domestic corporations controlled by persons in Japan reported total receipts of \$458 billion, 25.7 percent of the FCDC total. In addition, the United Kingdom, the Netherlands, Germany, and Canada, accounted for 13.9, 10.7, 9.8, and 9.0 percents, respectively, of the total.

The reported tax liability of FCDC's increased by 27.8 percent for 1997, to \$19.7 billion.

The collective net income (less deficit) reported by foreign-controlled domestic corporations increased to \$52.4 billion, nearly one-fourth larger than the \$41.9 billion for 1996.

Total income tax after credits moved in a manner similar to profits, increasing from \$15.4 billion for 1996 to \$19.7 billion for 1997. This was a 27.8-percent increase.

Of the 61,621 foreign-controlled domestic corporations, the 2,916 "largest" companies accounted for about 90 percent of the total amounts of key financial items (e.g., total assets, total receipts, taxable income, and total income tax after credits). In comparing these large companies to large domestically-controlled companies on an age basis for both manufacturers and wholesalers, generally, the ratio related to profitability, i.e., net income (less deficit) compared to total receipts, was substantially smaller for the FCDC's. While this article has been able to compare the profits of FCDC's to other domestic corporations on the same bases of size, industry, and age, additional research is needed to explain the remaining differences in the profitability of the two groups of companies with different owners [18].

When calculating the percentage of total income tax after credits to total receipts, however, for 1997, large FCDC's were very similar to other large domestic corporations within the same age group and industrial group (for either manufacturers or wholesalers). This calculation takes into account only the

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U.S. tax liabilities of the corporations. Additional data would be required to examine the worldwide tax liabilities of the corporations, which is beyond the scope of this article.

Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income—1997, Corporation Income Tax Returns*.

Alternative Minimum Tax.—This tax was designed to ensure that a taxpayer with substantial economic income would not avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. It is included in the statistics shown for both total income tax before (and after) credits.

Attribution Rules.—In regard to domestic corporations that are 50 percent or more owned by one foreign “person,” these rules provide that an individual shall be considered as owning the stock of a corporation if it is owned, directly or indirectly, by or for his or her family. The family of an individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated foreign persons, neither of which owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these persons may have met the 50-percent-or-more ownership criterion. See also, Foreign Person, defined below.

Business Receipts.—These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of “cost of goods sold” or as “taxes paid”); others reported their receipts after adjustment for these taxes. Business receipts include rents reported as the principal business income by real estate operators and certain manufacturing, public utility, trade, and service corporations. In the finance, insurance, and real estate industries, business receipts include such banking items as fees, commissions, trust department earnings, and service charges. Interest, the principal operating income of banking and savings institutions, was excluded from

business receipts, but included in the separate statistics for “interest received.” Also in the finance, insurance, and real estate division, premium income of most insurance companies was included in business receipts.

Constructive Taxable Income from Related Foreign Corporations.—This item represented the sum of includable income from Controlled Foreign Corporations and foreign dividend gross-up. Includable income is deemed distributions, and represents the income of foreign corporations that is taxable to the U.S. parent corporation, regardless of whether or not it is actually received. Foreign dividend gross-up is an amount of income, taxable to the U.S. parent, that equals the foreign tax deemed paid based upon both foreign dividends received and includable income from foreign corporations.

Cost of Goods Sold.—This item generally consisted of the direct costs incurred by corporations in producing goods or providing services. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, sales and excise taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers in cost of goods sold schedules were transferred to their respective and separate deduction categories.

Current and Noncurrent Assets.—In this article, current assets include cash, notes and accounts receivable (less the allowance for bad debts), inventories, investments in Government obligations, tax-exempt securities, and other current assets, such as short-term prepaid expenses. Noncurrent assets include loans to stockholders, mortgage and real estate loans, other investments, depreciable assets (less accumulated depreciation), depletable assets (less accumulated depletion), land, intangible assets (less accumulated amortization), and other assets, including those not identified on the tax return as either current or long-term.

Current and Noncurrent Liabilities.—In this article, current liabilities include accounts payable; mortgages, notes, and bonds payable in less than 1 year; and other current liabilities, such as accrued

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expenses. Noncurrent liabilities include loans from stockholders; mortgages, notes, and bonds payable in 1 year or more; and other liabilities, including those not identified on the tax return as either current or long-term.

Foreign Person.—A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term, U.S. person.

Income Subject to Tax.—For most corporations, income subject to tax, i.e., taxable income, was defined by Internal Revenue Code section 63 and consisted of (positive) net income minus certain statutory special deductions. There were special provisions in the Code for determining the taxable incomes of S corporations, life and nonlife insurance companies, regulated investment companies, and real estate investment trusts. On Form 1120, this item was reported on page 1, line 30.

Net Income (or Deficit).—This is the difference between taxable receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. In this article, for a group of returns, this item may be referred to as either “profits” (i.e., net income exceeds deficits) or “losses” (deficits exceed net income). It reflects not only actual receipts, but “constructive” receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend “gross-up”). Tax-exempt interest on State and local Government obligations is excluded from this item, but is included in “total receipts.” Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their “taxable income” (or “income subject to tax”), the statistics for (positive) net income are generally larger than the amounts shown for (U.S.) “income subject to tax” (i.e., the base on which the income tax was computed). See also the discussion of the Net Operating Loss Deduction, shown below. On Form 1120, this item was reported on page 1, line 28.

Net Operating Loss Deduction (NOLD).—For tax years beginning before August 6, 1997, a statutory “net operating loss” (NOL) for a given tax year could be carried back, in general, 3 years to reduce

the taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward and offset against income for a period not exceeding 15 years. (For tax years beginning after August 5, 1997, NOL’s could be carried back only 2 years, but forward for 20 years.) The amount of the deduction included in the statistics, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (1997) tax year. Losses incurred after the 1997 Tax Year and carried back to that year at a later date could not be reported on the tax returns used for this article. Net operating losses on which the 1997 deduction was based include: (1) the excess of ordinary and necessary business expenses over income for previous loss years, and (2) statutory special deductions claimed for a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

Net Worth.—This item represented the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. It is the net result of adding capital stock, paid-in or capital surplus, appropriated retained earnings, and unappropriated retained earnings, and then subtracting the cost of treasury stock. Treasury stock is common or preferred stock originally issued by the corporation which has been reacquired and held at the end of the accounting period by the issuing corporation. For 1997, this item included for the first time “adjustments to shareholders' equity.” These adjustments could be either positive or negative, and included unrealized gains and losses on securities held “available for sale.”

Number of Returns.—The data contained in this article are based on the number of returns filed for Tax Year 1997. For expedient reasons, the number of returns is sometimes referred to in this article as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit. The number of returns shown in this article represents returns of “active” corporations, i.e., those

which reported any income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with the Internal Revenue Service were for active corporations. Part-year returns, those filed for accounting periods of less than 12 months, were included in the number of returns and other data shown in this article. Such returns were filed by continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations. To avoid double counting, data from the balance sheets of part-year returns were not included in the statistics, except for those from initial returns of newly incorporated businesses.

Real Estate Investment Trusts.—Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as a real estate investment trust (REIT). REIT's generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; gains from the sale of stock, securities, and real property; abatements and refunds of taxes on real property; income and gains from foreclosure property; amounts received or accrued for entering into agreements to make loans secured by mortgages or to purchase or lease real property; etc. Additionally, at least 75 percent of total gross income must be derived from rents from real property; interest on mortgages on real property; gains from sales of real property and mortgages; dividends and gains from the sale of transferable shares in other REIT's; abatements and refunds of taxes on real property; income and gains from foreclosure property; amounts received or accrued for entering into agreements concerning real property; etc. The tax liability of REIT's is generally very low. This is because, through a statutory special deduction for dividends paid, REIT's are not taxed on amounts distributed to shareholders. In general, REIT's must distribute to their shareholders at least 95 percent of their taxable incomes. Such distributions are taxed to the shareholders (i.e., beneficiaries).

Regulated Investment Companies.—A regulated investment company (RIC) is a domestic corporation registered with the Securities and Exchange Commission as a management company, business development company, unit investment trust, common trust fund, or a similar fund. Typically, it is a mutual fund. A RIC must meet certain Internal Revenue Code requirements, including deriving at least 90 percent of its gross income from dividends, interest, payments related to securities loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities, or currencies. The tax liability of RIC's is generally very low. This is because, through a statutory special deduction for dividends paid, RIC's are not taxed on amounts distributed to shareholders. In general, RIC's must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed at the shareholder level.

S Corporations.—An S corporation is a corporation that has elected S corporation status and whose shareholders have agreed to that election. The number of shareholders of an S corporation is limited. Shareholders must be U.S. citizens or residents. Additionally, shareholders must be individuals, estates, or trusts. Other corporations, for instance, cannot be shareholders of S corporations. An S corporation must be a domestic corporation, with only one class of stock, and not a member of an affiliated group eligible for inclusion in a consolidated return. An S corporation is mostly an income-reporting, but not taxpaying, entity. There is, in general, no corporate-level tax; instead, income is taxed to the shareholders immediately, whether or not actually distributed. Each shareholder's share of the net income from the corporation's ordinary trade or business activities, plus the income and expenses from the corporation's passive activities and portfolio investments, is passed through pro-rata on a per-share, daily basis.

Statutory Special Deductions.—This item was the sum of: (1) deductions for net operating losses of prior years, (2) intercorporate dividends received deductions, (3) deductions for dividends paid on certain preferred stock of public utilities, (4) deductions for dividends paid by regulated investment companies and real estate investment trusts, (5) Internal Revenue Code section 857(b)(2)(E) deduc-

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tions reported by real estate investment trusts, and (6) Code section 806(a) small life insurance company deductions. Since these deductions were allowed by law in addition to ordinary and necessary business deductions, they are shown in the statistics as deductions from net income. In general, (positive) net income less statutory special deductions equals income subject to tax.

Total Assets.—This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the allowance for bad debts.

Total Income Tax Before and After Credits.—For 1997, total income tax was primarily comprised of the income tax imposed on corporate income subject to tax (96.0 percent of the total tax) and the alternative minimum tax (3.9 percent). A small number of corporation income tax returns without net income reported amounts of income tax. The income tax, in these cases, resulted from special provisions of the Internal Revenue Code applicable to life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture tax on investment credits. Thus, a small number of corporations without net income and income tax reported such taxes on their income tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were the taxes on undistributed net capital gains of regulated investment companies. For 1997, the credits used to reduce the total income tax of FCDC's primarily included the foreign tax credit (66.2 percent of the \$2.8 billion of total credits), the prior-year minimum tax credit (13.9 percent), the general business credit (12.9 percent), and the U.S. possessions tax credit (6.2 percent). The statistics shown for this item may differ somewhat from the actual income tax collected and the final income tax liability of corporations for Tax Year 1997. Adjustments could be made to income tax returns after they were filed, which could affect the final tax liability. Such adjustments are not reflected in the statistics. Adjustments could result from tax examination and enforcement activities by IRS, or the use of carryback provisions for net operating losses and

unused foreign tax and general business credits by taxpayers.

Total Receipts.—This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local Government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. This term, however, excludes certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Also, the statistics for this term exclude long-term capital gains of regulated investment companies, as well as both short-term and long-term capital gains of S corporations.

Total Receipts Less Total Deductions.—This item differs from the "net income (less deficit)" shown in the statistics in that it includes nontaxable interest received on State and local Government obligations, and excludes constructive taxable income from related foreign corporations.

Data Sources and Limitations

Time Period Covered

Most of the data in this article relate to Tax Year 1997, defined to cover returns with accounting periods that ended during the 12-month span beginning in July 1997 and ending in June 1998. The sampling frame for the 1997 statistics consisted, in general, of tax returns with these accounting periods which posted to the IRS Business Master File between July 1997 and June 1999. Corporation returns were usually required to be filed within 2 1/2 months after the close of the accounting period. However, most corporations could receive filing extensions of 6 months. As a result of the 12-month span for ending accounting periods, the statistics

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shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1997, that span was from August 1996 through June 1998. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 1997.

Sample

This article presents statistical estimates based on a stratified sample of approximately 6,500 unaudited tax returns selected from over 61,600 returns of active domestic corporations controlled by a foreign person filed for Tax Year 1997. The statistics for FCDC's are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDC's include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*). As previously mentioned, FCDC's could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDC's shown in Table 2 exclude Forms 1120-RIC and 1120-REIT.

Form 1120 sampled returns were stratified based on the size of total assets and the size of "proceeds" (which was used as a measure of income and was the larger of the absolute value of net income or deficit or the absolute value of "cash flow," i.e., net income plus depreciation). Forms 1120L, 1120-RIC, 1120-REIT, and 1120-PC were sampled based solely on the size of total assets.

For 1997, the sampling rates for Forms 1120 alone (the overwhelming majority of the returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of \$50 million or more, or with "proceeds" of \$10 million or more, were selected for the Statistics of Income study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income—1997, Corporation Income Tax Returns*.

Because the data presented are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. Figure H shows CV's for selected financial data of selected industrial groups. For a general discussion of CV's, see the Appendix located near the back of this issue of the *Statistics of Income Bulletin*.

FigureH

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Groupings, Tax Year 1997

Selected items	All industries	Manufacturing	Wholesale trade	Finance, insurance, and real estate	Services
	Coefficients of variation (percentages)				
	(1)	(2)	(3)	(4)	(5)
Number of returns.....	4.00	9.28	7.59	6.63	11.29
Total assets.....	0.07	0.11	0.37	0.07	0.44
Total receipts.....	0.27	0.26	0.73	0.27	1.69
Net income.....	0.30	0.33	1.15	0.54	2.17
Deficit.....	0.87	1.20	2.23	2.39	3.35
Income subject to tax.....	0.33	0.37	1.41	0.54	2.59
Total income tax after credits.....	0.34	0.39	1.33	0.52	2.52

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Nonsampling Limitations

Nonsampling errors can be categorized as coverage errors, nonresponse errors, processing errors, or response errors. These errors can be the result of the inability to obtain information about all returns in the sample, differing interpretations of tax concepts or instructions by the taxpayer, inability of a corporation to provide accurate information at the time of filing (data are collected before auditing), inability to obtain all tax schedules and attachments, errors in recording or coding the data, errors in collecting or cleaning the data, errors made in estimating for missing data, and failure to represent all population units.

Returns were selected for this study based on taxpayers' responses to two questions that appeared on the various types of Form 1120. The first question asked whether any "foreign person" owned, directly or indirectly, 25 percent or more of the filing corporation's voting stock, or the total value of all the corporation's stock, at any time during the tax year. If this question was answered "yes," then a second question asked for the percentage owned [19]. If the first question was answered "yes," and the second question was answered with a percentage between 50 and 100, then the return was included in the FCDC statistics [20, 21]. Taxpayers sometimes incorrectly answered these questions, or did not answer them at all [22]. However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 1996 and 1997, were researched, and the answers to the questions were verified. These large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

Each return used for the statistics had an industry code reported, or was assigned one during administrative or statistical processing. This code was used as a classifier of the returns. The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of the total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations that conducted different business activities. To the extent that some consolidated

(and non-consolidated) returns covered corporations that were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

There is an additional limitation related to data presented by industrial classification. Companies that sell similar products may not be classified in the same industry. For instance, those FCDC's that were primarily U.S. distributors of products made in foreign countries by their parent or other related companies were classified as wholesalers. However, other domestic corporations that were also distributors and that were included in consolidated returns covering both the manufacture and distribution of similar products may have been classified as manufacturers.

Each return used for the statistics also had a foreign country code assigned during statistical processing which identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. The code was also used as a classifier of the returns. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate parent, the data may not be entirely related to the foreign country under which they are shown.

Notes and References

- [1] For 1996 data covering FCDC's, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 1996," *Statistics of Income Bulletin*, Fall 1999, Volume 19, Number 2. In addition, FCDC data for Tax Years 1991-1996 are included on the IRS Internet site at: www.irs.gov/tax_stats.
- [2] Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Summer 2000, Volume 20, Number 1; (2) *Statistics of Income—Corporation Income Tax Returns*, selected years; (3) *Source Book of Statistics of Income—Corporation Income Tax Returns*, selected years; and (4) unpublished Statistics of Income tabulations.
- [3] Direct investment is different from portfolio investment in that the latter exerts no control over the management of the enterprise, except to

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the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments, an increase in the value of the shares of stock, or both.

- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is “one which is not domestic.”
- [5] There are separate tabulations covering foreign-controlled domestic corporations and branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business in *Statistics of Income—1997, Corporation Income Tax Returns*.
- [6] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for “all corporations” exclude certain out-of-scope returns, such as returns for homeowners’ associations (Form 1120-H) and certain political organizations (Form 1120-POL). For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income—1997, Corporation Income Tax Returns*. On the other hand, in addition to legally defined corporations, the Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies, certain partnerships, and mutual savings banks. These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. Regarding historical data, beginning with Tax Year 1988, returns of Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120-IC-DISC) were excluded from

the SOI corporate programs. Prior to Tax Year 1988, these returns were included in the programs. Because these returns accounted for such a small portion of the “all corporations” totals of most financial items, this change is not considered to be significant in terms of year-to-year comparisons.

