

Foreign Tax Credit by Industry, 1982

By Mary Barlow*

The foreign tax credit claimed by corporations declined for the third consecutive year, to \$18.9 billion for 1982 [1]. Many corporations suffered foreign or domestic losses in this year and, therefore, were unable to claim a foreign tax credit. Because of this reduction in foreign income, less tax was paid to foreign countries. These factors resulted in a \$2.9 billion decline in credit from 1981. While the foreign tax credit reached an all-time high of nearly \$37 billion for 1979, not since 1973 has the credit been under \$19 billion.

Although 1.2 million corporations had a U.S. tax obligation for 1982, only 4,941, or 0.4 percent, claimed a credit for foreign taxes [2]. This compares to 6,132 corporations that claimed a foreign tax credit for 1981. While only 38 percent of all corporations claiming a credit were in manufacturing, these corporations accounted for 78 percent of the total credit. Corporations engaged in integrated petroleum activities (i.e., extracting, refining, and also marketing petroleum products) represented a considerable portion (39 percent) of the total credit claimed for 1982.

Foreign-source interest income (excluding interest from foreign branches) rose by nearly 80 percent from 1980 for all corporations that claimed a foreign tax credit [3]. While interest income increased from \$12.5 billion in 1980 to nearly \$22.5 billion in 1982, nearly all of that increase was attributable to the banking industry [4]. During this period, foreign non-branch interest income in the banking industry more than doubled to \$16.6 billion, largely a reflection of high interest rates and increased lending.

Nearly one-fourth (\$14.6 billion) of total foreign-source taxable income for 1982 was earned by unincorporated foreign branches of U.S. corporations. This income played a significant role in the banking industry, as 67 percent of foreign taxable banking income was attributable to foreign branches. In contrast, manufacturing and wholesale and

retail companies were more likely than corporations in other industries to operate through foreign subsidiary corporations. This is evidenced by the high percentage of dividend income (including dividend gross-up) earned by companies in these industries (48 percent and 47 percent of gross income, respectively).

In general, foreign effective tax rates were higher on foreign-source taxable income of U.S. corporations than the U.S. effective tax rate [5]. While this was true on an overall basis, rates varied considerably by industry. The petroleum industry (including both integrated and extracting oil companies) had by far the highest effective foreign tax rate, as shown in the following table. Conversely, the banking industry's effective foreign tax rate was only one-third of the corresponding U.S. rate. This was mainly attributable to low or zero foreign withholding tax rates on interest, which made up 90 percent of non-branch banking gross income. The effective foreign tax rate for all other industries approximated the U.S. rate.

Industry	Effective foreign tax rate	Effective U.S. tax rate
All industries....	38.3%	35.5%
Petroleum.....	60.1	38.7
Banking.....	12.7	38.4
Other.....	32.3	34.1

BACKGROUND

Prior to 1918, U.S. corporations could deduct foreign taxes from their worldwide gross income to determine their income subject to U.S. tax. Not until World War I, when the economic climate of the United States and abroad changed dramatically, did the need for new legislation begin to emerge. U.S. foreign trade experienced new growth and tax rates both in the United States and overseas rose quickly. The U.S. income tax on

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foreign-source income combined with the taxes imposed on U.S. corporations by foreign countries generally made for a very high effective tax rate on foreign income. This double taxation provided little incentive for U.S. corporations to establish overseas operations. In 1918, Congress enacted legislation allowing U.S. corporations a dollar-for-dollar credit for foreign taxes paid on foreign income, excess profits, and war profits. Essentially, the credit reduced the U.S. income tax liability by the amount of foreign tax paid or accrued on foreign income. While many modifications to the foreign tax credit have been made since then, the underlying framework remains intact [6].

Before passage of the Revenue Act of 1921, U.S. corporations were unlimited in the amount of foreign taxes they could credit. As a result, many corporations used the foreign tax credit mechanism to offset their income tax liability on domestic, as well as on foreign, income since foreign taxes in excess of the U.S. rate could be credited without limitation. To remedy this situation, the 1921 act imposed a limitation on foreign tax credits.

Currently, corporations are subject to a limitation in which the credit can not be greater than that percentage of total U.S. income tax that foreign-source taxable income (but not in excess of worldwide taxable income) is of worldwide taxable income [7]. This calculation results in a limitation of zero if a corporation has an overall foreign loss. In addition, corporations with worldwide losses would have no U.S. tax against which to claim a credit. For 1982, this limitation had to be separately calculated for four categories of income: (1) section 904(d) (passive) interest income, (2) dividends from a Domestic International Sales Corporation (DISC) or former DISC, (3) foreign oil-related income, and (4) all other income from foreign sources. Any foreign tax paid or accrued or deemed paid (see "Current-year foreign taxes" in the Explanation of Selected Terms Section) in excess of the limitation could be carried back two years and then brought forward five years, provided that these taxes do not exceed the limitation for those years.