- [7] For additional information on foreign investment in the United States, see *Survey of Current Business* reports, produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA periodically produces several articles related to this subject, including: (a) “Direct Investment Positions for 1998: Country and Industry Detail,” July 1999; (b) “The International Investment Position of the United States at Yearend 1998,” July 1999; and (c) “Foreign Direct Investment in the United States: Preliminary Results From the 1997 Benchmark Survey,” August 1999. In addition to the printed versions of these articles, electronic versions can be obtained from the Internet at: www.bea.doc.gov. The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to time periods covered and levels of foreign ownership.
- [8] The 11.3-percent increase between 1996 and 1997 in the assets of domestic corporations controlled by foreign persons, as well as the 15.3-percent increase for all corporations, may overstate the actual “growth in investment.” Assets are generally reported at book value on tax returns (i.e., at the value at the time of acquisition). The book value of newly-acquired assets is generally greater than the book value of similar assets they replaced. Therefore, new corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations comprised a different portion of FCDC’s than they did for other companies, the comparability of 11.3 percent to 15.3 percent (above) may be limited.

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[9] In general, the computation of net income (less deficit) can be shown as follows:

Begin With: Total Receipts
(Includes Business Receipts)

Less: Total Deductions
(Includes Cost of Goods Sold)

Equals: Total Receipts Less Total Deductions

Plus: Constructive Taxable Income from
Related Foreign Corporations
(Includes Includable Income from
Controlled Foreign Corporations and
Foreign Dividend Gross-up)

Less: Tax-exempt Interest on State and Local
Government Obligations

Equals: Net Income (Less Deficit)

[10] For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Seiders, Michael G. and Duffy, Heather R., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 1996,” *Statistics of Income Bulletin*, Fall 1999, Volume 19, Number 2. Unfortunately, the data contained in that article are not completely comparable to the data contained in this article. Different time periods are covered by the articles. Also, the statistics contained in the above-mentioned article are for U.S. corporations that were owned (25 percent or more) by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the “foreign-owned” study showed total receipts of \$500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25 Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Neither of these conditions was a requirement for inclusion in the FCDC study.

[11] Shown below are data for REIT’s and RIC’s filed by foreign-controlled domestic corporations (FCDC’s) and by other domestic corporations (ODC’s). Money amounts are in millions of dollars.

Item	FCDC’s	ODC’s
Number of returns	91	9,603
Total assets	12,732	5,306,588
Total receipts	889	267,604
Net income (less deficit)	359	195,625
Income subject to tax	—	8
Total income tax after credits	—	4

[12] The 32,117 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

[13] Most, if not all, of the largest FCDC’s and other domestic corporations were selected for this study at the 100-percent sampling rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data. A complete discussion on sampling rates is presented in *Statistics of Income—1997, Corporation Income Tax Returns*.

[14] The finance, insurance, and real estate division percentages for both FCDC’s and other domestic corporations exclude real estate investment trusts and regulated investment companies.

[15] One focus of this article is U.S. total income tax after credits. Total worldwide taxes may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. Using this procedure, the foreign tax credit approximates the foreign tax liabilities of the corporations. Tables 1 and 2 show amounts of foreign tax credits in addition to U.S. total income tax after credits.

[16] Dates of incorporation are reported, for example, on Form 1120, page 1, question C.

[17] The narrowing of the differences between the two types of corporations by replacing “net income (less deficit)” with “total income tax after credits” as the numerator in the calculation may reflect the following: (1) the elimination of deficits, (2) the amount of statutory special deductions, and (3) the amounts of credits claimed against taxes. Each of these items is shown in Table 2.

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[18] See Grubert, Harry, "Another Look at the Low Taxable Income of Foreign-Controlled Companies in the United States," U.S. Department of the Treasury, Office of Tax Analysis, Paper 74, 1997, and "Tax Administration: Foreign- and U.S.-Controlled Corporations That Did Not Pay U.S. Income Taxes, 1989-95," U.S. General Accounting Office, GAO/GGD-99-39, March 1999.

[19] On Form 1120, Page 3, Schedule K, the actual questions were: "(10) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation?" and "(10a) If 'Yes,' enter percentage owned." There was an additional question used for the country distribution of these statistics, which was: "(10b) If 'Yes,' enter owner's country."

[20] Returns for this study may exclude certain domestic companies that are effectively controlled by foreign persons, such as public

companies in which "control" may be exercised with as little as 10 percent to 20 percent of the stock holdings.

[21] Statistics of Income also compiles data on domestic corporations with 25-percent to 49-percent foreign ownership. If a company was classified as an FCDC based on 50-percent or more foreign stock ownership, then it was not included in the 25-percent to 49-percent foreign ownership category, even if it had an unrelated foreign owner with 25-percent to 49-percent stock ownership. For 1997, there were only 4,585 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$178.4 billion of assets, \$88.8 billion of receipts, \$3.1 billion of taxable income, and \$0.9 billion of total income tax after credits. All of these amounts were small in comparison to data for the FCDC's.

[22] The FCDC statistics include data from returns in which the first question (see footnote 19) was answered 'Yes,' and the second question covering percentage owned was not answered.

SOURCE: IRS, Statistics of Income Bulletin, Summer 2000, Publication 1136 (Rev. 8-2000).

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Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
All industries ¹	61,621	29,504	21,132	3,392,051	1,632,653	1,759,398	29,766
Australia.....	790	639	552	119,865	27,042	92,823	*3,532
Canada.....	8,051	4,430	3,440	377,887	179,323	198,564	875
France.....	1,789	582	413	307,882	129,446	178,436	2,222
Germany.....	4,357	2,461	2,029	323,544	178,303	145,241	899
Japan.....	6,731	3,594	2,811	614,301	387,214	227,086	731
Netherlands.....	2,057	797	499	426,859	170,159	256,701	1,933
Sweden.....	494	255	257	51,103	18,319	32,785	*3,417
Switzerland.....	1,840	1,346	1,042	283,061	174,064	108,997	53
United Kingdom.....	5,340	2,888	1,776	543,982	218,759	325,223	13,527
Manufacturing ¹	7,143	3,879	3,205	968,394	340,007	628,387	2,376
Australia.....	68	29	27	15,251	6,021	9,230	*2
Canada.....	1,564	463	427	154,118	67,727	86,391	231
France.....	222	145	124	71,268	19,204	52,064	*109
Germany.....	815	641	625	104,821	41,341	63,480	*145
Japan.....	973	628	564	110,672	49,426	61,246	59
Netherlands.....	161	104	102	162,037	36,919	125,118	189
Sweden.....	41	33	35	22,056	11,119	10,936	*60
Switzerland.....	322	262	189	67,787	30,426	37,361	*34
United Kingdom.....	587	362	366	179,641	46,746	132,894	1,386
Wholesale trade ¹	15,601	7,652	5,305	318,519	183,473	135,046	875
Australia.....	74	*37	*14	7,443	1,917	5,525	*2
Canada.....	997	697	559	12,671	6,803	5,868	100
France.....	242	156	75	6,570	4,391	2,179	82
Germany.....	1,120	375	327	38,435	17,672	20,763	*43
Japan.....	2,205	1,262	923	164,383	98,294	66,089	318
Netherlands.....	333	262	182	20,476	10,751	9,725	*55
Sweden.....	265	174	173	3,481	2,398	1,082	*(³)
Switzerland.....	326	222	206	5,541	3,293	2,247	*7
United Kingdom.....	1,446	973	384	19,680	7,990	11,690	*179
Finance, insurance, and real estate ¹	18,398	8,401	5,555	1,721,579	992,357	729,222	24,694
Australia.....	156	115	110	20,697	10,650	10,047	*3,477
Canada.....	2,961	1,966	1,334	167,021	93,086	73,935	202
France.....	272	97	56	215,426	99,794	115,632	*2,027
Germany.....	1,001	514	407	155,690	108,146	47,544	*9
Japan.....	2,193	999	800	304,747	224,994	79,753	276
Netherlands.....	593	156	67	207,099	110,482	96,617	*1,580
Sweden.....	149	19	20	23,969	3,604	20,365	*3,357
Switzerland.....	435	361	152	204,044	137,820	66,224	*9
United Kingdom.....	1,033	293	217	264,364	140,501	123,863	11,521
Services ¹	11,480	6,456	4,878	180,215	50,926	129,289	1,264
Australia.....	340	*332	*332	57,080	5,692	51,387	--
Canada.....	1,153	839	704	9,780	3,392	6,388	107
France.....	284	144	119	4,618	2,135	2,483	*4
Germany.....	1,164	809	547	10,038	3,447	6,591	*699
Japan.....	704	286	232	22,114	8,460	13,654	*38
Netherlands.....	470	120	72	16,547	5,098	11,448	*86
Sweden.....	*32	*27	*27	*844	*538	*306	--
Switzerland.....	411	*216	*214	3,470	1,529	1,941	*3
United Kingdom.....	1,096	732	697	29,073	8,184	20,889	313

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All industries ¹.....	1,598,730	992,371	79,275	800,950	-63,883	6,272	-70,156
Australia.....	26,380	41,061	2,803	52,425	-11,890	80	-11,970
Canada.....	139,045	113,513	12,853	125,329	8,321	157	8,164
France.....	137,070	123,442	5,065	47,370	-6,167	2,452	-8,619
Germany.....	172,723	68,180	6,128	82,641	6,355	282	6,073
Japan.....	389,424	113,510	8,959	111,366	-21,357	362	-21,719
Netherlands.....	164,479	131,931	6,223	130,450	12,770	1,612	11,158
Sweden.....	18,626	20,803	1,808	11,674	-6,187	*32	-6,219
Switzerland.....	178,788	68,472	8,326	35,801	2,342	*255	2,087
United Kingdom.....	223,798	191,304	15,076	128,880	-12,121	485	-12,606
Manufacturing ¹.....	301,924	288,136	34,047	378,335	-8,689	434	-9,123
Australia.....	5,940	4,020	*2,371	5,291	-4,749	11	-4,760
Canada.....	48,646	21,577	2,399	83,896	10,583	*7	10,576
France.....	20,741	27,847	2,928	22,680	-8,376	186	-8,561
Germany.....	36,649	27,369	1,942	40,802	2,351	17	2,334
Japan.....	44,267	26,483	1,313	39,922	-338	*5	-342
Netherlands.....	43,003	26,104	4,805	92,930	19,938	2	19,937
Sweden.....	8,696	6,639	758	6,721	-5,161	*21	-5,182
Switzerland.....	24,262	29,944	4,675	13,581	-1,382	*121	-1,502
United Kingdom.....	44,259	84,487	9,238	50,895	-12,549	2	-12,551
Wholesale trade ¹.....	171,623	79,303	9,570	67,593	-13,552	359	-13,910
Australia.....	1,530	1,333	*1	4,579	-1,488	10	-1,498
Canada.....	4,440	4,117	780	4,115	245	(³)	244
France.....	2,179	2,286	575	2,106	367	--	367
Germany.....	14,297	10,400	2,747	13,738	620	*3	617
Japan.....	101,983	32,597	989	29,803	-3,963	340	-4,304
Netherlands.....	8,331	9,916	248	2,229	-742	--	-742
Sweden.....	2,267	492	*87	722	-181	*1	-182
Switzerland.....	2,654	847	172	2,040	428	*3	425
United Kingdom.....	5,525	9,288	1,920	4,867	-919	(³)	-919
Finance, insurance, and real estate ¹.....	1,026,199	477,109	23,761	218,272	-1,138	5,290	-6,427
Australia.....	12,988	3,791	(³)	3,917	-670	--	-670
Canada.....	78,629	62,647	7,202	25,744	1,693	150	1,543
France.....	109,541	87,732	1,309	18,153	2,454	*2,266	188
Germany.....	111,852	22,085	453	21,752	5,612	263	5,349
Japan.....	230,614	41,861	4,506	32,272	-11,649	5	-11,654
Netherlands.....	102,798	80,541	524	23,760	138	1,574	-1,435
Sweden.....	6,650	13,438	909	3,881	-697	*5	-702
Switzerland.....	149,793	35,345	3,037	18,906	4,204	*131	4,073
United Kingdom.....	150,070	75,970	1,927	38,324	6,341	476	5,865
Services ¹.....	43,843	78,574	5,345	57,798	-24,209	103	-24,312
Australia.....	4,060	29,419	*34	23,600	-3,721	--	-3,721
Canada.....	1,914	6,731	399	1,135	-2,188	(³)	-2,188
France.....	1,642	1,304	*86	1,672	-413	1	-414
Germany.....	3,097	3,619	*739	3,322	848	--	848
Japan.....	7,016	8,386	1,459	6,713	-3,920	12	-3,932
Netherlands.....	5,513	7,746	562	3,288	-5,390	37	-5,427
Sweden.....	*531	*141	*17	*172	*-237	--	*-237
Switzerland.....	1,341	1,318	*80	812	-717	--	-717
United Kingdom.....	8,751	8,115	1,089	12,208	-4,214	3	-4,216

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Receipts						Dividends received from:	
	Total	Business receipts	Interest ²	Rents	Royalties	Domestic corporations	Foreign corporations	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
All industries ¹.....	1,781,382	1,582,576	114,610	6,805	8,474	1,817	3,005	
Australia.....	31,223	25,808	3,875	344	137	*21	*25	
Canada.....	160,116	142,231	9,263	773	1,119	175	185	
France.....	120,577	102,179	9,476	813	582	327	272	
Germany.....	173,836	155,721	10,551	416	487	133	602	
Japan.....	457,908	418,665	24,464	1,490	855	214	282	
Netherlands.....	190,621	166,756	14,063	757	1,200	384	371	
Sweden.....	41,191	39,112	1,001	171	92	24	142	
Switzerland.....	97,161	80,316	9,547	196	720	114	108	
United Kingdom.....	248,100	213,047	21,694	895	2,310	254	734	
Manufacturing ¹.....	770,735	728,655	15,160	1,384	5,471	430	2,110	
Australia.....	12,642	11,818	453	5	44	*(³)	*18	
Canada.....	78,912	75,014	921	85	848	44	117	
France.....	57,694	54,152	1,406	65	499	76	199	
Germany.....	95,548	89,707	1,836	281	346	69	467	
Japan.....	131,302	127,440	1,290	125	163	56	120	
Netherlands.....	97,693	90,971	2,542	319	404	128	284	
Sweden.....	26,083	25,380	300	7	58	(³)	133	
Switzerland.....	48,583	44,956	1,354	25	698	3	56	
United Kingdom.....	137,673	128,284	4,010	369	1,897	46	565	
Wholesale trade ¹.....	499,750	483,339	5,054	653	940	93	394	
Australia.....	1,880	1,842	*22	*(³)	--	--	--	
Canada.....	29,497	28,967	79	14	*11	16	*3	
France.....	13,510	13,345	39	11	9	4	8	
Germany.....	33,464	32,105	359	12	94	*2	110	
Japan.....	269,013	259,566	2,984	331	459	54	95	
Netherlands.....	27,370	26,446	145	39	27	--	50	
Sweden.....	6,074	5,855	80	*102	--	--	9	
Switzerland.....	9,789	9,618	42	14	*(³)	--	*1	
United Kingdom.....	24,902	23,208	661	71	240	*1	91	
Finance, insurance, and real estate ¹.....	230,988	114,202	85,495	3,728	239	1,242	266	
Australia.....	2,231	793	1,045	297	(³)	*13	*(³)	
Canada.....	20,385	10,109	7,269	474	*10	109	*6	
France.....	27,563	13,995	7,658	714	*(³)	244	*65	
Germany.....	20,970	11,060	8,079	54	--	61	*24	
Japan.....	29,948	6,777	19,417	789	*9	82	39	
Netherlands.....	27,485	14,600	10,182	258	*36	255	--	
Sweden.....	6,289	5,239	601	*46	33	24	(³)	
Switzerland.....	31,243	18,598	8,120	153	10	111	50	
United Kingdom.....	42,588	22,172	15,854	349	10	198	42	
Services ¹.....	88,961	76,849	5,617	293	1,399	22	103	
Australia.....	10,961	8,175	2,152	*42	60	(³)	*1	
Canada.....	6,909	6,133	273	18	*63	*(³)	(³)	
France.....	3,862	3,594	81	*4	*50	*1	--	
Germany.....	7,100	6,773	128	*1	36	*(³)	--	
Japan.....	9,115	7,542	472	71	*216	18	21	
Netherlands.....	10,791	8,723	673	44	709	*(³)	*29	
Sweden.....	*755	*711	*9	*7	--	--	--	
Switzerland.....	4,354	4,023	24	1	(³)	(³)	--	
United Kingdom.....	14,837	13,300	489	49	148	1	*32	