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay foreign income tax on the foreign income, and have a U.S. income tax liability. As previously stated, only certain taxes are creditable. These include taxes imposed by U.S. possessions or the national government of a foreign country, as well as its cities, states, and other subdivisions. Taxes such as excise, franchise, sales, etc., do not qualify as creditable foreign taxes, but can be

deducted in calculating worldwide taxable income.

Since U.S. corporations are taxed on their worldwide income, the foreign tax credit serves to eliminate double taxation. While foreign taxes may be treated as a deduction, corporations almost always benefit more by crediting these taxes, as is shown in Figure A.

Note that by crediting the foreign taxes rather than deducting them, the "total tax" figure is significantly reduced, yielding a larger income after tax. While the effective worldwide tax rate on worldwide income is approximately 58 percent if the deduction method is used, the effective tax rate is reduced to about 46 percent by opting for the credit (assuming the foreign tax rate equals the U.S. rate). Furthermore, the corresponding effective U.S. tax rate on foreign-source income is virtually zero by crediting foreign taxes, and about 25 percent using the deduction.

FOREIGN INCOME, TAXES, AND CREDIT, BY INDUSTRY

The foreign tax credit decreased 12 percent from 1980 to 1981 and another 13 percent for 1982. The following table depicts the foreign tax credit by industrial division and the changes in the credit from 1980 to 1982.

Foreign Tax Credit by Industrial Division, 1980 and 1982

[Money amounts in millions]

Industrial division	1980	1982	Percent- age change
	(1)	(2)	(3)
All industries	\$24,880	\$18,932	- 23.9%
Agriculture, forest- ry, and fishing.....	7	2	- 74.6
Mining.....	1,964	1,610	- 18.0
Construction.....	151	175	16.1
Manufacturing.....	19,192	14,775	- 23.0
Transportation and public utilities....	462	255	- 44.9
Wholesale and retail trade.....	1,525	436	- 71.4
Finance, insurance, and real estate.....	1,397	1,458	4.4
Services.....	181	220	21.4

While the foreign tax credit fell nearly 24 percent for all industries, the most significant decrease was the \$4.4 billion reduction in credit claimed by companies in the manufacturing industry. The 23 percent drop in the credit for this industry accounted for nearly three-fourths of the total reduction between 1980 and 1982.

Figure A

A Comparative Example of Foreign Tax Treatment: Credit Versus Deduction

Item	Foreign tax credit	Deduction for foreign taxes
1. Worldwide taxable income	\$20,000,000	\$20,000,000
a. Domestic	10,000,000	10,000,000
b. Foreign (before foreign tax deduction)	10,000,000	10,000,000
2. Foreign taxes	4,580,250	4,580,250
3. Foreign income subject to U.S. tax	10,000,000	5,419,750
4. Total income subject to U.S. tax (line 1a + line 3)	20,000,000	15,419,750
5. U.S. tax before credits	9,180,250	7,086,635
a. On domestic income	4,580,250	4,580,250
b. On foreign income	4,600,000	2,506,385
6. Foreign tax credit	4,580,250	—
7. U.S. tax after credits (line 5 - line 6)	4,600,000	7,086,635
8. Total tax (line 2 + line 7)	9,180,250	11,666,885
9. Net income after total tax (line 1 - line 8)	10,819,750	8,333,115
10. Effective worldwide tax rate (line 8 ÷ line 1)	45.9%	58.3%
11. Effective U.S. tax rate on foreign income ((line 7 - line 5a) ÷ line 1b)	0.2%	25.1%

NOTE: Deducting foreign taxes is preferable to crediting only when less than 46 percent of current-year taxes can be credited for the current year, or be used as either a carryback or carryforward credit to other years.

Several other industrial divisions experienced dramatic decreases (in percentage terms) in the credit, as shown. The impact that these smaller industries had on the total foreign tax credit claimed, however, was not significant. In contrast, three industrial divisions showed an increase in the credit claimed, the most substantial being in finance, insurance, and real estate. Specifically, banking exhibited the greatest change (to \$1.2 billion), an increase of 10 percent since 1980.

Dominance of the Petroleum Industry

While the number of corporations in the petroleum industry was a small portion of the total number of corporations claiming a foreign tax credit, these companies constituted a significant share of foreign income, taxes, and

credit. Figure B illustrates the sizeable foreign presence of corporations engaged in integrated petroleum activities and oil and gas extraction operations.