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All industries ¹.....	1,730,418	1,119,276	10,741	111,197	112,219	25,295	62,206
Australia.....	30,659	16,248	138	1,986	4,540	417	2,057
Canada.....	157,373	101,622	829	10,478	8,766	2,296	4,537
France.....	115,242	70,509	770	8,672	6,912	1,790	3,038
Germany.....	170,755	107,165	1,396	12,952	11,543	2,952	7,697
Japan.....	450,145	333,521	2,166	16,583	25,236	3,930	21,803
Netherlands.....	183,087	120,746	1,042	10,818	12,340	2,116	5,000
Sweden.....	38,017	23,542	180	2,312	1,033	469	957
Switzerland.....	92,635	40,387	729	10,531	9,370	1,679	2,148
United Kingdom.....	236,532	128,295	1,597	20,314	21,001	5,675	6,840
Manufacturing ¹.....	744,626	504,035	3,271	45,707	30,455	11,658	29,595
Australia.....	12,571	8,824	25	544	694	197	516
Canada.....	77,511	57,461	309	3,903	1,771	1,120	2,331
France.....	55,763	33,612	282	4,721	2,732	1,040	2,169
Germany.....	92,397	61,986	484	6,482	3,335	1,422	5,737
Japan.....	127,599	98,107	470	4,350	2,812	1,342	7,052
Netherlands.....	93,425	68,337	257	4,292	4,249	814	2,668
Sweden.....	22,931	15,797	78	1,594	597	352	629
Switzerland.....	46,550	24,258	275	4,988	2,489	806	1,558
United Kingdom.....	132,677	65,227	651	9,292	8,770	3,416	4,079
Wholesale trade ¹.....	494,356	401,230	2,016	17,798	9,681	3,922	15,590
Australia.....	1,911	1,432	19	127	46	20	25
Canada.....	29,209	25,030	69	1,177	220	167	259
France.....	13,210	11,517	63	475	70	121	119
Germany.....	33,117	23,588	199	2,144	1,028	412	1,214
Japan.....	266,690	216,697	707	7,803	5,394	1,563	11,525
Netherlands.....	26,883	21,834	151	825	493	238	1,059
Sweden.....	6,039	4,785	31	200	73	40	184
Switzerland.....	9,492	6,879	130	686	132	131	158
United Kingdom.....	23,809	17,786	138	1,454	1,003	350	479
Finance, insurance, and real estate ¹.....	213,637	56,899	3,218	18,357	58,186	3,889	4,803
Australia.....	1,898	107	69	273	753	70	91
Canada.....	19,044	5,454	270	1,018	4,928	265	404
France.....	24,803	8,667	258	2,211	3,528	393	530
Germany.....	20,234	7,382	568	1,914	6,613	258	121
Japan.....	28,326	1,355	720	2,204	16,015	533	1,941
Netherlands.....	25,504	9,226	425	1,352	5,700	332	321
Sweden.....	6,345	734	33	377	339	53	108
Switzerland.....	29,035	5,926	244	3,440	6,557	476	249
United Kingdom.....	37,973	13,139	321	3,795	9,016	754	398
Services ¹.....	88,281	31,762	1,288	12,970	8,268	2,482	6,289
Australia.....	11,025	3,954	*13	959	2,861	97	*1,225
Canada.....	6,913	1,590	88	1,431	546	216	415
France.....	3,784	1,389	78	774	97	92	85
Germany.....	6,806	2,490	94	1,121	314	458	191
Japan.....	9,070	3,106	125	1,120	698	293	968
Netherlands.....	10,724	3,802	126	1,636	1,093	323	376
Sweden.....	*744	*478	*23	*89	*16	*11	*23
Switzerland.....	4,404	1,492	38	941	101	169	88
United Kingdom.....	14,401	4,190	366	2,864	952	374	745

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
All industries ¹	50,964	2,067	52,365	79,352	26,987	17,349	14,924
Australia.....	564	*36	596	1,096	500	293	218
Canada.....	2,743	173	2,880	6,379	3,499	1,386	1,069
France.....	5,335	253	5,549	6,678	1,128	1,764	1,580
Germany.....	3,082	234	3,207	6,111	2,904	1,895	1,565
Japan.....	7,763	193	7,916	14,796	6,879	3,155	2,919
Netherlands.....	7,533	92	7,517	9,005	1,488	1,384	815
Sweden.....	3,174	54	3,225	3,526	301	139	75
Switzerland.....	4,526	57	4,535	5,283	748	1,615	1,511
United Kingdom.....	11,568	438	11,806	15,080	3,273	2,268	1,880
Manufacturing ¹	26,110	1,280	27,355	36,063	8,708	6,802	5,734
Australia.....	71	24	94	337	243	*63	*63
Canada.....	1,401	*40	1,440	2,538	1,098	297	207
France.....	1,931	139	2,068	2,711	643	1,142	1,075
Germany.....	3,151	140	3,285	3,717	432	1,073	812
Japan.....	3,703	106	3,799	5,945	2,145	1,207	1,110
Netherlands.....	4,267	*56	4,322	4,702	380	437	206
Sweden.....	3,153	54	3,206	3,251	45	84	*40
Switzerland.....	2,032	*32	2,061	2,284	223	646	626
United Kingdom.....	4,996	291	5,281	6,860	1,578	900	693
Wholesale trade ¹	5,394	166	5,555	10,757	5,202	2,227	2,087
Australia.....	-31	--	-31	*17	48	*6	*6
Canada.....	288	*1	289	611	322	104	91
France.....	300	3	303	377	74	40	*35
Germany.....	348	83	430	920	490	346	341
Japan.....	2,323	9	2,331	4,574	2,243	1,118	1,073
Netherlands.....	487	15	502	811	309	202	172
Sweden.....	35	--	35	100	65	*11	*8
Switzerland.....	297	--	297	393	97	47	45
United Kingdom.....	1,093	*34	1,126	1,396	270	70	53
Finance, insurance, and real estate ¹	17,350	295	17,047	21,649	4,602	4,898	3,785
Australia.....	333	1	329	339	10	187	118
Canada.....	1,341	40	1,347	1,886	539	402	239
France.....	2,760	84	2,808	2,872	63	272	162
Germany.....	736	10	644	791	147	422	358
Japan.....	1,622	54	1,650	3,251	1,601	501	426
Netherlands.....	1,981	1	1,876	2,080	204	428	125
Sweden.....	-56	--	-58	117	174	*31	*15
Switzerland.....	2,208	26	2,188	2,302	114	725	644
United Kingdom.....	4,615	32	4,454	5,071	616	787	630
Services ¹	681	140	801	3,811	3,010	1,245	1,217
Australia.....	-64	--	-64	*24	88	*17	*17
Canada.....	-4	--	-4	348	352	135	135
France.....	78	24	101	224	123	83	82
Germany.....	294	--	294	402	108	*35	*35
Japan.....	45	*21	62	648	586	163	149
Netherlands.....	66	7	73	398	325	198	195
Sweden.....	*11	--	*11	*22	*11	*13	*13
Switzerland.....	-50	--	-50	*194	244	*165	*165
United Kingdom.....	436	*71	507	784	277	261	261

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Income subject to tax	Income tax before credits			Credits		Total income tax after credits
		Total	Income tax	Alternative minimum tax	Total	Foreign tax credit	
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
All industries ¹	61,798	22,492	21,589	886	2,761	1,828	19,730
Australia.....	809	288	281	7	138	115	150
Canada.....	5,010	1,802	1,728	73	180	75	1,622
France.....	4,921	1,756	1,717	39	222	191	1,534
Germany.....	4,245	1,617	1,465	152	236	141	1,380
Japan.....	11,305	4,315	4,050	264	260	127	4,055
Netherlands.....	7,629	2,709	2,664	45	291	224	2,418
Sweden.....	3,387	1,190	1,183	6	86	50	1,105
Switzerland.....	3,667	1,347	1,274	73	123	54	1,224
United Kingdom.....	12,855	4,569	4,484	85	711	561	3,858
Manufacturing ¹	29,324	10,686	10,220	463	1,612	1,064	9,074
Australia.....	274	101	95	6	*26	*11	76
Canada.....	2,255	799	784	15	123	45	676
France.....	1,571	573	548	26	89	77	485
Germany.....	2,659	1,010	921	90	192	116	818
Japan.....	4,751	1,789	1,654	134	107	41	1,682
Netherlands.....	4,270	1,522	1,493	29	230	188	1,292
Sweden.....	3,167	1,112	1,108	*4	85	50	1,027
Switzerland.....	1,643	628	572	56	70	15	559
United Kingdom.....	5,965	2,119	2,084	34	443	352	1,676
Wholesale trade ¹	8,182	3,059	2,940	118	172	101	2,887
Australia.....	*11	*4	*4	--	*(³)	--	*4
Canada.....	507	175	173	2	7	*2	168
France.....	337	117	117	*(³)	*4	*4	113
Germany.....	574	203	197	6	13	*4	189
Japan.....	3,103	1,297	1,198	99	46	22	1,251
Netherlands.....	609	212	211	2	25	*15	187
Sweden.....	89	30	30	*1	*(³)	--	30
Switzerland.....	347	120	119	*1	*1	*(³)	119
United Kingdom.....	1,326	462	459	*2	43	*40	418
Finance, insurance, and real estate ¹	16,811	5,973	5,852	119	437	301	5,537
Australia.....	153	53	53	*1	*1	*(³)	52
Canada.....	1,484	518	513	5	31	*15	487
France.....	2,604	914	911	3	114	*103	800
Germany.....	383	183	132	50	15	14	168
Japan.....	2,755	977	959	17	76	44	901
Netherlands.....	1,655	582	578	4	16	*7	566
Sweden.....	*85	*30	*30	*1	*(³)	--	*30
Switzerland.....	1,570	559	549	10	51	39	508
United Kingdom.....	4,321	1,516	1,510	6	87	53	1,430
Services ¹	2,573	939	874	64	104	76	835
Australia.....	*7	*2	*1	*1	*(³)	*(³)	*2
Canada.....	213	77	71	*7	*6	*4	72
France.....	142	52	49	4	*7	*7	45
Germany.....	367	125	123	*2	*6	*4	119
Japan.....	485	175	168	8	23	13	152
Netherlands.....	199	79	69	10	*7	*6	71
Sweden.....	*9	*4	*3	*1	--	--	*4
Switzerland.....	*29	*11	*8	*3	--	--	*11
United Kingdom.....	522	192	180	11	44	32	148

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Percentages					
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	Total liabilities divided by net worth
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	(48)
All industries ¹	47.88	34.29	47.13	29.26	23.61	323.50
Australia.....	80.89	69.87	22.01	34.26	43.74	128.64
Canada.....	55.02	42.73	36.80	30.04	33.17	201.52
France.....	32.53	23.09	44.52	40.09	15.39	549.95
Germany.....	56.48	46.57	53.38	21.07	25.54	291.51
Japan.....	53.39	41.76	63.39	18.48	18.13	451.60
Netherlands.....	38.75	24.26	38.53	30.91	30.56	227.22
Sweden.....	51.62	52.02	36.45	40.71	22.84	337.75
Switzerland.....	73.15	56.63	63.16	24.19	12.65	690.65
United Kingdom.....	54.08	33.26	41.14	35.17	23.69	322.08
Manufacturing ¹	54.30	44.87	31.18	29.75	39.07	155.96
Australia.....	42.65	39.71	38.95	26.36	34.69	188.24
Canada.....	29.60	27.30	31.56	14.00	54.44	83.70
France.....	65.32	55.86	29.10	39.07	31.82	214.23
Germany.....	78.65	76.69	34.96	26.11	38.93	156.90
Japan.....	64.54	57.97	40.00	23.93	36.07	177.22
Netherlands.....	64.60	63.35	26.54	16.11	57.35	74.36
Sweden.....	80.49	85.37	39.43	30.10	30.47	228.17
Switzerland.....	81.37	58.70	35.79	44.17	20.03	399.13
United Kingdom.....	61.67	62.35	24.64	47.03	28.33	252.96
Wholesale trade ¹	49.05	34.00	53.88	24.90	21.22	371.23
Australia.....	*50.00	*18.92	20.56	17.91	61.52	62.52
Canada.....	69.91	56.07	35.04	32.49	32.48	207.95
France.....	64.46	30.99	33.17	34.79	32.05	212.01
Germany.....	33.48	29.20	37.20	27.06	35.74	179.77
Japan.....	57.23	41.86	62.04	19.83	18.13	451.57
Netherlands.....	78.68	54.65	40.69	48.43	10.89	818.62
Sweden.....	65.66	65.28	65.12	14.13	20.74	382.13
Switzerland.....	68.10	63.19	47.90	15.29	36.82	171.62
United Kingdom.....	67.29	26.56	28.07	47.20	24.73	304.36
Finance, insurance, and real estate ¹	45.66	30.19	59.61	27.71	12.68	688.73
Australia.....	73.72	70.51	62.75	18.32	18.93	428.36
Canada.....	66.40	45.05	47.08	37.51	15.41	548.77
France.....	35.66	20.59	50.85	40.72	8.43	1,086.72
Germany.....	51.35	40.66	71.84	14.19	13.97	615.75
Japan.....	45.55	36.48	75.67	13.74	10.59	844.31
Netherlands.....	26.31	11.30	49.64	38.89	11.47	771.63
Sweden.....	12.75	13.42	27.74	56.06	16.19	517.60
Switzerland.....	82.99	34.94	73.41	17.32	9.27	979.26
United Kingdom.....	28.36	21.01	56.77	28.74	14.50	589.81
Services ¹	56.24	42.49	24.33	43.60	32.07	211.80
Australia.....	*97.65	*97.65	7.11	51.54	41.35	141.86
Canada.....	72.77	61.06	19.57	68.82	11.61	761.67
France.....	50.70	41.90	35.56	28.24	36.21	176.20
Germany.....	69.50	46.99	30.85	36.05	33.09	202.17
Japan.....	40.63	32.95	31.73	37.92	30.36	229.44
Netherlands.....	25.53	15.32	33.32	46.81	19.87	403.25
Sweden.....	*84.38	*84.38	*62.91	*16.71	*20.38	*390.70
Switzerland.....	*52.55	*52.07	38.65	37.98	23.40	327.46
United Kingdom.....	66.79	63.59	30.10	27.91	41.99	138.16

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Percentages--Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
All industries ¹	52.52	70.72	6.30	1.50	6.36	2.86
Australia.....	26.05	62.96	14.54	0.47	1.08	1.81
Canada.....	42.37	71.45	5.47	0.73	2.19	1.71
France.....	39.16	69.01	5.73	1.73	11.26	4.42
Germany.....	53.73	68.82	6.64	0.95	3.73	1.77
Japan.....	74.54	79.66	5.51	1.26	6.97	1.70
Netherlands.....	44.66	72.41	6.47	1.76	5.77	3.95
Sweden.....	80.60	60.19	2.51	6.21	27.19	7.71
Switzerland.....	34.33	50.29	9.64	1.60	12.64	4.66
United Kingdom.....	45.61	60.22	8.46	2.13	8.98	4.66
Manufacturing ¹	79.59	69.17	3.95	2.70	6.90	3.39
Australia.....	82.89	74.67	5.49	0.47	1.34	0.56
Canada.....	51.20	76.60	2.24	0.91	1.67	1.78
France.....	80.95	62.07	4.74	2.71	8.51	3.35
Germany.....	91.15	69.10	3.49	3.01	7.72	3.30
Japan.....	118.64	76.98	2.14	3.35	9.28	2.82
Netherlands.....	60.29	75.12	4.35	2.63	4.59	4.37
Sweden.....	118.26	62.24	2.29	14.30	46.91	12.09
Switzerland.....	71.67	53.96	5.12	3.00	14.96	4.18
United Kingdom.....	76.64	59.42	6.37	2.78	9.82	6.33
Wholesale trade ¹	156.90	83.01	1.94	1.69	7.98	1.08
Australia.....	25.26	77.74	2.45	-0.42	-0.68	-1.65
Canada.....	232.79	86.41	0.75	2.27	7.00	0.98
France.....	205.63	86.30	0.52	4.57	14.25	2.22
Germany.....	87.07	73.47	3.07	0.91	2.53	1.04
Japan.....	163.65	83.48	2.01	1.41	7.79	0.86
Netherlands.....	133.67	82.56	1.80	2.38	21.85	1.78
Sweden.....	174.49	81.73	1.20	1.01	4.85	0.58
Switzerland.....	176.66	71.52	1.35	5.36	14.56	3.03
United Kingdom.....	126.53	76.64	4.03	5.55	22.46	4.39
Finance, insurance, and real estate ¹	13.42	49.82	25.19	1.01	7.95	7.51
Australia.....	10.78	13.49	33.75	1.61	8.50	14.93
Canada.....	12.21	53.95	24.17	0.80	5.21	6.58
France.....	12.79	61.93	12.80	1.28	15.20	10.01
Germany.....	13.47	66.75	31.54	0.47	3.38	3.51
Japan.....	9.83	19.99	53.48	0.53	5.03	5.42
Netherlands.....	13.27	63.19	20.74	0.96	8.34	7.21
Sweden.....	26.24	14.01	5.39	-0.23	-1.44	-0.89
Switzerland.....	15.31	31.86	20.99	1.08	11.68	7.07
United Kingdom.....	16.11	59.26	21.17	1.75	12.04	10.84
Services ¹	49.36	41.33	9.29	0.38	1.18	0.77
Australia.....	19.20	48.37	26.10	-0.11	-0.27	-0.58
Canada.....	70.64	25.93	7.90	-0.04	-0.35	-0.06
France.....	83.63	38.65	2.51	1.69	4.67	2.02
Germany.....	70.73	36.76	4.42	2.93	8.85	4.14
Japan.....	41.22	41.18	7.66	0.20	0.67	0.49
Netherlands.....	65.21	43.59	10.13	0.40	2.01	0.61
Sweden.....	*89.45	*67.23	*2.12	*1.30	*6.40	*1.46
Switzerland.....	125.48	37.09	2.32	-1.44	-6.16	-1.15
United Kingdom.....	51.03	31.50	6.42	1.50	3.57	2.94

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Percentages--Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
(55)	(56)	(57)	(58)	
All industries ¹.....	1.54	6.54	2.94	18.81
Australia.....	0.50	1.14	1.91	19.89
Canada.....	0.76	2.30	1.80	16.76
France.....	1.80	11.71	4.60	23.66
Germany.....	0.99	3.88	1.84	25.61
Japan.....	1.29	7.11	1.73	19.73
Netherlands.....	1.76	5.76	3.94	9.05
Sweden.....	6.31	27.63	7.83	2.13
Switzerland.....	1.60	12.67	4.67	28.60
United Kingdom.....	2.17	9.16	4.76	12.47
Manufacturing ¹.....	2.82	7.23	3.55	15.90
Australia.....	0.62	1.78	0.74	*18.69
Canada.....	0.93	1.72	1.82	8.16
France.....	2.90	9.12	3.58	39.65
Germany.....	3.13	8.05	3.44	21.85
Japan.....	3.43	9.52	2.89	18.67
Netherlands.....	2.67	4.65	4.42	4.38
Sweden.....	14.54	47.70	12.29	*1.23
Switzerland.....	3.04	15.18	4.24	27.41
United Kingdom.....	2.94	10.38	3.84	10.10
Wholesale trade ¹.....	1.74	8.22	1.11	19.40
Australia.....	-0.42	-0.68	-1.65	*35.29
Canada.....	2.28	7.02	0.98	14.89
France.....	4.61	14.39	2.24	*9.28
Germany.....	1.12	3.13	1.28	37.07
Japan.....	1.42	7.82	0.87	23.46
Netherlands.....	2.45	22.52	1.83	21.21
Sweden.....	1.01	4.85	0.58	*8.00
Switzerland.....	5.36	14.56	3.03	11.45
United Kingdom.....	5.72	23.14	4.52	3.80
Finance, insurance, and real estate ¹.....	0.99	7.81	7.38	17.48
Australia.....	1.59	8.40	14.75	34.81
Canada.....	0.81	5.23	6.61	12.67
France.....	1.30	15.47	10.19	5.64
Germany.....	0.41	2.96	3.07	45.26
Japan.....	0.54	5.11	5.51	13.10
Netherlands.....	0.91	7.90	6.83	6.01
Sweden.....	-0.24	-1.49	-0.92	*12.82
Switzerland.....	1.07	11.57	7.00	27.98
United Kingdom.....	1.68	11.62	10.46	12.42
Services ¹.....	0.44	1.39	0.90	31.93
Australia.....	-0.11	-0.27	-0.58	*70.83
Canada.....	-0.04	-0.35	-0.06	38.79
France.....	2.19	6.04	2.62	36.61
Germany.....	2.93	8.85	4.14	*8.71
Japan.....	0.28	0.92	0.68	22.99
Netherlands.....	0.44	2.22	0.68	48.99
Sweden.....	*1.30	*6.40	*1.46	*59.09
Switzerland.....	-1.44	-6.16	-1.15	*85.05
United Kingdom.....	1.74	4.15	3.42	33.29

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 1.--Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries--Continued

[All figures are estimates based on samples--money amounts are in millions of dollars]

Selected industrial groupings and countries	Percentages--Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(59)	(60)	(61)	(62)	(63)	(64)
All industries ¹	1.82	7.72	3.47	0.58	2.46	1.11
Australia.....	0.67	1.54	2.59	0.13	0.29	0.48
Canada.....	1.33	4.00	3.13	0.43	1.29	1.01
France.....	1.60	10.39	4.08	0.50	3.24	1.27
Germany.....	1.31	5.14	2.44	0.43	1.67	0.79
Japan.....	1.84	10.15	2.47	0.66	3.64	0.89
Netherlands.....	1.79	5.85	4.00	0.57	1.85	1.27
Sweden.....	6.63	29.01	8.22	2.16	9.47	2.68
Switzerland.....	1.30	10.24	3.77	0.43	3.42	1.26
United Kingdom.....	2.36	9.97	5.18	0.71	2.99	1.56
Manufacturing ¹	3.03	7.75	3.80	0.94	2.40	1.18
Australia.....	1.80	5.18	2.17	0.50	1.44	0.60
Canada.....	1.46	2.69	2.86	0.44	0.81	0.86
France.....	2.20	6.93	2.72	0.68	2.14	0.84
Germany.....	2.54	6.52	2.78	0.78	2.00	0.86
Japan.....	4.29	11.90	3.62	1.52	4.21	1.28
Netherlands.....	2.64	4.59	4.37	0.80	1.39	1.32
Sweden.....	14.36	47.12	12.14	4.66	15.28	3.94
Switzerland.....	2.42	12.10	3.38	0.82	4.12	1.15
United Kingdom.....	3.32	11.72	4.33	0.93	3.29	1.22
Wholesale trade ¹	2.57	12.10	1.64	0.91	4.27	0.58
Australia.....	*0.15	*0.24	*0.59	*0.05	*0.09	*0.21
Canada.....	4.00	12.32	1.72	1.33	4.08	0.57
France.....	5.13	16.00	2.49	1.72	5.37	0.84
Germany.....	1.49	4.18	1.72	0.49	1.38	0.56
Japan.....	1.89	10.41	1.15	0.76	4.20	0.47
Netherlands.....	2.97	27.32	2.23	0.91	8.39	0.68
Sweden.....	2.56	12.33	1.47	0.86	4.16	0.49
Switzerland.....	6.26	17.01	3.54	2.15	5.83	1.22
United Kingdom.....	6.74	27.24	5.32	2.12	8.59	1.68
Finance, insurance, and real estate ¹	0.98	7.70	7.28	0.32	2.54	2.40
Australia.....	0.74	3.91	6.86	0.25	1.33	2.33
Canada.....	0.89	5.76	7.28	0.29	1.89	2.39
France.....	1.21	14.34	9.45	0.37	4.41	2.90
Germany.....	0.25	1.76	1.83	0.11	0.77	0.80
Japan.....	0.90	8.54	9.20	0.30	2.79	3.01
Netherlands.....	0.80	6.97	6.02	0.27	2.38	2.06
Sweden.....	*0.35	*2.19	*1.35	*0.13	*0.77	*0.48
Switzerland.....	0.77	8.30	5.03	0.25	2.69	1.63
United Kingdom.....	1.63	11.27	10.15	0.54	3.73	3.36
Services ¹	1.43	4.45	2.89	0.46	1.44	0.94
Australia.....	*0.01	*0.03	*0.06	*(³)	*0.01	*0.02
Canada.....	2.18	18.77	3.08	0.74	6.34	1.04
France.....	3.07	8.49	3.68	0.97	2.69	1.17
Germany.....	3.66	11.05	5.17	1.19	3.58	1.68
Japan.....	2.19	7.22	5.32	0.69	2.26	1.67
Netherlands.....	1.20	6.05	1.84	0.43	2.16	0.66
Sweden.....	*1.07	*5.23	*1.19	*0.47	*2.33	*0.53
Switzerland.....	*0.84	*3.57	*0.67	*0.32	*1.35	*0.25
United Kingdom.....	1.80	4.28	3.52	0.51	1.21	1.00

* Estimate should be used with caution because of the small number of sample returns on which it is based.

¹ Includes industrial groups or countries, as appropriate, not specifically listed.

² Excludes interest received on State and local Government obligations, which totaled \$666 million.

³ For money amounts, less than \$500,000. For percentages, less than 0.005 percent (positive or negative).

NOTES: This table presents separate data for the nine largest countries, based on 1997 total receipts at the all-industries level. Also, this table presents separate data for the four industrial groups that accounted for 85 percent of the number of returns, 94 percent of the assets, and 89 percent of the receipts for all foreign-controlled domestic corporations. Percentages were calculated using rounded data. Detail may not add to totals because of rounding.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
ALL INDUSTRIES ¹							
Domestic corporations not foreign controlled.....	13,743	10,675	10,760	21,008,088	8,952,483	12,055,605	40,957
Old corporations.....	12,565	9,925	9,993	20,159,526	8,666,340	11,493,186	38,320
New corporations.....	1,178	750	767	848,561	286,143	562,419	2,637
Foreign-controlled domestic corporations ¹.....	2,916	2,133	2,155	3,172,816	1,541,538	1,631,278	27,406
Old corporations.....	2,602	1,933	1,947	2,870,923	1,404,182	1,466,741	27,245
New corporations.....	314	200	208	301,893	137,356	164,537	161
Selected countries:							
Canada.....	332	214	222	348,016	169,115	178,901	621
Old corporations.....	294	189	196	329,611	162,940	166,671	540
New corporations.....	38	25	26	18,405	6,175	12,230	81
France.....	182	135	132	299,795	125,720	174,075	2,146
Old corporations.....	177	131	128	281,964	122,365	159,599	2,146
New corporations.....	5	4	4	17,830	3,355	14,476	--
Germany.....	253	198	205	309,835	170,686	139,149	850
Old corporations.....	229	181	187	291,869	167,034	124,835	847
New corporations.....	24	17	18	17,966	3,652	14,314	3
Japan.....	707	520	526	564,044	366,720	197,324	496
Old corporations.....	651	486	493	485,838	317,001	168,837	486
New corporations.....	56	33	33	78,207	49,719	28,488	10
Netherlands.....	210	137	142	415,506	166,306	249,200	1,880
Old corporations.....	184	123	128	384,648	150,717	233,931	1,866
New corporations.....	26	14	14	30,858	15,589	15,269	14
Switzerland.....	136	114	116	276,251	170,753	105,498	30
Old corporations.....	111	96	99	273,054	169,254	103,801	30
New corporations.....	25	18	17	3,197	1,499	1,697	--
United Kingdom.....	357	278	283	524,910	210,119	314,791	13,065
Old corporations.....	294	234	238	431,094	168,906	262,188	13,065
New corporations.....	63	44	45	93,816	41,213	52,603	--
MANUFACTURING							
Domestic corporations not foreign controlled.....	3,857	2,997	3,027	4,511,260	1,650,500	2,860,760	26,446
Old corporations.....	3,558	2,808	2,831	4,372,245	1,602,795	2,769,450	25,805
New corporations.....	299	189	196	139,016	47,706	91,310	641
Foreign-controlled domestic corporations ¹.....	1,176	875	897	931,835	322,514	609,321	2,159
Old corporations.....	1,048	790	809	853,742	297,680	556,062	2,087
New corporations.....	128	85	88	78,093	24,834	53,259	72
Selected countries:							
Canada.....	132	82	89	150,146	65,855	84,292	170
Old corporations.....	111	72	79	143,110	63,652	79,457	169
New corporations.....	21	10	10	7,037	2,202	4,834	(9)
France.....	79	62	61	69,523	18,250	51,272	101
Old corporations.....	76	59	58	53,122	14,971	38,151	101
New corporations.....	3	3	3	16,401	3,279	13,122	--
Germany.....	139	118	122	99,641	38,286	61,355	145
Old corporations.....	129	109	113	95,663	36,487	59,176	145
New corporations.....	10	9	9	3,979	1,799	2,179	--
Japan.....	278	197	202	101,285	45,543	55,742	30
Old corporations.....	259	183	189	98,276	44,173	54,102	19
New corporations.....	18	13	13	3,009	1,370	1,640	10
Netherlands.....	71	49	51	160,386	36,088	124,298	189
Old corporations.....	58	40	42	147,910	31,950	115,960	174
New corporations.....	13	9	9	12,475	4,138	8,338	14
Switzerland.....	61	53	53	65,601	29,314	36,286	21
Old corporations.....	54	49	50	62,906	28,190	34,716	21
New corporations.....	7	4	3	2,695	1,124	1,570	--
United Kingdom.....	165	129	134	175,788	44,953	130,835	1,365
Old corporations.....	137	107	111	161,330	42,097	119,234	1,365
New corporations.....	28	22	23	14,457	2,857	11,601	--

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
WHOLESALE TRADE							
Domestic corporations not foreign controlled.....	1,973	1,541	1,533	290,921	166,851	124,069	864
Old corporations.....	1,864	1,463	1,449	268,659	154,519	114,140	854
New corporations.....	109	77	84	22,262	12,333	9,929	10
Foreign-controlled domestic corporations ¹.....	818	628	611	283,733	157,306	126,427	654
Old corporations.....	731	566	548	221,873	133,945	87,929	646
New corporations.....	87	63	63	61,860	23,361	38,498	8
Selected countries:							
Canada.....	65	48	42	9,691	4,807	4,884	79
Old corporations.....	57	41	35	9,428	4,581	4,847	79
New corporations.....	7	7	7	263	226	37	--
France.....	36	22	22	5,919	3,883	2,036	82
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Germany.....	70	51	50	34,806	14,930	19,876	43
Old corporations.....	61	45	44	21,723	13,689	8,034	40
New corporations.....	9	6	6	13,083	1,241	11,842	3
Japan.....	269	211	211	155,824	92,335	63,489	282
Old corporations.....	245	200	200	122,368	75,791	46,577	282
New corporations.....	24	11	11	33,456	16,544	16,912	--
Netherlands.....	42	24	26	19,131	9,712	9,419	44
Old corporations.....	42	24	26	19,131	9,712	9,419	44
New corporations.....	--	--	--	--	--	--	--
Switzerland.....	42	38	38	3,797	1,872	1,925	--
Old corporations.....	25	23	23	3,369	1,570	1,799	--
New corporations.....	16	14	14	428	302	126	--
United Kingdom.....	45	36	36	17,036	6,027	11,009	98
Old corporations.....	36	30	30	12,669	4,786	7,883	98
New corporations.....	9	6	6	4,367	1,241	3,126	--
FINANCE, INSURANCE, AND REAL ESTATE							
Domestic corporations not foreign controlled.....	2,835	2,471	2,485	12,638,463	6,213,548	6,424,915	7,419
Old corporations.....	2,548	2,242	2,258	12,312,076	6,067,425	6,244,650	6,186
New corporations.....	287	229	227	326,388	146,123	180,265	1,233
Foreign-controlled domestic corporations ¹.....	392	285	291	1,623,376	964,231	659,145	23,087
Old corporations.....	351	260	265	1,499,462	885,216	614,246	23,087
New corporations.....	41	25	26	123,914	79,015	44,899	--
Selected countries:							
Canada.....	41	29	31	152,870	89,934	62,936	75
Old corporations.....	34	23	25	145,228	86,722	58,506	75
New corporations.....	7	6	6	7,642	3,212	4,430	--
France.....	35	29	28	212,751	98,845	113,906	1,960
Old corporations.....	35	29	28	212,751	98,845	113,906	1,960
New corporations.....	--	--	--	--	--	--	--
Germany.....	22	17	18	152,839	107,352	45,487	--
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Japan.....	78	53	53	283,248	218,500	64,748	172
Old corporations.....	72	50	50	244,123	187,484	56,638	172
New corporations.....	6	3	3	39,125	31,016	8,109	--
Netherlands.....	25	21	22	201,686	109,638	92,048	1,561
Old corporations.....	20	17	18	184,559	98,985	85,574	1,561
New corporations.....	5	4	4	17,127	10,653	6,474	--
Switzerland.....	19	16	17	202,208	137,414	64,794	9
Old corporations.....	19	16	17	202,208	137,414	64,794	9
New corporations.....	--	--	--	--	--	--	--
United Kingdom.....	58	42	42	257,392	137,837	119,556	11,196
Old corporations.....	48	37	37	205,343	106,764	98,579	11,196
New corporations.....	10	5	5	52,049	31,072	20,977	--

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
ALL INDUSTRIES ¹							
Domestic corporations not foreign controlled.....	9,855,524	6,497,323	69,615	4,655,241	2,134,899	64,328	2,070,571
Old corporations.....	9,556,957	6,204,908	67,566	4,397,661	2,090,417	63,622	2,026,795
New corporations.....	298,566	292,415	2,049	257,580	44,481	705	43,776
Foreign-controlled domestic corporations ¹.....	1,524,987	907,865	59,254	739,964	10,232	6,049	4,183
Old corporations.....	1,388,717	823,889	53,174	658,316	12,664	6,000	6,664
New corporations.....	136,270	83,976	6,081	81,647	-2,432	49	-2,481
Selected countries:							
Canada.....	132,394	101,651	9,610	113,971	14,853	154	14,699
Old corporations.....	126,860	95,801	9,467	106,950	13,614	154	13,459
New corporations.....	5,534	5,850	143	7,021	1,239	--	1,239
France.....	134,845	120,821	4,395	44,129	-3,796	2,393	-6,190
Old corporations.....	131,369	109,297	4,395	41,299	-1,446	2,366	-3,811
New corporations.....	3,477	11,524	--	2,830	-2,351	28	-2,378
Germany.....	167,177	64,832	5,224	77,826	9,896	272	9,624
Old corporations.....	163,032	59,078	5,224	69,759	8,460	272	8,188
New corporations.....	4,145	5,754	--	8,067	1,435	--	1,435
Japan.....	371,725	94,547	4,509	97,772	-3,333	347	-3,680
Old corporations.....	313,977	90,388	4,237	81,473	-7,877	346	-8,223
New corporations.....	57,748	4,159	272	16,300	4,544	1	4,543
Netherlands.....	161,177	125,656	5,220	128,673	19,471	1,593	17,878
Old corporations.....	151,718	112,744	3,324	120,187	20,323	1,593	18,730
New corporations.....	9,459	12,912	1,896	8,487	-852	--	-852
Switzerland.....	176,261	66,357	7,805	33,633	2,883	252	2,631
Old corporations.....	175,244	64,941	7,799	32,869	3,190	252	2,938
New corporations.....	1,017	1,416	6	764	-307	--	-307
United Kingdom.....	217,331	183,281	13,376	124,298	-4,344	484	-4,829
Old corporations.....	175,827	157,023	11,204	98,244	-1,856	482	-2,338
New corporations.....	41,503	26,258	2,172	26,054	-2,488	3	-2,490
MANUFACTURING							
Domestic corporations not foreign controlled.....	1,496,057	1,487,419	30,971	1,527,784	780,923	4,271	776,652
Old corporations.....	1,458,731	1,427,503	30,716	1,486,010	774,757	3,922	770,834
New corporations.....	37,326	59,916	254	41,774	6,166	349	5,817
Foreign-controlled domestic corporations ¹.....	288,717	276,343	31,245	366,775	-1,707	395	-2,102
Old corporations.....	267,374	237,678	26,817	348,690	4,974	368	4,607
New corporations.....	21,344	38,664	4,428	18,085	-6,681	28	-6,709
Selected countries:							
Canada.....	47,225	19,709	1,748	83,213	11,373	4	11,369
Old corporations.....	44,473	17,105	1,605	81,531	11,321	4	11,317
New corporations.....	2,751	2,604	143	1,682	52	--	52
France.....	20,160	27,265	2,764	22,097	-7,740	186	-7,925
Old corporations.....	16,770	16,407	2,764	19,944	-5,416	158	-5,574
New corporations.....	3,390	10,859	--	2,153	-2,324	28	-2,352
Germany.....	34,748	26,296	1,780	38,597	1,908	9	1,899
Old corporations.....	33,481	25,097	1,780	37,085	1,635	9	1,626
New corporations.....	1,267	1,199	--	1,512	273	--	273
Japan.....	40,354	24,046	793	36,885	1,962	3	1,959
Old corporations.....	39,097	23,424	697	35,755	1,869	3	1,866
New corporations.....	1,258	622	96	1,130	93	--	93
Netherlands.....	42,572	25,391	4,725	92,423	20,144	2	20,142
Old corporations.....	39,064	20,334	2,844	88,513	20,758	2	20,756
New corporations.....	3,508	5,057	1,881	3,910	-613	--	-613
Switzerland.....	23,537	29,340	4,522	12,724	-1,259	121	-1,380
Old corporations.....	22,807	28,028	4,516	12,071	-941	121	-1,062
New corporations.....	730	1,312	6	653	-318	--	-318
United Kingdom.....	43,064	82,883	8,834	49,840	-12,030	2	-12,032
Old corporations.....	39,778	75,862	7,719	45,691	-9,628	2	-9,630
New corporations.....	3,286	7,022	1,115	4,150	-2,402	--	-2,402