It is interesting to note that petroleum companies represented 3 percent of all corporations claiming a foreign tax credit, but claimed nearly half of the total foreign tax credit. Also noteworthy is the fact that these companies accounted for 34 percent of foreign-source taxable income, but 54 percent of total current-year foreign taxes. The petroleum industry's effective foreign tax rate on this foreign taxable income averaged 60 percent [8].

Foreign Taxable Income and Taxes

Foreign-source taxable income (see the

Foreign Tax Credit by Industry, 1982

Figure B. -- Petroleum Industry Compared to All Industries, 1982

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

Selected items	All industries	Petroleum industry	Petroleum industry as a percentage of all industries
	(1)	(2)	(3)
Number of returns.....	4,941	149	3.0%
Total assets.....	\$3,773,175,346	\$438,467,919	11.6
Total non-branch foreign gross income....	87,519,590	29,309,460	33.5
Total non-branch foreign deductions.....	44,180,091	14,352,797	32.5
Foreign branch income and specially allocable income (section 863(b)).....	16,142,432	5,546,000	34.4
Total foreign-source taxable income.....	59,481,932	20,502,664	34.5
Current-year foreign taxes.....	22,795,300	12,317,090	54.0
Income subject to U.S. tax.....	107,213,248	28,623,504	26.7
Foreign tax credit.....	18,932,390	8,951,129	47.3

Explanation of Selected Terms Section) accounted for 29 percent of worldwide taxable income for all corporations for 1982. This ratio remained unchanged from 1980, as both foreign and worldwide income decreased approximately 16 percent, to \$59.5 billion and \$205.2 billion, respectively. The \$41.4 billion reduction in worldwide taxable income was partially due to the 49 percent increase in interest expense [9]. Several industrial divisions experienced a reduction in foreign income, yet losses sustained by the manufacturing industries were the most substantial. Within this industrial division, corporations primarily engaged in integrated petroleum activities accounted for 71 percent of the total \$11.1 billion reduction in foreign income.

Current-year foreign taxes for U.S. corporations claiming a credit fell 24 percent from 1980, a \$7.2 billion difference. Manufacturers engaged in integrated petroleum activities experienced a 28 percent decrease in these taxes compared to 1980, closely approximating the 32 percent decrease in their foreign taxable income. This industry was still responsible for \$10.2 billion or 45 percent of the total \$22.8 billion of current-year foreign taxes that qualified for the 1982 credit.

Foreign taxes in the banking industry rose by 31 percent from 1980 to 1982, to \$1.4 billion. In contrast, foreign banking taxable income rose a modest 9 percent, while gross income and deductions more than doubled. The tax increase exceeded the rise in taxable income because most foreign withholding taxes are imposed on gross, rather than taxable (net), income.

If foreign tax rates were the same as the U.S. rate, it would follow that the ratio of foreign-source taxable income to worldwide

taxable income should approximate the ratio of current-year foreign taxes to U.S. income tax after credits (excluding the foreign tax credit). Figure C suggests that foreign tax rates on an overall basis are slightly higher than the U.S. tax rate, since the foreign tax ratio (34.5 percent) is higher than the foreign income ratio (29.0 percent) [10]. Although the finance, insurance, and real estate industrial division had a high foreign-source taxable income relative to its worldwide taxable income (60.8 percent), its foreign taxes were only 24.1 percent as great as its U.S. income tax liability. Low foreign withholding rates on banking income (primarily interest) were responsible for the low effective foreign tax rate for the finance division.