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
WHOLESALE TRADE							
Domestic corporations not foreign controlled.....	111,422	71,997	6,726	107,501	54,760	96	54,664
Old corporations.....	103,822	63,542	6,543	101,294	53,196	86	53,110
New corporations.....	7,600	8,455	182	6,207	1,564	10	1,554
Foreign-controlled domestic corporations ¹.....	147,771	71,358	6,956	64,603	-2,512	349	-2,861
Old corporations.....	116,532	61,552	5,938	43,789	-7,249	338	-7,587
New corporations.....	31,239	9,806	1,018	20,815	4,737	11	4,726
Selected countries:							
Canada.....	2,869	3,246	405	3,577	478	--	478
Old corporations.....	2,720	3,211	405	3,498	460	--	460
New corporations.....	149	35	--	79	17	--	17
France.....	1,917	2,122	486	1,880	429	--	429
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Germany.....	12,231	9,671	2,511	12,903	617	--	617
Old corporations.....	9,780	5,202	2,511	6,741	-478	--	-478
New corporations.....	2,452	4,469	--	6,163	1,095	--	1,095
Japan.....	96,778	31,110	794	27,935	-2,285	338	-2,624
Old corporations.....	72,639	29,206	791	20,523	-6,787	337	-7,125
New corporations.....	24,139	1,904	2	7,413	4,502	1	4,501
Netherlands.....	7,206	9,627	105	2,298	725	--	725
Old corporations.....	7,206	9,627	105	2,298	725	--	725
New corporations.....	--	--	--	--	--	--	--
Switzerland.....	1,609	535	145	1,653	391	--	391
Old corporations.....	1,392	436	145	1,541	378	--	378
New corporations.....	218	99	--	112	13	--	13
United Kingdom.....	3,778	8,674	1,607	4,584	98	--	98
Old corporations.....	3,013	6,881	595	2,776	-114	--	-114
New corporations.....	765	1,794	1,012	1,808	212	--	212
FINANCE, INSURANCE, AND REAL ESTATE							
Domestic corporations not foreign controlled.....	7,451,833	3,474,232	21,000	1,712,398	917,197	51,158	866,038
Old corporations.....	7,259,724	3,403,341	20,645	1,649,010	901,713	50,953	850,760
New corporations.....	192,109	70,891	355	63,388	15,484	205	15,279
Foreign-controlled domestic corporations ¹.....	1,004,514	435,273	15,136	183,590	32,714	5,164	27,550
Old corporations.....	931,426	410,081	14,685	157,954	30,640	5,164	25,476
New corporations.....	73,087	25,192	451	25,635	2,074	--	2,074
Selected countries:							
Canada.....	76,973	57,986	6,267	17,911	4,854	150	4,704
Old corporations.....	74,763	56,756	6,267	13,709	3,856	150	3,707
New corporations.....	2,210	1,230	--	4,202	997	--	997
France.....	109,010	86,854	1,077	16,888	3,610	2,206	1,403
Old corporations.....	109,010	86,854	1,077	16,888	3,610	2,206	1,403
New corporations.....	--	--	--	--	--	--	--
Germany.....	111,261	21,292	269	20,287	6,411	263	6,148
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Japan.....	225,395	31,449	2,033	26,404	-1,370	5	-1,375
Old corporations.....	194,013	30,523	1,982	19,587	-1,500	5	-1,505
New corporations.....	31,382	926	50	6,817	130	--	130
Netherlands.....	102,017	77,265	--	22,403	2,662	1,572	1,090
Old corporations.....	96,765	69,733	--	18,060	2,533	1,572	961
New corporations.....	5,252	7,532	--	4,343	128	--	128
Switzerland.....	149,276	34,596	2,932	18,335	4,495	131	4,364
Old corporations.....	149,276	34,596	2,932	18,335	4,495	131	4,364
New corporations.....	--	--	--	--	--	--	--
United Kingdom.....	148,482	73,059	1,287	35,851	10,087	475	9,612
Old corporations.....	117,355	59,472	1,287	28,516	9,111	475	8,635
New corporations.....	31,126	13,588	--	7,335	977	--	977

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Receipts						Dividends received from:	
	Total	Business receipts	Interest ²	Rents	Royalties	Domestic corporations	Foreign corporations	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
ALL INDUSTRIES ¹								
Domestic corporations not foreign controlled.....	8,961,785	7,545,670	781,079	70,433	67,555	14,588	47,529	
Old corporations.....	8,513,786	7,144,376	757,926	69,215	61,842	14,053	45,626	
New corporations.....	448,000	401,293	23,153	1,217	5,712	535	1,903	
Foreign-controlled domestic corporations ¹.....	1,625,744	1,442,209	110,616	5,264	7,782	1,717	2,897	
Old corporations.....	1,462,150	1,296,452	100,060	4,970	7,065	1,363	2,558	
New corporations.....	163,594	145,757	10,557	293	717	354	339	
Selected countries:								
Canada.....	140,376	124,551	8,765	601	1,049	169	175	
Old corporations.....	129,245	114,051	8,525	591	1,046	169	166	
New corporations.....	11,131	10,500	240	9	3	--	9	
France.....	116,042	98,116	9,344	802	555	324	270	
Old corporations.....	105,828	89,140	8,751	773	335	279	270	
New corporations.....	10,214	8,976	593	28	220	45	--	
Germany.....	158,277	140,783	10,403	389	484	127	575	
Old corporations.....	147,516	130,867	10,277	348	375	118	471	
New corporations.....	10,761	9,916	127	40	109	9	104	
Japan.....	424,655	389,174	23,400	1,187	632	184	260	
Old corporations.....	368,663	339,071	19,766	1,136	605	177	230	
New corporations.....	55,992	50,102	3,634	51	27	6	30	
Netherlands.....	183,765	161,058	13,787	667	1,175	384	371	
Old corporations.....	166,594	146,137	12,554	656	1,031	147	361	
New corporations.....	17,171	14,920	1,233	12	143	236	10	
Switzerland.....	89,744	73,405	9,462	154	720	114	105	
Old corporations.....	85,280	69,000	9,451	153	720	113	105	
New corporations.....	4,464	4,405	11	1	--	1	--	
United Kingdom.....	233,927	200,222	21,361	752	2,236	245	731	
Old corporations.....	204,428	176,000	17,345	724	2,144	207	670	
New corporations.....	29,499	24,222	4,016	28	92	38	62	
MANUFACTURING								
Domestic corporations not foreign controlled.....	3,492,535	3,167,839	97,414	24,316	52,695	4,005	40,083	
Old corporations.....	3,355,981	3,039,907	96,115	24,185	49,415	3,959	38,898	
New corporations.....	136,553	127,932	1,298	131	3,280	46	1,185	
Foreign-controlled domestic corporations ¹.....	731,261	690,766	14,869	1,316	5,299	424	2,096	
Old corporations.....	664,779	627,609	13,565	1,216	4,706	363	1,985	
New corporations.....	66,482	63,157	1,304	100	593	61	111	
Selected countries:								
Canada.....	73,793	70,072	896	81	847	44	116	
Old corporations.....	66,568	63,134	840	77	843	44	115	
New corporations.....	7,224	6,937	56	4	3	--	1	
France.....	55,998	52,511	1,399	64	498	76	198	
Old corporations.....	46,046	43,736	810	36	278	32	198	
New corporations.....	9,951	8,776	590	28	220	44	--	
Germany.....	88,970	83,313	1,798	278	344	69	461	
Old corporations.....	83,727	78,328	1,723	238	308	61	455	
New corporations.....	5,243	4,985	75	40	36	8	6	
Japan.....	122,630	119,049	1,215	109	145	55	117	
Old corporations.....	117,745	114,236	1,199	109	124	55	117	
New corporations.....	4,886	4,813	16	--	21	--	--	
Netherlands.....	96,050	89,469	2,524	319	404	128	284	
Old corporations.....	82,709	76,489	2,449	311	262	128	274	
New corporations.....	13,341	12,980	75	8	143	--	10	
Switzerland.....	45,761	42,257	1,341	23	698	3	54	
Old corporations.....	43,438	39,965	1,334	23	697	2	54	
New corporations.....	2,323	2,292	7	--	(³)	1	--	
United Kingdom.....	133,500	124,272	3,977	338	1,858	43	565	
Old corporations.....	122,483	113,666	3,844	336	1,806	35	551	
New corporations.....	11,017	10,605	133	2	52	7	14	

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Receipts						Dividends received from:	
	Total	Business receipts	Interest ²	Rents	Royalties	Domestic corporations	Foreign corporations	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
WHOLESALE TRADE								
Domestic corporations not foreign controlled.....	678,088	655,359	11,016	1,230	764	99	653	
Old corporations.....	636,618	614,614	10,874	1,218	713	97	634	
New corporations.....	41,469	40,745	142	12	50	3	18	
Foreign-controlled domestic corporations ¹.....	437,380	422,506	4,739	613	918	87	384	
Old corporations.....	373,888	362,157	4,388	463	807	85	264	
New corporations.....	63,492	60,349	351	151	111	2	119	
Selected countries:								
Canada.....	22,397	22,158	55	7	1	16	1	
Old corporations.....	21,538	21,300	54	6	1	16	1	
New corporations.....	859	858	1	(³)	--	--	--	
France.....	12,723	12,614	36	11	9	4	6	
Old corporations.....	**	**	**	**	**	**	**	
New corporations.....	**	**	**	**	**	**	**	
Germany.....	27,626	26,378	328	8	93	--	109	
Old corporations.....	23,261	22,567	291	8	20	--	11	
New corporations.....	4,365	3,811	37	--	73	--	98	
Japan.....	255,362	246,311	2,873	323	458	51	95	
Old corporations.....	210,732	203,720	2,723	282	455	49	94	
New corporations.....	44,630	42,591	150	41	3	2	1	
Netherlands.....	25,089	24,271	128	39	27	--	50	
Old corporations.....	25,089	24,271	128	39	27	--	50	
New corporations.....	--	--	--	--	--	--	--	
Switzerland.....	6,673	6,581	24	13	--	--	1	
Old corporations.....	4,664	4,599	20	13	--	--	1	
New corporations.....	2,009	1,982	4	1	--	--	--	
United Kingdom.....	20,718	19,102	628	71	237	1	91	
Old corporations.....	16,399	14,961	545	62	203	1	88	
New corporations.....	4,320	4,140	83	9	34	--	3	
FINANCE, INSURANCE, AND REAL ESTATE								
Domestic corporations not foreign controlled.....	1,855,724	960,873	625,412	30,396	584	8,956	2,239	
Old corporations.....	1,809,831	938,173	606,814	30,049	398	8,521	2,133	
New corporations.....	45,893	22,700	18,598	347	185	435	105	
Foreign-controlled domestic corporations ¹.....	217,071	107,391	82,917	2,594	201	1,177	212	
Old corporations.....	200,252	101,011	74,217	2,583	196	890	138	
New corporations.....	16,819	6,380	8,700	10	6	287	73	
Selected countries:								
Canada.....	18,712	9,267	6,992	391	8	105	6	
Old corporations.....	18,222	9,013	6,819	391	8	105	2	
New corporations.....	490	253	173	--	--	--	4	
France.....	27,286	13,846	7,609	714	--	243	65	
Old corporations.....	27,286	13,846	7,609	714	--	243	65	
New corporations.....	--	--	--	--	--	--	--	
Germany.....	20,461	10,784	8,026	45	--	58	4	
Old corporations.....	**	**	**	**	**	**	**	
New corporations.....	**	**	**	**	**	**	**	
Japan.....	26,726	5,159	18,754	630	1	72	35	
Old corporations.....	22,089	4,174	15,344	630	1	70	6	
New corporations.....	4,637	985	3,410	1	--	2	29	
Netherlands.....	26,527	14,113	9,993	175	31	254	--	
Old corporations.....	24,296	13,742	8,844	172	31	18	--	
New corporations.....	2,230	371	1,149	3	--	236	--	
Switzerland.....	30,920	18,448	8,073	115	10	111	50	
Old corporations.....	30,920	18,448	8,073	115	10	111	50	
New corporations.....	--	--	--	--	--	--	--	
United Kingdom.....	41,329	21,516	15,651	242	6	192	41	
Old corporations.....	34,146	18,617	11,938	238	--	162	1	
New corporations.....	7,184	2,899	3,713	4	6	29	40	

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
ALL INDUSTRIES ¹							
Domestic corporations not foreign controlled.....	8,462,014	4,680,256	52,637	798,029	602,267	195,019	341,935
Old corporations.....	8,032,615	4,447,193	49,695	752,623	575,839	185,683	323,996
New corporations.....	429,398	233,062	2,942	45,406	26,429	9,335	17,939
Foreign-controlled domestic corporations ¹.....	1,573,323	1,025,152	7,814	98,172	106,601	22,122	57,666
Old corporations.....	1,412,728	923,720	7,110	87,148	94,314	19,882	48,788
New corporations.....	160,596	101,432	704	11,024	12,287	2,240	8,877
Selected countries:							
Canada.....	137,662	89,809	551	8,982	8,171	1,999	3,926
Old corporations.....	126,780	81,862	500	8,334	7,697	1,842	3,482
New corporations.....	10,881	7,947	51	648	474	156	443
France.....	110,743	68,134	693	8,208	6,756	1,689	2,888
Old corporations.....	100,768	64,257	630	6,705	5,501	1,463	2,417
New corporations.....	9,975	3,877	62	1,503	1,255	226	471
Germany.....	154,147	97,383	1,084	11,633	11,247	2,642	7,304
Old corporations.....	143,333	90,606	1,033	10,753	10,689	2,486	6,939
New corporations.....	10,814	6,777	51	880	558	156	365
Japan.....	416,327	312,024	1,545	14,410	23,892	3,279	20,676
Old corporations.....	361,533	273,129	1,431	13,265	19,804	3,008	15,336
New corporations.....	54,794	38,895	114	1,145	4,088	271	5,340
Netherlands.....	176,531	117,423	909	10,103	11,986	1,937	4,763
Old corporations.....	159,803	106,907	861	8,655	10,550	1,727	4,366
New corporations.....	16,727	10,516	49	1,448	1,436	210	397
Switzerland.....	85,495	35,947	557	9,840	9,188	1,514	1,952
Old corporations.....	81,029	32,537	519	9,525	9,098	1,466	1,808
New corporations.....	4,465	3,410	38	315	90	48	144
United Kingdom.....	222,459	121,036	1,270	18,590	20,524	5,378	6,422
Old corporations.....	193,861	107,268	1,022	15,156	17,219	4,745	5,868
New corporations.....	28,598	13,767	248	3,434	3,305	633	555
MANUFACTURING							
Domestic corporations not foreign controlled.....	3,284,688	2,128,142	15,176	234,756	132,036	78,224	142,944
Old corporations.....	3,151,917	2,037,861	14,563	223,618	127,902	76,269	138,649
New corporations.....	132,771	90,281	613	11,137	4,135	1,956	4,294
Foreign-controlled domestic corporations ¹.....	705,256	477,269	2,605	42,790	29,562	10,898	27,984
Old corporations.....	640,093	435,337	2,309	37,562	26,160	9,903	25,363
New corporations.....	65,163	41,932	296	5,228	3,402	995	2,622
Selected countries:							
Canada.....	72,305	53,835	197	3,570	1,676	1,046	2,149
Old corporations.....	65,236	48,777	160	3,072	1,479	925	1,877
New corporations.....	7,069	5,058	36	498	197	120	272
France.....	54,014	32,470	256	4,605	2,700	1,005	2,110
Old corporations.....	44,392	28,736	195	3,111	1,494	782	1,640
New corporations.....	9,622	3,734	62	1,494	1,207	223	470
Germany.....	86,156	57,527	375	6,028	3,234	1,290	5,522
Old corporations.....	81,081	53,808	353	5,776	3,085	1,207	5,278
New corporations.....	5,075	3,719	22	252	150	83	245
Japan.....	118,810	91,776	359	3,925	2,587	1,186	6,525
Old corporations.....	114,247	88,236	343	3,732	2,500	1,154	6,376
New corporations.....	4,563	3,540	16	192	87	32	149
Netherlands.....	91,800	67,250	231	4,186	4,200	787	2,609
Old corporations.....	78,674	57,729	194	3,172	3,830	606	2,254
New corporations.....	13,126	9,521	36	1,014	370	181	355
Switzerland.....	43,838	22,506	215	4,752	2,436	747	1,453
Old corporations.....	41,473	20,838	209	4,527	2,366	715	1,316
New corporations.....	2,366	1,667	7	225	70	32	137
United Kingdom.....	128,556	73,630	576	8,870	8,642	3,337	3,960
Old corporations.....	117,764	67,079	501	8,171	8,079	3,178	3,641
New corporations.....	10,792	6,550	75	699	562	160	318

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
WHOLESALE TRADE							
Domestic corporations not foreign controlled.....	668,441	556,476	2,840	34,041	15,339	6,196	9,197
Old corporations.....	627,768	523,585	2,561	31,415	14,671	5,841	8,784
New corporations.....	40,672	32,890	279	2,626	668	356	412
Foreign-controlled domestic corporations ¹.....	432,452	352,855	1,165	14,623	9,038	3,163	15,006
Old corporations.....	369,539	305,041	1,056	12,791	7,345	2,602	10,149
New corporations.....	62,913	47,814	109	1,832	1,693	562	4,857
Selected countries:							
Canada.....	22,241	19,557	48	832	157	122	182
Old corporations.....	21,397	18,772	48	813	155	119	177
New corporations.....	844	785	--	18	2	3	6
France.....	12,442	10,973	55	415	65	108	113
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Germany.....	27,432	19,542	97	1,721	941	323	1,123
Old corporations.....	22,828	17,409	81	1,191	547	264	1,028
New corporations.....	4,604	2,133	16	530	394	59	95
Japan.....	253,273	206,109	491	7,110	5,277	1,406	11,414
Old corporations.....	209,125	171,922	450	6,430	4,253	1,237	6,881
New corporations.....	44,148	34,188	41	679	1,024	168	4,533
Netherlands.....	24,584	20,207	96	670	468	188	1,027
Old corporations.....	24,584	20,207	96	670	468	188	1,027
New corporations.....	--	--	--	--	--	--	--
Switzerland.....	6,465	4,654	72	465	85	78	123
Old corporations.....	4,498	3,036	41	376	65	62	116
New corporations.....	1,967	1,618	31	89	20	16	7
United Kingdom.....	19,670	14,752	72	1,222	958	282	418
Old corporations.....	15,527	11,508	65	928	780	223	383
New corporations.....	4,143	3,245	7	294	178	59	34
FINANCE, INSURANCE, AND REAL ESTATE							
Domestic corporations not foreign controlled.....	1,704,245	553,658	19,723	168,330	349,341	27,688	44,613
Old corporations.....	1,662,614	541,172	18,916	163,910	337,011	27,032	43,722
New corporations.....	41,630	12,486	807	4,420	12,330	656	892
Foreign-controlled domestic corporations ¹.....	199,814	54,971	2,819	17,302	55,259	3,224	4,013
Old corporations.....	184,261	52,572	2,661	15,485	48,763	2,890	3,271
New corporations.....	15,553	2,399	157	1,817	6,496	335	741
Selected countries:							
Canada.....	17,522	5,171	238	944	4,703	215	329
Old corporations.....	17,129	5,128	230	896	4,568	203	320
New corporations.....	392	43	9	48	136	12	8
France.....	24,602	8,655	246	2,176	3,465	374	522
Old corporations.....	24,602	8,655	246	2,176	3,465	374	522
New corporations.....	--	--	--	--	--	--	--
Germany.....	19,828	7,373	551	1,840	6,549	239	99
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Japan.....	24,427	610	590	2,027	15,278	405	1,786
Old corporations.....	20,159	514	544	1,876	12,384	370	1,190
New corporations.....	4,268	96	46	151	2,894	35	596
Netherlands.....	24,613	9,141	412	1,251	5,500	285	273
Old corporations.....	22,719	9,141	409	992	4,452	272	258
New corporations.....	1,894	--	3	259	1,048	13	15
Switzerland.....	28,782	5,903	231	3,427	6,496	454	225
Old corporations.....	28,782	5,903	231	3,427	6,496	454	225
New corporations.....	--	--	--	--	--	--	--
United Kingdom.....	36,866	13,019	267	3,651	8,832	714	351
Old corporations.....	30,106	12,074	193	2,626	6,576	531	312
New corporations.....	6,760	945	74	1,025	2,256	183	39

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
ALL INDUSTRIES ¹							
Domestic corporations not foreign controlled.....	499,772	54,041	536,304	593,160	56,856	46,651	27,626
Old corporations.....	481,170	51,830	515,698	566,042	50,344	44,901	26,640
New corporations.....	18,602	2,210	20,605	27,117	6,512	1,750	986
Foreign-controlled domestic corporations ¹.....	52,420	1,940	53,722	68,579	14,856	13,948	11,970
Old corporations.....	49,422	1,692	50,517	63,018	12,501	12,430	10,796
New corporations.....	2,998	248	3,205	5,560	2,355	1,519	1,174
Selected countries:							
Canada.....	2,714	133	2,812	4,820	2,008	913	748
Old corporations.....	2,464	121	2,551	4,418	1,866	833	669
New corporations.....	250	12	261	403	142	80	79
France.....	5,298	248	5,510	6,229	719	1,636	1,462
Old corporations.....	5,060	238	5,262	5,876	615	1,412	1,270
New corporations.....	238	10	249	352	104	223	191
Germany.....	4,129	224	4,246	5,043	797	1,711	1,388
Old corporations.....	4,183	172	4,252	4,766	514	1,546	1,236
New corporations.....	-53	52	-6	277	283	166	152
Japan.....	8,327	185	8,479	12,559	4,080	2,435	2,225
Old corporations.....	7,130	181	7,280	10,983	3,702	2,075	1,880
New corporations.....	1,197	4	1,199	1,577	378	360	345
Netherlands.....	7,235	89	7,216	8,225	1,009	1,135	649
Old corporations.....	6,791	86	6,770	7,641	871	882	603
New corporations.....	443	4	446	585	138	253	46
Switzerland.....	4,249	56	4,258	4,803	545	1,502	1,408
Old corporations.....	4,251	56	4,261	4,744	484	1,500	1,407
New corporations.....	-2	--	-3	58	61	2	1
United Kingdom.....	11,468	434	11,703	14,097	2,394	1,962	1,610
Old corporations.....	10,567	342	10,735	12,634	1,899	1,760	1,450
New corporations.....	901	93	968	1,463	494	201	160
MANUFACTURING							
Domestic corporations not foreign controlled.....	207,847	39,752	245,720	263,582	17,861	20,935	9,791
Old corporations.....	204,065	38,314	240,507	256,286	15,780	20,535	9,549
New corporations.....	3,782	1,438	5,214	7,296	2,082	400	242
Foreign-controlled domestic corporations ¹.....	26,004	1,266	27,239	33,714	6,475	6,274	5,215
Old corporations.....	24,686	1,199	25,856	31,408	5,552	5,721	4,751
New corporations.....	1,318	67	1,383	2,306	923	553	464
Selected countries:							
Canada.....	1,488	39	1,526	2,285	759	265	176
Old corporations.....	1,333	31	1,363	2,003	640	213	124
New corporations.....	155	8	163	282	119	52	52
France.....	1,984	135	2,116	2,588	472	1,106	1,039
Old corporations.....	1,654	124	1,776	2,248	472	886	851
New corporations.....	330	10	340	340	--	220	188
Germany.....	2,814	139	2,948	3,214	266	995	738
Old corporations.....	2,646	139	2,780	3,046	266	908	664
New corporations.....	168	--	168	169	(³)	87	74
Japan.....	3,820	100	3,911	5,452	1,541	1,066	970
Old corporations.....	3,497	100	3,589	5,082	1,493	1,043	948
New corporations.....	323	--	322	370	48	23	23
Netherlands.....	4,250	56	4,305	4,623	319	407	176
Old corporations.....	4,035	55	4,088	4,374	286	351	129
New corporations.....	215	1	216	249	33	56	46
Switzerland.....	1,922	30	1,950	2,110	160	623	602
Old corporations.....	1,965	30	1,994	2,096	102	621	602
New corporations.....	-42	--	-44	14	58	2	1
United Kingdom.....	4,944	289	5,228	6,609	1,382	877	672
Old corporations.....	4,719	283	4,997	6,196	1,199	803	615
New corporations.....	225	6	230	413	183	74	57

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
WHOLESALE TRADE							
Domestic corporations not foreign controlled.....	9,647	1,113	10,525	13,139	2,614	790	566
Old corporations.....	8,850	999	9,616	11,999	2,383	670	458
New corporations.....	797	114	908	1,140	232	119	108
Foreign-controlled domestic corporations ¹.....	4,928	160	5,083	8,576	3,494	1,842	1,706
Old corporations.....	4,349	100	4,446	7,374	2,928	1,442	1,310
New corporations.....	579	60	636	1,202	566	400	396
Selected countries:							
Canada.....	156	1	156	325	169	58	45
Old corporations.....	141	1	141	311	169	58	45
New corporations.....	15	--	15	15	--	--	--
France.....	281	2	283	315	32	15	10
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Germany.....	194	83	277	636	359	306	302
Old corporations.....	433	31	463	546	83	236	232
New corporations.....	-239	52	-187	89	276	69	69
Japan.....	2,089	9	2,097	3,992	1,894	1,035	992
Old corporations.....	1,607	8	1,615	3,253	1,638	721	681
New corporations.....	482	1	483	739	256	314	312
Netherlands.....	504	15	520	717	198	196	166
Old corporations.....	504	15	520	717	198	196	166
New corporations.....	--	--	--	--	--	--	--
Switzerland.....	208	--	208	254	46	17	16
Old corporations.....	166	--	166	210	44	17	15
New corporations.....	42	--	42	44	2	(³)	(³)
United Kingdom.....	1,049	33	1,081	1,233	151	55	38
Old corporations.....	871	30	902	1,043	141	42	27
New corporations.....	177	3	180	190	10	13	10
FINANCE, INSURANCE, AND REAL ESTATE							
Domestic corporations not foreign controlled.....	151,480	8,326	145,736	154,396	8,660	11,112	5,638
Old corporations.....	147,217	8,241	141,555	149,463	7,908	10,593	5,478
New corporations.....	4,263	84	4,181	4,933	752	519	160
Foreign-controlled domestic corporations ¹.....	17,258	209	16,880	18,366	1,485	3,436	2,726
Old corporations.....	15,992	179	15,620	16,758	1,139	3,123	2,654
New corporations.....	1,266	31	1,261	1,607	346	313	72
Selected countries:							
Canada.....	1,190	--	1,157	1,362	205	149	130
Old corporations.....	1,092	--	1,059	1,264	205	127	107
New corporations.....	98	--	98	98	--	23	22
France.....	2,685	84	2,735	2,773	38	247	145
Old corporations.....	2,685	84	2,735	2,773	38	247	145
New corporations.....	--	--	--	--	--	--	--
Germany.....	632	1	531	629	98	370	308
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Japan.....	2,299	54	2,331	2,633	302	215	148
Old corporations.....	1,930	52	1,962	2,239	277	204	147
New corporations.....	369	3	369	393	25	11	(³)
Netherlands.....	1,914	1	1,809	1,865	56	289	70
Old corporations.....	1,577	1	1,473	1,530	56	92	70
New corporations.....	336	--	335	335	--	197	--
Switzerland.....	2,138	26	2,118	2,210	92	674	602
Old corporations.....	2,138	26	2,118	2,210	92	674	602
New corporations.....	--	--	--	--	--	--	--
United Kingdom.....	4,463	32	4,302	4,783	481	626	505
Old corporations.....	4,039	4	3,874	4,095	221	606	505
New corporations.....	424	28	428	688	261	21	--

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Income subject to tax	Income tax before credits			Credits		Total income tax after credits
		Total	Income tax	Alternative minimum tax	Total	Foreign tax credit	
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
ALL INDUSTRIES ¹							
Domestic corporations not foreign controlled.....	547,655	193,866	191,325	2,592	51,368	40,065	142,498
Old corporations.....	522,161	184,847	182,421	2,476	49,336	38,462	135,511
New corporations.....	25,494	9,019	8,904	116	2,032	1,603	6,987
Foreign-controlled domestic corporations ¹.....	54,409	19,958	19,120	822	2,590	1,729	17,368
Old corporations.....	50,710	18,450	17,706	729	2,424	1,608	16,027
New corporations.....	3,699	1,507	1,414	93	166	120	1,342
Selected countries:							
Canada.....	3,923	1,431	1,368	63	147	54	1,283
Old corporations.....	3,599	1,307	1,255	52	135	52	1,172
New corporations.....	323	124	113	11	12	2	112
France.....	4,600	1,645	1,607	38	216	188	1,430
Old corporations.....	4,471	1,597	1,562	35	216	188	1,381
New corporations.....	129	48	45	3	--	--	48
Germany.....	3,360	1,317	1,169	147	220	128	1,097
Old corporations.....	3,248	1,274	1,131	143	216	126	1,058
New corporations.....	112	42	39	4	3	3	39
Japan.....	9,786	3,782	3,538	244	231	113	3,550
Old corporations.....	8,922	3,311	3,112	198	229	112	3,082
New corporations.....	864	471	426	45	3	1	468
Netherlands.....	7,098	2,523	2,481	42	281	215	2,243
Old corporations.....	6,766	2,405	2,365	40	279	215	2,126
New corporations.....	332	118	116	2	1	1	117
Switzerland.....	3,299	1,223	1,152	72	116	53	1,107
Old corporations.....	3,242	1,202	1,132	70	116	53	1,086
New corporations.....	57	21	19	2	--	--	21
United Kingdom.....	12,178	4,338	4,258	80	693	554	3,646
Old corporations.....	10,914	3,890	3,816	74	610	497	3,280
New corporations.....	1,264	448	442	6	83	56	365
MANUFACTURING							
Domestic corporations not foreign controlled.....	243,015	85,898	84,933	959	35,535	29,190	50,363
Old corporations.....	236,111	83,422	82,522	894	34,453	28,328	48,969
New corporations.....	6,904	2,476	2,411	66	1,083	862	1,394
Foreign-controlled domestic corporations ¹.....	27,503	10,055	9,605	448	1,566	1,054	8,489
Old corporations.....	25,746	9,416	8,992	421	1,491	997	7,925
New corporations.....	1,757	639	613	27	76	56	564
Selected countries:							
Canada.....	2,033	724	710	14	119	45	605
Old corporations.....	1,804	643	630	14	107	43	536
New corporations.....	229	81	80	1	12	2	69
France.....	1,484	543	518	25	86	76	457
Old corporations.....	1,364	498	476	22	86	76	412
New corporations.....	120	45	42	3	--	--	45
Germany.....	2,234	865	777	88	188	115	676
Old corporations.....	2,151	834	748	87	185	112	650
New corporations.....	83	30	29	1	3	3	27
Japan.....	4,398	1,663	1,535	128	99	39	1,564
Old corporations.....	4,051	1,535	1,413	121	98	39	1,437
New corporations.....	347	128	121	6	1	--	127
Netherlands.....	4,222	1,505	1,477	29	228	188	1,277
Old corporations.....	4,029	1,437	1,409	28	227	188	1,210
New corporations.....	193	68	67	1	1	1	67
Switzerland.....	1,493	577	521	56	64	14	512
Old corporations.....	1,479	570	516	54	64	14	506
New corporations.....	13	6	5	2	--	--	6
United Kingdom.....	5,737	2,040	2,006	33	437	351	1,603
Old corporations.....	5,396	1,919	1,887	31	426	346	1,494
New corporations.....	341	121	119	2	12	6	109