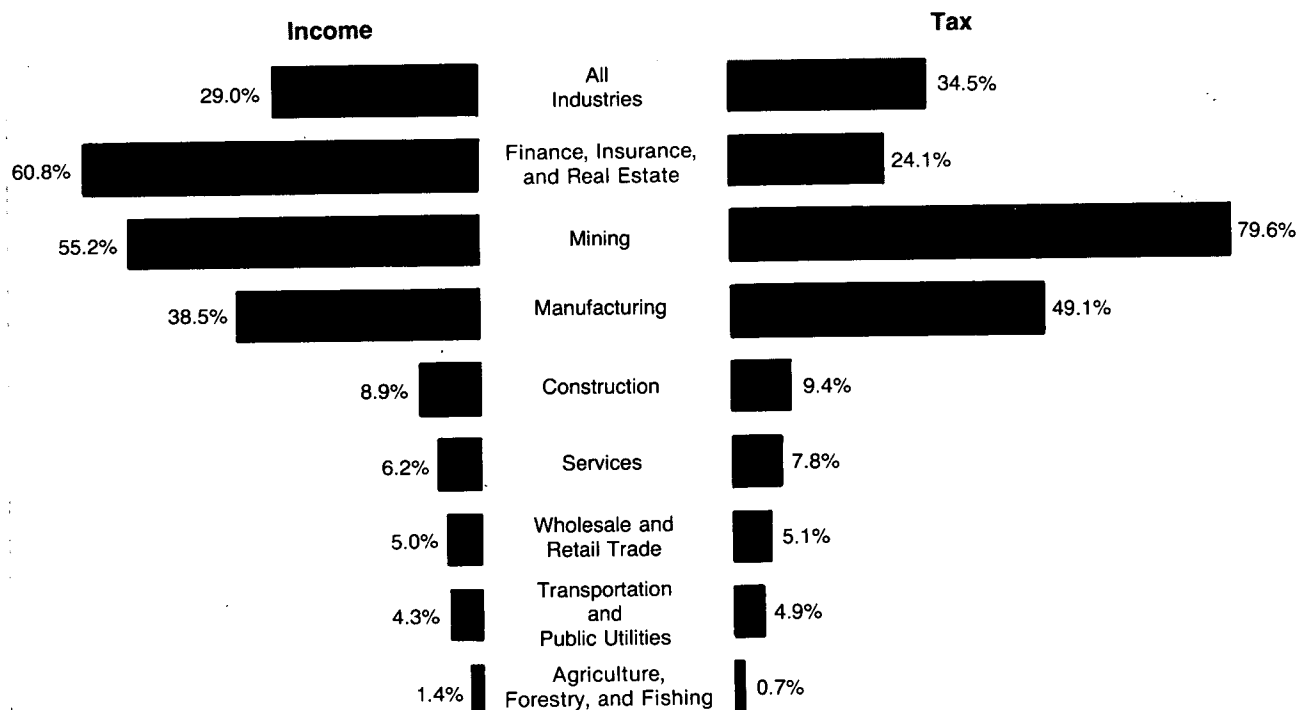
In contrast, about one half of taxable income generated in mining was foreign earned, but foreign taxes were nearly 80 percent as great as U.S. income tax after credits (excluding foreign tax credit). The large foreign tax liability for mining was due to the high tax rates associated with oil and gas extraction income. Manufacturing industries also had a large foreign tax liability, with foreign taxes amounting to nearly half of the amount the United States would have levied on worldwide income, although only 38.5 percent of this industry's income was from foreign sources.

Foreign Gross Income and Taxes

Corporations with foreign business activity can operate by using a variety of business structures or methods. These include:

- unincorporated foreign branches--income reported as branch taxable income;
- controlled foreign corporations [11] --income reported as dividends and

Figure C
Foreign-Source Taxable Income as a Percentage of Worldwide Taxable Income and Current-Year Foreign Taxes as a Percentage of U.S. Tax after Credits (Excluding the Foreign Tax Credit), by Industrial Division, 1982



Note: The amounts of worldwide taxable income and U.S. income tax after credits (excluding foreign tax credit) used in these calculations represent all corporations rather than those with foreign tax credit. These percentages are estimates, as a small amount of foreign income and tax data are not included in these statistics (see the Data Sources and Limitations section of this article).

- dividend gross-up; and
- direct transactions with a foreign corporation (whether controlled or not) or unrelated entities--gross income of other types, for example interest, rents, royalties, and services income.

Corporations that operated through foreign branches are discussed in the section "Branch Income." The following discussion describes the income and taxes associated with alternative business structures.

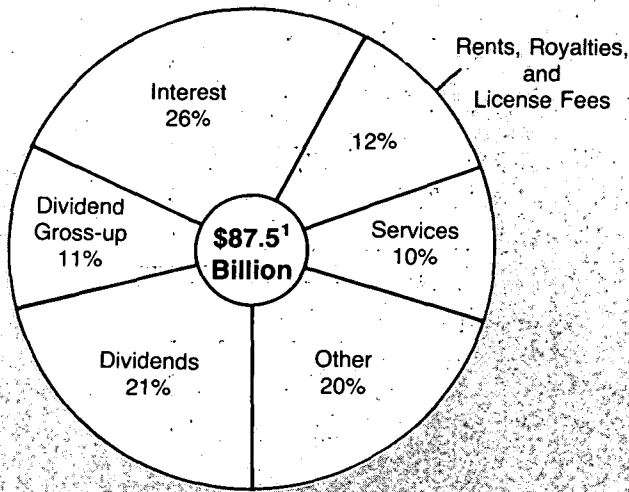
Total foreign gross income remained virtually the same as 1980; however, significant changes occurred in its composition. Interest surpassed dividends and rents (including royalties and license fees) as the most common type of foreign income (see Figure D). Interest income other

than from foreign branches rose dramatically from \$12.5 billion for 1980 to \$22.5 billion for 1982.