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Income subject to tax	Income tax before credits			Credits		Total income tax after credits
		Total	Income tax	Alternative minimum tax	Total	Foreign tax credit	
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
WHOLESALE TRADE							
Domestic corporations not foreign controlled.....	12,361	4,387	4,298	106	648	557	3,739
Old corporations.....	11,339	4,020	3,943	96	537	447	3,483
New corporations.....	1,022	366	355	11	111	110	256
Foreign-controlled domestic corporations ¹.....	6,387	2,456	2,345	111	158	93	2,298
Old corporations.....	5,939	2,136	2,065	71	149	88	1,988
New corporations.....	447	320	279	41	9	4	311
Selected countries:							
Canada.....	267	94	93	2	4	--	90
Old corporations.....	252	89	87	2	4	--	85
New corporations.....	15	5	5	--	--	--	5
France.....	300	105	105	--	3	3	101
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Germany.....	330	119	114	4	13	3	106
Old corporations.....	310	110	107	3	13	3	98
New corporations.....	20	8	7	1	--	--	8
Japan.....	2,604	1,127	1,030	97	45	22	1,082
Old corporations.....	2,533	940	881	59	45	22	895
New corporations.....	71	187	149	38	--	--	187
Netherlands.....	522	183	181	1	24	14	159
Old corporations.....	522	183	181	1	24	14	159
New corporations.....	--	--	--	--	--	--	--
Switzerland.....	237	82	82	--	1	--	81
Old corporations.....	193	67	67	--	1	--	66
New corporations.....	44	15	15	--	--	--	15
United Kingdom.....	1,178	414	411	2	43	40	371
Old corporations.....	1,001	351	349	2	40	38	311
New corporations.....	177	62	62	1	2	2	60
FINANCE, INSURANCE, AND REAL ESTATE							
Domestic corporations not foreign controlled.....	143,875	50,841	50,259	620	8,187	6,238	42,655
Old corporations.....	139,348	49,257	48,682	611	8,078	6,173	41,180
New corporations.....	4,526	1,584	1,577	9	109	66	1,475
Foreign-controlled domestic corporations ¹.....	14,980	5,339	5,239	99	369	243	4,971
Old corporations.....	13,684	4,880	4,786	93	321	215	4,559
New corporations.....	1,296	459	453	6	47	27	412
Selected countries:							
Canada.....	1,211	426	424	2	14	1	412
Old corporations.....	1,137	400	397	2	14	1	386
New corporations.....	75	26	26	--	--	--	26
France.....	2,530	888	885	3	114	103	774
Old corporations.....	2,530	888	885	3	114	103	774
New corporations.....	--	--	--	--	--	--	--
Germany.....	272	145	95	49	4	3	141
Old corporations.....	**	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**	**
Japan.....	2,420	858	847	11	73	42	785
Old corporations.....	2,036	723	712	11	72	42	651
New corporations.....	384	134	134	--	(⁹)	--	134
Netherlands.....	1,576	554	551	2	10	1	544
Old corporations.....	1,438	504	503	1	10	1	494
New corporations.....	138	50	48	2	--	--	50
Switzerland.....	1,529	545	535	10	51	39	494
Old corporations.....	1,529	545	535	10	51	39	494
New corporations.....	--	--	--	--	--	--	--
United Kingdom.....	4,194	1,471	1,467	4	80	48	1,391
Old corporations.....	3,526	1,238	1,233	4	33	21	1,204
New corporations.....	668	234	234	--	47	27	187

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages					Total liabilities divided by net worth
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	
ALL INDUSTRIES ¹						
Domestic corporations not foreign controlled.....	77.68	78.29	46.91	30.93	22.16	351.28
Old corporations.....	78.99	79.53	47.41	30.78	21.81	358.41
New corporations.....	63.67	65.11	35.18	34.46	30.35	229.44
Foreign-controlled domestic corporations ¹.....	73.15	73.90	48.06	28.61	23.32	328.78
Old corporations.....	74.29	74.83	48.37	28.70	22.93	336.10
New corporations.....	63.69	66.24	45.14	27.82	27.05	269.75
Selected countries:						
Canada.....	64.46	66.87	38.04	29.21	32.75	205.35
Old corporations.....	64.29	66.67	38.49	29.06	32.45	208.19
New corporations.....	65.79	68.42	30.07	31.78	38.15	162.14
France.....	74.18	72.53	44.98	40.30	14.72	579.36
Old corporations.....	74.01	72.32	46.59	38.76	14.65	582.74
New corporations.....	80.00	80.00	19.50	64.63	15.87	530.07
Germany.....	78.26	81.03	53.96	20.92	25.12	298.11
Old corporations.....	79.04	81.66	55.86	20.24	23.90	318.40
New corporations.....	70.83	75.00	23.07	32.03	44.90	122.71
Japan.....	73.55	74.40	65.90	16.76	17.33	476.90
Old corporations.....	74.65	75.73	64.63	18.60	16.77	496.32
New corporations.....	58.93	58.93	73.84	5.32	20.84	379.80
Netherlands.....	65.24	67.62	38.79	30.24	30.97	222.92
Old corporations.....	66.85	69.57	39.44	29.31	31.25	220.04
New corporations.....	53.85	53.85	30.65	41.84	27.50	263.59
Switzerland.....	83.82	85.29	63.80	24.02	12.17	721.37
Old corporations.....	86.49	89.19	64.18	23.78	12.04	730.73
New corporations.....	72.00	68.00	31.81	44.29	23.90	318.46
United Kingdom.....	77.87	79.27	41.40	34.92	23.68	322.30
Old corporations.....	79.59	80.95	40.79	36.42	22.79	338.80
New corporations.....	69.84	71.43	44.24	27.99	27.77	260.08
MANUFACTURING						
Domestic corporations not foreign controlled.....	77.70	78.48	33.16	32.97	33.87	195.28
Old corporations.....	78.92	79.57	33.36	32.65	33.99	194.23
New corporations.....	63.21	65.55	26.85	43.10	30.05	232.78
Foreign-controlled domestic corporations ¹.....	74.40	76.28	30.98	29.66	39.36	154.06
Old corporations.....	75.38	77.19	31.32	27.84	40.84	144.84
New corporations.....	66.41	68.75	27.33	49.51	23.16	331.81
Selected countries:						
Canada.....	62.12	67.42	31.45	13.13	55.42	80.44
Old corporations.....	64.86	71.17	31.08	11.95	56.97	75.53
New corporations.....	47.62	47.62	39.09	37.00	23.90	318.37
France.....	78.48	77.22	29.00	39.22	31.78	214.62
Old corporations.....	77.63	76.32	31.57	30.89	37.54	166.35
New corporations.....	100.00	100.00	20.67	66.21	13.13	661.82
Germany.....	84.89	87.77	34.87	26.39	38.74	158.16
Old corporations.....	84.50	87.60	35.00	26.23	38.77	157.96
New corporations.....	90.00	90.00	31.84	30.13	38.00	163.10
Japan.....	70.86	72.66	39.84	23.74	36.42	174.60
Old corporations.....	70.66	72.97	39.78	23.83	36.38	174.86
New corporations.....	72.22	72.22	41.81	20.67	37.55	166.37
Netherlands.....	69.01	71.83	26.54	15.83	57.63	73.53
Old corporations.....	68.97	72.41	26.41	13.75	59.84	67.11
New corporations.....	69.23	69.23	28.12	40.54	31.34	219.05
Switzerland.....	86.89	86.89	35.88	44.72	19.40	415.57
Old corporations.....	90.74	92.59	36.26	44.56	19.19	421.13
New corporations.....	57.14	42.86	27.09	48.68	24.23	312.71
United Kingdom.....	78.18	81.21	24.50	47.15	28.35	252.70
Old corporations.....	78.10	81.02	24.66	47.02	28.32	253.09
New corporations.....	78.57	82.14	22.73	48.57	28.71	248.39

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages					Total liabilities divided by net worth
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	
WHOLESALE TRADE						
Domestic corporations not foreign controlled.....	78.10	77.70	38.30	24.75	36.95	170.62
Old corporations.....	78.49	77.74	38.64	23.65	37.70	165.23
New corporations.....	70.64	77.06	34.14	37.98	27.88	258.66
Foreign-controlled domestic corporations ¹.....	76.77	74.69	52.08	25.15	22.77	339.19
Old corporations.....	77.43	74.97	52.52	27.74	19.74	406.69
New corporations.....	72.41	72.41	50.50	15.85	33.65	197.19
Selected countries:						
Canada.....	73.85	64.62	29.60	33.49	36.91	170.95
Old corporations.....	71.93	61.40	28.85	34.06	37.10	169.55
New corporations.....	100.00	100.00	56.65	13.31	30.04	232.91
France.....	61.11	61.11	32.39	35.85	31.76	214.84
Old corporations.....	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**
Germany.....	72.86	71.43	35.14	27.79	37.07	169.74
Old corporations.....	73.77	72.13	45.02	23.95	31.03	222.25
New corporations.....	66.67	66.67	18.74	34.16	47.11	112.30
Japan.....	78.44	78.44	62.11	19.96	17.93	457.81
Old corporations.....	81.63	81.63	59.36	23.87	16.77	496.25
New corporations.....	45.83	45.83	72.15	5.69	22.16	351.32
Netherlands.....	57.14	61.90	37.67	50.32	12.01	732.51
Old corporations.....	57.14	61.90	37.67	50.32	12.01	732.51
New corporations.....	--	--	--	--	--	--
Switzerland.....	90.48	90.48	42.38	14.09	43.53	129.70
Old corporations.....	92.00	92.00	41.32	12.94	45.74	118.62
New corporations.....	87.50	87.50	50.93	23.13	26.17	283.04
United Kingdom.....	80.00	80.00	22.18	50.92	26.91	271.64
Old corporations.....	83.33	83.33	23.78	54.31	21.91	356.41
New corporations.....	66.67	66.67	17.52	41.08	41.40	141.54
FINANCE, INSURANCE, AND REAL ESTATE						
Domestic corporations not foreign controlled.....	87.16	87.65	58.96	27.49	13.55	638.06
Old corporations.....	87.99	88.62	58.96	27.64	13.39	646.63
New corporations.....	79.79	79.09	58.86	21.72	19.42	414.91
Foreign-controlled domestic corporations ¹.....	72.70	74.23	61.88	26.81	11.31	784.24
Old corporations.....	74.07	75.50	62.12	27.35	10.53	849.30
New corporations.....	60.98	63.41	58.98	20.33	20.69	383.38
Selected countries:						
Canada.....	70.73	75.61	50.35	37.93	11.72	753.50
Old corporations.....	67.65	73.53	51.48	39.08	9.44	959.36
New corporations.....	85.71	85.71	28.92	16.10	54.99	81.87
France.....	82.86	80.00	51.24	40.82	7.94	1,159.78
Old corporations.....	82.86	80.00	51.24	40.82	7.94	1,159.78
New corporations.....	--	--	--	--	--	--
Germany.....	77.27	81.82	72.80	13.93	13.27	653.39
Old corporations.....	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**
Japan.....	67.95	67.95	79.58	11.10	9.32	972.75
Old corporations.....	69.44	69.44	79.47	12.50	8.02	1,146.35
New corporations.....	50.00	50.00	80.21	2.37	17.42	473.93
Netherlands.....	84.00	88.00	50.58	38.31	11.11	800.26
Old corporations.....	85.00	90.00	52.43	37.78	9.79	921.92
New corporations.....	80.00	80.00	30.67	43.98	25.36	294.36
Switzerland.....	84.21	89.47	73.82	17.11	9.07	1,002.85
Old corporations.....	84.21	89.47	73.82	17.11	9.07	1,002.85
New corporations.....	--	--	--	--	--	--
United Kingdom.....	72.41	72.41	57.69	28.38	13.93	617.95
Old corporations.....	77.08	77.08	57.15	28.96	13.89	620.10
New corporations.....	50.00	50.00	59.80	26.11	14.09	609.60

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages--Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
ALL INDUSTRIES ¹						
Domestic corporations not foreign controlled.....	42.66	62.03	6.72	2.38	10.74	5.58
Old corporations.....	42.23	62.25	6.76	2.39	10.94	5.65
New corporations.....	52.80	58.08	5.90	2.19	7.22	4.15
Foreign-controlled domestic corporations ¹.....	51.24	71.08	6.56	1.65	7.08	3.22
Old corporations.....	50.93	71.25	6.45	1.72	7.51	3.38
New corporations.....	54.19	69.59	7.51	0.99	3.67	1.83
Selected countries:						
Canada.....	40.34	72.11	5.82	0.78	2.38	1.93
Old corporations.....	39.21	71.78	5.96	0.75	2.30	1.91
New corporations.....	60.48	75.69	4.26	1.36	3.56	2.25
France.....	38.71	69.44	5.82	1.77	12.01	4.57
Old corporations.....	37.53	72.09	5.20	1.79	12.25	4.78
New corporations.....	57.29	43.19	12.29	1.33	8.41	2.33
Germany.....	51.08	69.17	7.11	1.33	5.31	2.61
Old corporations.....	50.54	69.24	7.25	1.43	6.00	2.84
New corporations.....	59.90	68.34	5.19	-0.30	-0.66	-0.49
Japan.....	75.29	80.18	5.63	1.48	8.52	1.96
Old corporations.....	75.88	80.55	5.37	1.47	8.75	1.93
New corporations.....	71.59	77.63	7.30	1.53	7.34	2.14
Netherlands.....	44.23	72.91	6.52	1.74	5.62	3.94
Old corporations.....	43.31	73.16	6.33	1.77	5.65	4.08
New corporations.....	55.65	70.48	8.36	1.44	5.22	2.58
Switzerland.....	32.49	48.97	10.24	1.54	12.63	4.73
Old corporations.....	31.23	47.16	10.67	1.56	12.93	4.98
New corporations.....	139.63	77.41	2.02	-0.06	-0.26	-0.04
United Kingdom.....	44.57	60.45	8.77	2.18	9.23	4.90
Old corporations.....	47.42	60.95	8.42	2.45	10.76	5.17
New corporations.....	31.44	56.84	11.20	0.96	3.46	3.05
MANUFACTURING						
Domestic corporations not foreign controlled.....	77.42	67.18	3.78	4.61	13.60	5.95
Old corporations.....	76.76	67.04	3.81	4.67	13.73	6.08
New corporations.....	98.23	70.57	3.03	2.72	9.05	2.77
Foreign-controlled domestic corporations ¹.....	78.48	69.09	4.04	2.79	7.09	3.56
Old corporations.....	77.87	69.36	3.94	2.89	7.08	3.71
New corporations.....	85.13	66.39	5.12	1.69	7.29	1.98
Selected countries:						
Canada.....	49.15	76.83	2.27	0.99	1.79	2.02
Old corporations.....	46.52	77.26	2.22	0.93	1.63	2.00
New corporations.....	102.66	72.91	2.73	2.20	9.22	2.15
France.....	80.55	61.83	4.82	2.85	8.98	3.54
Old corporations.....	86.68	65.70	3.24	3.11	8.29	3.59
New corporations.....	60.67	42.55	12.13	2.01	15.33	3.32
Germany.....	89.29	69.05	3.63	2.82	7.29	3.16
Old corporations.....	87.52	68.70	3.68	2.77	7.13	3.16
New corporations.....	131.77	74.60	2.86	4.22	11.11	3.20
Japan.....	121.07	77.09	2.11	3.77	10.36	3.12
Old corporations.....	119.81	77.24	2.12	3.56	9.78	2.97
New corporations.....	162.38	73.55	1.78	10.73	28.58	6.61
Netherlands.....	59.89	75.17	4.37	2.65	4.60	4.42
Old corporations.....	55.92	75.47	4.63	2.73	4.56	4.88
New corporations.....	106.94	73.35	2.77	1.72	5.50	1.61
Switzerland.....	69.76	53.26	5.32	2.93	15.11	4.20
Old corporations.....	69.05	52.14	5.45	3.12	16.28	4.52
New corporations.....	86.20	72.73	3.01	-1.56	-6.43	-1.81
United Kingdom.....	75.94	59.25	6.47	2.81	9.92	3.70
Old corporations.....	75.92	59.01	6.60	2.93	10.33	3.85
New corporations.....	76.21	61.76	5.10	1.56	5.42	2.04

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages--Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
WHOLESALE TRADE						
Domestic corporations not foreign controlled.....	233.08	84.91	2.26	3.32	8.97	1.42
Old corporations.....	236.96	85.19	2.30	3.29	8.74	1.39
New corporations.....	186.28	80.72	1.61	3.58	12.84	1.92
Foreign-controlled domestic corporations ¹.....	154.15	83.51	2.07	1.74	7.63	1.13
Old corporations.....	168.51	84.23	1.96	1.96	9.93	1.16
New corporations.....	102.64	79.23	2.67	0.94	2.78	0.91
Selected countries:						
Canada.....	231.11	88.26	0.70	1.61	4.36	0.70
Old corporations.....	228.45	88.13	0.72	1.50	4.03	0.65
New corporations.....	326.62	91.49	0.23	5.70	18.99	1.75
France.....	214.95	86.99	0.51	4.75	14.95	2.21
Old corporations.....	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**
Germany.....	79.37	74.08	3.41	0.56	1.50	0.70
Old corporations.....	107.08	77.14	2.35	1.99	6.42	1.86
New corporations.....	33.36	55.97	9.03	-1.83	-3.88	-5.48
Japan.....	163.88	83.68	2.07	1.34	7.48	0.82
Old corporations.....	172.21	84.39	2.02	1.31	7.83	0.76
New corporations.....	133.40	80.27	2.29	1.44	6.50	1.08
Netherlands.....	131.14	83.26	1.87	2.63	21.93	2.01
Old corporations.....	131.14	83.26	1.87	2.63	21.93	2.01
New corporations.....	--	--	--	--	--	--
Switzerland.....	175.74	70.72	1.27	5.48	12.58	3.12
Old corporations.....	138.44	66.01	1.39	4.93	10.77	3.56
New corporations.....	469.39	81.63	1.00	9.81	37.50	2.09
United Kingdom.....	121.61	77.23	4.62	6.16	22.88	5.06
Old corporations.....	129.44	76.92	4.76	6.88	31.38	5.31
New corporations.....	98.92	78.38	4.12	4.05	9.79	4.10
FINANCE, INSURANCE, AND REAL ESTATE						
Domestic corporations not foreign controlled.....	14.68	57.62	18.83	1.20	8.85	8.16
Old corporations.....	14.70	57.68	18.62	1.20	8.93	8.13
New corporations.....	14.06	55.00	26.87	1.31	6.73	9.29
Foreign-controlled domestic corporations ¹.....	13.37	51.19	25.46	1.06	9.40	7.95
Old corporations.....	13.35	52.05	24.35	1.07	10.12	7.99
New corporations.....	13.57	37.60	38.62	1.02	4.94	7.53
Selected countries:						
Canada.....	12.24	55.80	25.13	0.78	6.64	6.36
Old corporations.....	12.55	56.90	25.07	0.75	7.97	5.99
New corporations.....	6.41	17.00	27.76	1.28	2.33	20.00
France.....	12.83	62.51	12.70	1.26	15.90	9.84
Old corporations.....	12.83	62.51	12.70	1.26	15.90	9.84
New corporations.....	--	--	--	--	--	--
Germany.....	13.39	68.37	32.01	0.41	3.12	3.09
Old corporations.....	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**
Japan.....	9.44	11.82	57.17	0.81	8.71	8.60
Old corporations.....	9.05	12.31	56.06	0.79	9.85	8.74
New corporations.....	11.85	9.75	62.41	0.94	5.41	7.96
Netherlands.....	13.15	64.77	20.73	0.95	8.54	7.22
Old corporations.....	13.16	66.52	18.32	0.85	8.73	6.49
New corporations.....	13.02	0.00	47.00	1.96	7.74	15.07
Switzerland.....	15.29	32.00	21.01	1.06	11.66	6.91
Old corporations.....	15.29	32.00	21.01	1.06	11.66	6.91
New corporations.....	--	--	--	--	--	--
United Kingdom.....	16.06	60.51	21.37	1.73	12.45	10.80
Old corporations.....	16.63	64.85	19.26	1.97	14.16	11.83
New corporations.....	13.80	32.60	31.40	0.81	5.78	5.90