Increased interest rates on loan repayments in 1982 helped U.S. banks earn \$16.6 billion of foreign non-branch interest, an increase of 125 percent over 1980. Another factor was an "enormous increase in bank lending abroad" [12]. By comparison, U.S. corporations other than banks reported only a 16 percent gain in foreign non-branch interest, to \$5.9 billion.

Corporations in manufacturing and trade seemed more likely than corporations in other industry groups to operate through foreign subsidiaries. This practice is shown in Figure E by the high percentage of dividends (including dividend gross-up) these industries reported (48 percent

Figure D
Total Gross Income by Income
Type, 1982



¹Excludes branch income and specially allocable income.

and 47 percent of gross income, respectively). This is probably due to the sizeable foreign presence required for these industries to operate in foreign countries. Unlike corporations in these industries, financial companies seldom operated through foreign subsidiaries. These companies received only 4 percent of their gross income in dividends and dividend gross-up.

For 1982, U.S. corporations paid or accrued \$7.5 billion in foreign taxes on \$87.5 billion of "gross income" (see Figure D), an increase of 4 percent since 1980. Taxes withheld on dividends and rents, royalties, and license fees each accounted for 16 percent of this foreign tax. Manufacturers alone were responsible for nearly all of the tax withheld on dividends, rents, royalties, and license fees.

While interest income constituted one fourth of gross income, tax withheld on interest as a percentage of non-branch taxes paid or accrued was only 12 percent. This was largely due to low withholding rates associated with interest income, especially when U.S. tax treaties with foreign countries allowed for a zero withholding tax rate on this income. Almost three-fourths of the foreign tax on interest was withheld on payments to U.S. banks.

One type of income included but not shown separately in Figure D is foreign partnership

income. While corporations with a foreign tax credit earned \$13.9 million in partnership net income for 1982, those in oil and gas extraction reported losses totaling \$90.5 million. In comparison, domestic partnerships in the same industry sustained losses totaling \$7.7 billion [13].

Close to half of the taxes on the income depicted in Figure D were paid or accrued on "other" income. This income category is characterized by non-branch business receipts, generally from sales. The majority of this income (74 percent) was attributable to the petroleum industry. In contrast to the taxes, "other" income accounted for only 20 percent of total foreign gross income. Ninety-one percent of "other" taxes can similarly be attributed to corporations engaged in the petroleum industry.

The distribution of foreign gross income varied considerably by industry as shown in Figure E. The income and taxes of manufacturers approximated both the income and tax distribution for most income types at the all-industry level, as these corporations comprised over half of both total gross income and total taxes. While the wholesale and retail trade industries followed this pattern for income, over half of their taxes represented amounts withheld on dividends and less than 10 percent was paid on "other" income.

The other industry groups deviated substantially from the overall distribution. Finance, insurance, and real estate corporations, for example, received almost exclusively foreign interest income. For construction firms, a high concentration of income was from services.

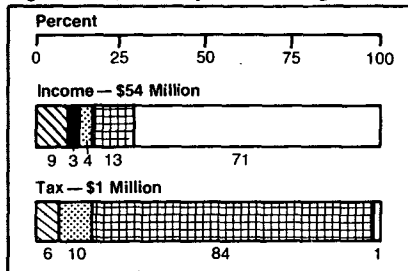
Corporations in the motion picture and television production industry generally receive income from renting or licensing the use of their films and television shows. The majority (76 percent) of this industry's foreign-source gross income (\$1.1 billion) was from rents, royalties, and license fees. This income played a major role in the distribution of income for the services industry (which includes motion picture and television production) as shown in Figure E. Foreign taxes, however, represented only 2 percent of foreign rent, royalty, and license fee income for the motion picture and television production industry. In comparison, the average foreign tax rate on the same income type was 12 percent for all industries. This industry's rate was low because the United States has tax treaties with many major countries eliminating withholding taxes on this income [14].

Branch Income

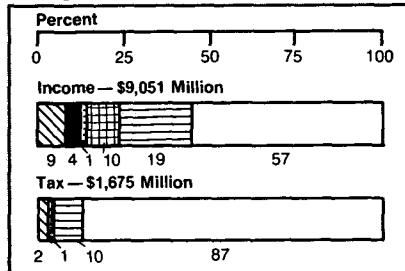
As an alternative to foreign incorporation, many U.S. companies have established unincorporated foreign branches to operate in

Figure E
Percentage of Total Gross Income and Total Tax by Income Type, by Industrial Division, 1982¹

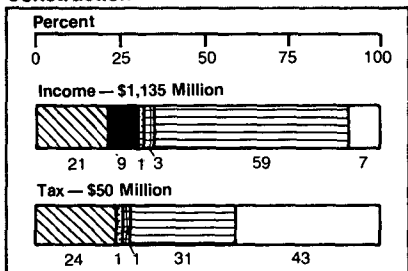
Agriculture, Forestry, and Fishing



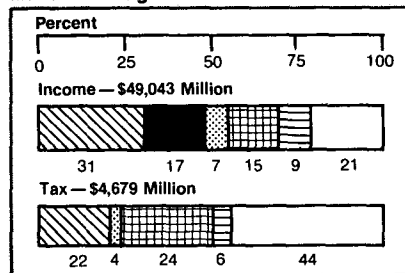
Mining



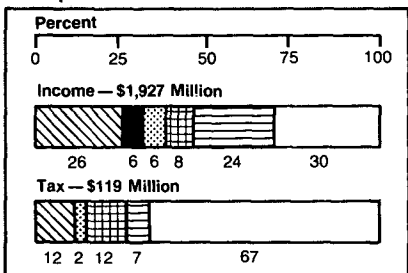
Construction



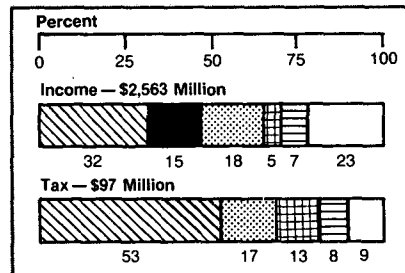
Manufacturing



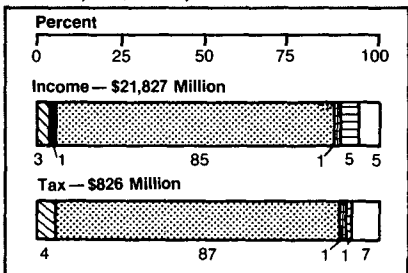
Transportation and Public Utilities



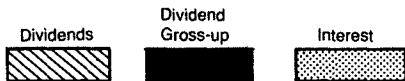
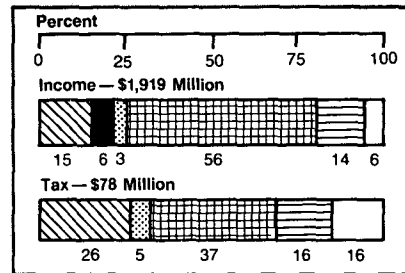
Wholesale and Retail Trade



Finance, Insurance, and Real Estate



Services



¹Excludes branch and specially allocable income.
 Note: Detail may not add to total because of rounding.

foreign countries. Income from these branches represented nearly one-fourth of total foreign-source taxable income. Branch income fell by a third, from \$21.9 billion for 1980 to \$14.6 billion for 1982. While foreign branch income fell for most industries, the reduction was most significant for manufacturing corporations. Eighty-nine percent of the \$7.3 billion decrease in branch income was accounted for by this industry, with nearly all of this decrease in the integrated petroleum industry.

The portion of total foreign-source taxable income received from foreign branches varied by industry. The following table provides an industry comparison of this relationship.

Foreign Branch Income as a Percentage of
Total Foreign-Source Taxable Income,
by Selected Industry, 1982

[Money amounts in millions]

Selected industry	Total foreign-source taxable income	Foreign branch income	Percentage
	(1)	(2)	(3)
All industries.....	\$59,482	\$14,572	24.5%
Agriculture, forestry, and fishing	23	1/	2/
Mining.....	4,041	440	10.9
Construction.....	534	23	4.2
Manufacturing.....	39,359	6,584	16.7
Transportation and public utilities..	1,128	100	8.9
Wholesale and retail trade.....	1,518	17	1.1
Finance, insurance, and real estate...	12,138	7,401	61.0
Banking.....	10,766	7,182	66.7
Services.....	741	3	0.4

1/ Less than \$500,000.

2/ Less than 0.05 percent.

Although U.S. banks received \$16.6 billion of foreign non-branch interest, two-thirds of bank taxable income was derived from foreign branches. As shown, the banking industry surpassed all other industries in the percentage of total foreign-source taxable income derived from foreign branches. Historically, U.S. banks have made foreign loans through foreign branches rather than establishing foreign banking subsidiaries.

For 1982, banking and manufacturing made up the greatest percentage of total branch taxable

income, 49 percent and 45 percent, respectively. The \$6.6 billion of manufacturing branch income represented less than 17 percent of all foreign income for manufacturers, while the corresponding portion for banking was nearly 67 percent (\$7.2 billion). In 1982, both banks and manufacturers each earned nearly half of total foreign branch income, although for 1980, banking represented only 34 percent while manufacturing accounted for 60 percent of the total.