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages--Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
(55)	(56)	(57)	(58)	
ALL INDUSTRIES ¹				
Domestic corporations not foreign controlled.....	2.55	11.52	5.98	4.66
Old corporations.....	2.56	11.73	6.06	4.71
New corporations.....	2.43	8.00	4.60	3.64
Foreign-controlled domestic corporations ¹.....	1.69	7.26	3.30	17.45
Old corporations.....	1.76	7.67	3.45	17.13
New corporations.....	1.06	3.93	1.96	21.12
Selected countries:				
Canada.....	0.81	2.47	2.00	15.52
Old corporations.....	0.77	2.39	1.97	15.14
New corporations.....	1.42	3.72	2.34	19.60
France.....	1.84	12.49	4.75	23.47
Old corporations.....	1.87	12.74	4.97	21.61
New corporations.....	1.40	8.80	2.44	54.26
Germany.....	1.37	5.46	2.68	27.52
Old corporations.....	1.46	6.10	2.88	25.93
New corporations.....	-0.03	-0.07	-0.06	54.87
Japan.....	1.50	8.67	2.00	17.72
Old corporations.....	1.50	8.94	1.97	17.12
New corporations.....	1.53	7.36	2.14	21.88
Netherlands.....	1.74	5.61	3.93	7.89
Old corporations.....	1.76	5.63	4.06	7.89
New corporations.....	1.45	5.26	2.60	7.86
Switzerland.....	1.54	12.66	4.74	29.32
Old corporations.....	1.56	12.96	5.00	29.66
New corporations.....	-0.09	-0.39	-0.07	1.72
United Kingdom.....	2.23	9.42	5.00	11.42
Old corporations.....	2.49	10.93	5.25	11.48
New corporations.....	1.03	3.72	3.28	10.94
MANUFACTURING				
Domestic corporations not foreign controlled.....	5.45	16.08	7.04	3.71
Old corporations.....	5.50	16.18	7.17	3.73
New corporations.....	3.75	12.48	3.82	3.32
Foreign-controlled domestic corporations ¹.....	2.92	7.43	3.72	15.47
Old corporations.....	3.03	7.42	3.89	15.13
New corporations.....	1.77	7.65	2.08	20.12
Selected countries:				
Canada.....	1.02	1.83	2.07	7.70
Old corporations.....	0.95	1.67	2.05	6.19
New corporations.....	2.32	9.69	2.26	18.44
France.....	3.04	9.58	3.78	40.15
Old corporations.....	3.34	8.90	3.86	37.86
New corporations.....	2.07	15.79	3.42	55.29
Germany.....	2.96	7.64	3.31	22.96
Old corporations.....	2.91	7.50	3.32	21.80
New corporations.....	4.22	11.11	3.20	43.79
Japan.....	3.86	10.60	3.19	17.79
Old corporations.....	3.65	10.04	3.05	18.65
New corporations.....	10.70	28.50	6.59	6.22
Netherlands.....	2.68	4.66	4.48	3.81
Old corporations.....	2.76	4.62	4.94	2.95
New corporations.....	1.73	5.52	1.62	18.47
Switzerland.....	2.97	15.33	4.26	28.53
Old corporations.....	3.17	16.52	4.59	28.72
New corporations.....	-1.63	-6.74	-1.89	7.14
United Kingdom.....	2.97	10.49	3.92	10.17
Old corporations.....	3.10	10.94	4.08	9.93
New corporations.....	1.59	5.54	2.09	13.80

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages--Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
(55)	(56)	(57)	(58)	
WHOLESALE TRADE				
Domestic corporations not foreign controlled.....	3.62	9.79	1.55	4.31
Old corporations.....	3.58	9.49	1.51	3.82
New corporations.....	4.08	14.63	2.19	9.47
Foreign-controlled domestic corporations ¹.....	1.79	7.87	1.16	19.89
Old corporations.....	2.00	10.15	1.19	17.77
New corporations.....	1.03	3.06	1.00	32.95
Selected countries:				
Canada.....	1.61	4.36	0.70	13.85
Old corporations.....	1.50	4.03	0.65	14.47
New corporations.....	5.70	18.99	1.75	0.00
France.....	4.78	15.05	2.22	3.17
Old corporations.....	**	**	**	**
New corporations.....	**	**	**	**
Germany.....	0.80	2.15	1.00	47.48
Old corporations.....	2.13	6.87	1.99	42.49
New corporations.....	-1.43	-3.03	-4.28	77.53
Japan.....	1.35	7.51	0.82	24.85
Old corporations.....	1.32	7.87	0.77	20.93
New corporations.....	1.44	6.52	1.08	42.22
Netherlands.....	2.72	22.63	2.07	23.15
Old corporations.....	2.72	22.63	2.07	23.15
New corporations.....	--	--	--	--
Switzerland.....	5.48	12.58	3.12	6.30
Old corporations.....	4.93	10.77	3.56	7.14
New corporations.....	9.81	37.50	2.09	(³)
United Kingdom.....	6.35	23.58	5.22	3.08
Old corporations.....	7.12	32.49	5.50	2.59
New corporations.....	4.12	9.96	4.17	5.26
FINANCE, INSURANCE, AND REAL ESTATE				
Domestic corporations not foreign controlled.....	1.15	8.51	7.85	3.65
Old corporations.....	1.15	8.58	7.82	3.67
New corporations.....	1.28	6.60	9.11	3.24
Foreign-controlled domestic corporations ¹.....	1.04	9.19	7.78	14.84
Old corporations.....	1.04	9.89	7.80	15.84
New corporations.....	1.02	4.92	7.50	4.48
Selected countries:				
Canada.....	0.76	6.46	6.18	9.54
Old corporations.....	0.73	7.72	5.81	8.47
New corporations.....	1.28	2.33	20.00	22.45
France.....	1.29	16.19	10.02	5.23
Old corporations.....	1.29	16.19	10.02	5.23
New corporations.....	--	--	--	--
Germany.....	0.35	2.62	2.60	48.97
Old corporations.....	**	**	**	**
New corporations.....	**	**	**	**
Japan.....	0.82	8.83	8.72	5.62
Old corporations.....	0.80	10.02	8.88	6.57
New corporations.....	0.94	5.41	7.96	(³)
Netherlands.....	0.90	8.07	6.82	3.75
Old corporations.....	0.80	8.16	6.06	4.58
New corporations.....	1.96	7.71	15.02	0.00
Switzerland.....	1.05	11.55	6.85	27.24
Old corporations.....	1.05	11.55	6.85	27.24
New corporations.....	--	--	--	--
United Kingdom.....	1.67	12.00	10.41	10.56
Old corporations.....	1.89	13.59	11.35	12.33
New corporations.....	0.82	5.84	5.96	0.00

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages--Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(59)	(60)	(61)	(62)	(63)	(64)
ALL INDUSTRIES ¹						
Domestic corporations not foreign controlled.....	2.61	11.76	6.11	0.68	3.06	1.59
Old corporations.....	2.59	11.87	6.13	0.67	3.08	1.59
New corporations.....	3.00	9.90	5.69	0.82	2.71	1.56
Foreign-controlled domestic corporations ¹.....	1.71	7.35	3.35	0.55	2.35	1.07
Old corporations.....	1.77	7.70	3.47	0.56	2.43	1.10
New corporations.....	1.23	4.53	2.26	0.44	1.64	0.82
Selected countries:						
Canada.....	1.13	3.44	2.79	0.37	1.13	0.91
Old corporations.....	1.09	3.37	2.78	0.36	1.10	0.91
New corporations.....	1.75	4.60	2.90	0.61	1.60	1.01
France.....	1.53	10.42	3.96	0.48	3.24	1.23
Old corporations.....	1.59	10.83	4.22	0.49	3.34	1.30
New corporations.....	0.72	4.56	1.26	0.27	1.70	0.47
Germany.....	1.08	4.32	2.12	0.35	1.41	0.69
Old corporations.....	1.11	4.66	2.20	0.36	1.52	0.72
New corporations.....	0.62	1.39	1.04	0.22	0.48	0.36
Japan.....	1.73	10.01	2.30	0.63	3.63	0.84
Old corporations.....	1.84	10.95	2.42	0.63	3.78	0.84
New corporations.....	1.10	5.30	1.54	0.60	2.87	0.84
Netherlands.....	1.71	5.52	3.86	0.54	1.74	1.22
Old corporations.....	1.76	5.63	4.06	0.55	1.77	1.28
New corporations.....	1.08	3.91	1.93	0.38	1.38	0.68
Switzerland.....	1.19	9.81	3.68	0.40	3.29	1.23
Old corporations.....	1.19	9.86	3.80	0.40	3.30	1.27
New corporations.....	1.78	7.46	1.28	0.66	2.75	0.47
United Kingdom.....	2.32	9.80	5.21	0.69	2.93	1.56
Old corporations.....	2.53	11.11	5.34	0.76	3.34	1.60
New corporations.....	1.35	4.85	4.28	0.39	1.40	1.24
MANUFACTURING						
Domestic corporations not foreign controlled.....	5.39	15.91	6.96	1.12	3.30	1.44
Old corporations.....	5.40	15.89	7.04	1.12	3.30	1.46
New corporations.....	4.97	16.53	5.06	1.00	3.34	1.02
Foreign-controlled domestic corporations ¹.....	2.95	7.50	3.76	0.91	2.31	1.16
Old corporations.....	3.02	7.38	3.87	0.93	2.27	1.19
New corporations.....	2.25	9.72	2.64	0.72	3.12	0.85
Selected countries:						
Canada.....	1.35	2.44	2.76	0.40	0.73	0.82
Old corporations.....	1.26	2.21	2.71	0.37	0.66	0.81
New corporations.....	3.25	13.61	3.17	0.98	4.10	0.96
France.....	2.13	6.72	2.65	0.66	2.07	0.82
Old corporations.....	2.57	6.84	2.96	0.78	2.07	0.89
New corporations.....	0.73	5.57	1.21	0.27	2.09	0.45
Germany.....	2.24	5.79	2.51	0.68	1.75	0.76
Old corporations.....	2.25	5.80	2.57	0.68	1.75	0.78
New corporations.....	2.09	5.49	1.58	0.68	1.79	0.51
Japan.....	4.34	11.92	3.59	1.54	4.24	1.28
Old corporations.....	4.12	11.33	3.44	1.46	4.02	1.22
New corporations.....	11.53	30.71	7.10	4.22	11.24	2.60
Netherlands.....	2.63	4.57	4.40	0.80	1.38	1.33
Old corporations.....	2.72	4.55	4.87	0.82	1.37	1.46
New corporations.....	1.55	4.94	1.45	0.54	1.71	0.50
Switzerland.....	2.28	11.73	3.26	0.78	4.02	1.12
Old corporations.....	2.35	12.25	3.40	0.80	4.19	1.16
New corporations.....	0.48	1.99	0.56	0.22	0.92	0.26
United Kingdom.....	3.26	11.51	4.30	0.91	3.22	1.20
Old corporations.....	3.34	11.81	4.41	0.93	3.27	1.22
New corporations.....	2.36	8.22	3.10	0.75	2.63	0.99

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings and countries, age, and control status	Percentages--Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(59)	(60)	(61)	(62)	(63)	(64)
WHOLESALE TRADE						
Domestic corporations not foreign controlled.....	4.25	11.50	1.82	1.29	3.48	0.55
Old corporations.....	4.22	11.19	1.78	1.30	3.44	0.55
New corporations.....	4.59	16.47	2.46	1.15	4.12	0.62
Foreign-controlled domestic corporations ¹.....	2.25	9.89	1.46	0.81	3.56	0.53
Old corporations.....	2.68	13.56	1.59	0.90	4.54	0.53
New corporations.....	0.72	2.15	0.70	0.50	1.49	0.49
Selected countries:						
Canada.....	2.76	7.46	1.19	0.93	2.52	0.40
Old corporations.....	2.67	7.20	1.17	0.90	2.43	0.39
New corporations.....	5.70	18.99	1.75	1.90	6.33	0.58
France.....	5.07	15.96	2.36	1.71	5.37	0.79
Old corporations.....	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**
Germany.....	0.95	2.56	1.19	0.30	0.82	0.38
Old corporations.....	1.43	4.60	1.33	0.45	1.45	0.42
New corporations.....	0.15	0.32	0.46	0.06	0.13	0.18
Japan.....	1.67	9.32	1.02	0.69	3.87	0.42
Old corporations.....	2.07	12.34	1.20	0.73	4.36	0.42
New corporations.....	0.21	0.96	0.16	0.56	2.52	0.42
Netherlands.....	2.73	22.72	2.08	0.83	6.92	0.63
Old corporations.....	2.73	22.72	2.08	0.83	6.92	0.63
New corporations.....	--	--	--	--	--	--
Switzerland.....	6.24	14.34	3.55	2.13	4.90	1.21
Old corporations.....	5.73	12.52	4.14	1.96	4.28	1.42
New corporations.....	10.28	39.29	2.19	3.50	13.39	0.75
United Kingdom.....	6.91	25.70	5.69	2.18	8.09	1.79
Old corporations.....	7.90	36.06	6.10	2.45	11.20	1.90
New corporations.....	4.05	9.79	4.10	1.37	3.32	1.39
FINANCE, INSURANCE, AND REAL ESTATE						
Domestic corporations not foreign controlled.....	1.14	8.40	7.75	0.34	2.49	2.30
Old corporations.....	1.13	8.45	7.70	0.33	2.50	2.28
New corporations.....	1.39	7.14	9.86	0.45	2.33	3.21
Foreign-controlled domestic corporations ¹.....	0.92	8.16	6.90	0.31	2.71	2.29
Old corporations.....	0.91	8.66	6.83	0.30	2.89	2.28
New corporations.....	1.05	5.06	7.71	0.33	1.61	2.45
Selected countries:						
Canada.....	0.79	6.76	6.47	0.27	2.30	2.20
Old corporations.....	0.78	8.29	6.24	0.27	2.82	2.12
New corporations.....	0.98	1.78	15.31	0.34	0.62	5.31
France.....	1.19	14.98	9.27	0.36	4.58	2.84
Old corporations.....	1.19	14.98	9.27	0.36	4.58	2.84
New corporations.....	--	--	--	--	--	--
Germany.....	0.18	1.34	1.33	0.09	0.70	0.69
Old corporations.....	**	**	**	**	**	**
New corporations.....	**	**	**	**	**	**
Japan.....	0.85	9.17	9.05	0.28	2.97	2.94
Old corporations.....	0.83	10.39	9.22	0.27	3.32	2.95
New corporations.....	0.98	5.63	8.28	0.34	1.97	2.89
Netherlands.....	0.78	7.03	5.94	0.27	2.43	2.05
Old corporations.....	0.78	7.96	5.92	0.27	2.74	2.03
New corporations.....	0.81	3.18	6.19	0.29	1.15	2.24
Switzerland.....	0.76	8.34	4.95	0.24	2.69	1.60
Old corporations.....	0.76	8.34	4.95	0.24	2.69	1.60
New corporations.....	--	--	--	--	--	--
United Kingdom.....	1.63	11.70	10.15	0.54	3.88	3.37
Old corporations.....	1.72	12.36	10.33	0.59	4.22	3.53
New corporations.....	1.28	9.11	9.30	0.36	2.55	2.60

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1997

Table 2.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

Footnotes

** Not shown to avoid disclosure of information about specific corporations. However, the data are included in the appropriate totals.

¹ Includes industrial groups or countries, as appropriate, not specifically listed in this table.

² Excludes interest received on State and local Government obligations, which totaled \$17.5 billion for large domestic corporations not foreign-controlled, and \$638 million for large foreign-controlled domestic corporations.

³ For money amounts, less than \$500,000. For percentages, less than 0.005 percent (positive or negative).

NOTES: This table presents separate data for the seven largest countries, based on total receipts for 1997, at the all-industries level. "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts were used in lieu of business receipts for the finance, insurance, and real estate division). Data excludes Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). "New" corporations were those with dates of incorporation between 1995 and 1998; "old" corporations were those with dates of incorporation prior to 1995. Percentages were calculated using rounded data. Detail may not add to totals because of rounding.