SUMMARY

Between 1980 and 1982, the foreign tax credit claimed by U.S. corporations fell \$5.9 billion, a decrease of 24 percent. During 1982, many corporations experienced foreign or worldwide losses, reducing foreign taxes and precluding them from claiming a foreign tax credit. While many industries sustained decreases in foreign income, foreign taxes, and credit, the petroleum industry accounted for a substantial amount of these reductions.

Non-branch interest income emerged as the largest component of total foreign gross income in 1982, accounting for 26 percent of the \$87.5 billion total. Between 1980 and 1982, this income nearly doubled, with banks earning close to 75 percent of total interest income. This increase was due to both high interest rates and increased foreign lending.

Foreign branch operations were important to the banking industry, as 67 percent of banking foreign taxable income was earned through branches. While banks generally operate through foreign branches, corporations in the trade and manufacturing industries more often establish foreign corporations. This was shown by the high percentage of dividend income they earned in 1982.

DATA SOURCES AND LIMITATIONS

Sample Selection and Variability

The statistics for the 1982 Tax Year (which included accounting periods ending between July 1982 and June 1983) were estimated from a stratified probability sample of about 97,000 corporation income tax returns selected after revenue processing, but before audit. A description of the sample selection procedures for corporate returns is presented in the Appendix of this publication.

Returns claiming a foreign tax credit were selected for the 1982 statistics presented in this article from the general corporate sample. Slight differences exist between the 1982 foreign tax credit data presented here and the data previously published in Statistics of Income--1982, Corporation Income Tax Returns (and also shown in Table 8 of the Selected

Statistical Series, at the end of this publication). The differences exist because the statistics presented in this article include 1982 data for nine returns with foreign tax credit that were prescribed for inclusion in the 100 percent sample class, but were received too late to be included in the corporate sample statistics. However, estimates were used for the most significant (four) returns in the corporate statistics.

Sampling error is a limitation only to the extent that returns are selected at a rate of less than 100 percent. However, for this article, returns selected at the 100 percent rate accounted for the largest part of the estimated amounts. For instance, for 1982, corporations with \$250 million or more in total assets (which were selected at the 100 percent rate) accounted for almost all of total assets (97.6 percent), foreign tax credit claimed (96.2 percent), and foreign-source taxable income (95.9 percent) reported by all corporations claiming a foreign tax credit. Because of the predominance of these large corporations, sampling error is not considered a major limitation of the statistics.

General Limitations

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, Computation of Foreign Tax Credit--Corporations, attached to their U.S. Form 1120 income tax return. Form 1118 is the source of the foreign income and tax data for this article. The statistics do not reflect any adjustments that may be made during audit examination, when the acceptability of the foreign income and taxes reported for purposes of this credit is finally determined. In addition, some corporations provided only preliminary foreign income and tax data with their U.S. tax returns because not all the information on their foreign operations was available at the time the U.S. income tax return was filed.

There is a certain amount of undercoverage of foreign income and tax data. Some corporations with foreign income and taxes operated at a deficit and had no U.S. tax liability against which a foreign tax credit could be claimed. Other corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. tax liability. For these particular returns, it is believed that the foreign income and tax amounts were insignificant. In both circumstances, these returns would have been excluded from this study. In other instances, corporations did not provide a Form 1118 in support of the foreign tax credit claimed with their tax return as originally filed. Since the foreign tax credit

claimed by these corporations represented approximately 0.001 percent of the total foreign tax credit claimed by all corporations, it is believed that the income and tax data would be insubstantial. Certain Form 1120 data for these returns are, however, included in columns 1-17 of Table 1.

The U.S. tax law allows parent corporations to file consolidated income tax returns presenting the combined financial data of an entire group of affiliated corporations. Therefore, the actual number of corporations claiming a foreign tax credit is understated, as the statistics in this article represent the number of corporation income tax returns with foreign tax credit. For purposes of this article, however, the term "corporations" is used to denote "returns."

EXPLANATION OF SELECTED TERMS

Current-year foreign taxes.--Generally, current-year foreign taxes available for credit included (a) foreign taxes directly paid or accrued by a U.S. corporation on profits of foreign branch operations; withholding taxes on dividends, interest, rents, royalties and license fees; and other foreign taxes paid or accrued on partnership and services income; and (b) foreign taxes indirectly, or deemed, paid by a U.S. corporation. These "deemed paid" taxes were the taxes paid or accrued by a related foreign corporation on the profits from which dividends were paid (or constructive distributions made) to the U.S. corporation.

Dividend gross-up.--An amount of income equal to tax deemed paid that is associated with dividends received or includable income constructively received from foreign corporations.

Foreign-source taxable income.--Foreign-source gross income (including certain income "constructively" although not "actually" received, i.e., "foreign dividend gross-up" and "includable income of Controlled Foreign Corporations") less or "net" of the allocable deductions determined under the Internal Revenue Code and by provisions of any tax treaty between the United States and a particular foreign country. This taxable income was the amount on which the U.S. income tax on foreign earnings was determined. It could differ from the taxable income from overseas business operations and investments computed under foreign tax law, which was used as the basis for foreign taxation. In general, foreign-source taxable income included foreign branch profits, dividends received from foreign corporations, rental income, royalties, license fees, interest, gains from the sale of real property, and compensation for labor or services performed.

Specially allocable (section 863(b)) income.--Income partially earned within the United States

and partially earned within a foreign country or U.S. possession. In general, the income covered by section 863(b) is generated either by production within the United States and sales abroad or vice versa, or by transportation, telegraph, or cable services.

NOTES AND REFERENCES

- [1] For an explanation of the difference between the total foreign tax credit figure shown here and the figure shown in Statistics of Income -- 1982, Corporation Income Tax Returns and Table 8 of the Selected Statistical Series at the end of this publication, see the "Data Sources and Limitations" section of this article.
- [2] An article in the Fall 1986 Statistics of Income Bulletin will present geographically classified foreign income and tax data for corporations claiming a foreign tax credit for Tax Year 1982.
- [3] The amount of branch interest is not determinable because branch income is reported as taxable (not gross) income and is not allocated to specific types of income.
- [4] Since detailed corporate foreign tax credit statistics are available for only even numbered years, most foreign tax credit items are compared to 1980 rather than 1981 in this article.
- [5] The effective foreign tax rate is defined as current-year foreign taxes as a percentage of foreign-source taxable income. The U.S. effective tax rate was calculated as U.S. income tax after credits (except the foreign tax credit) as a percentage of worldwide taxable income. If the total available credits exceed the amount of tax, these other credits are limited, since the foreign tax credit is claimed before most other credits. The amount of these other credits that would have been claimed, if not for the foreign tax credit, was not tabulated. Including these unavailable amounts would slightly lower the U.S. effective tax rate.
- [6] See Isenbergh, Joseph, "The Foreign Tax Credit: Royalties, Subsidiaries, and Creditable Taxes," Tax Law Review, Spring 1984, pp. 227-231.
- [7] For a more detailed explanation of the foreign tax credit limitation, see States, William, "Corporate Foreign Tax Credit, 1980: An Industry Focus," Statistics of Income Bulletin, Summer 1984, pp. 63-64.
- [8] Note that this high effective foreign tax rate may be a result of either high statutory rates on oil income or differences in foreign accounting principles, or both.
- [9] Since interest deductions were not determined exclusively for corporations claiming a foreign tax credit, the increase described represents these deductions for all corporations. See Statistics of Income, Corporation Income Tax Returns, for 1980 and 1982.
- [10] The calculation does not consider the small amount of unused tax credits (other than the foreign tax credit). For purposes of this calculation, excluding the foreign tax credit would increase the allowable amount of other credits. Including these unavailable amounts would slightly lower the amount of U.S. tax after credits, and, as a result, increase the ratio of current-year foreign taxes to U.S. income tax after credits (excluding the foreign tax credit).
- [11] A controlled foreign corporation (CFC) is generally described as a corporation created under the laws of a government outside of the United States and with more than 50 percent of the voting stock or more than 50 percent of all classes of stock owned by U.S. persons on any day during the taxable year of the CFC. An article in the Summer 1986 issue of the Statistics of Income Bulletin will present industrially classified controlled foreign corporation income and tax data for Tax Year 1982.
- [12] Scholl, Russell B., "The International Investment Position of the United States in 1984," Survey of Current Business, Department of Commerce, June 1985, p. 28.
- [13] See Piet, Patrick, "Partnership Returns, 1982," Statistics of Income Bulletin, Summer 1984, pp. 86-91.
- [14] See U.S. Department of the Treasury, Withholding of Tax on Nonresident Aliens and Foreign Corporations, Publication 515, November 1983.

All Corporation Returns with Foreign Tax Credit

Table 1. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry — Continued

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Major industry	Foreign income and taxes reported on Form 1118 — Continued									
	Foreign taxes available for credit — Continued					Foreign tax credit computed			Income and taxes of related foreign corporations and DISC's	
	Paid or accrued — Continued			Deemed paid	Carryover	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations	Gains, profits and income	Taxes paid on gains, profits and income
	Service income	Partnership income	Other income							
(60)	(61)	(62)	(63)	(64)	(65)	(66)	(67)	(68)	(69)	
All industries	499,977	52,612	3,636,423	9,841,415	17,470,061	18,945,923	1,546	18,944,382	59,551,665	21,515,623
Agriculture, forestry, and fishing	—	*6	*1	*1,475	*215	*1,905	—	*1,905	*12,219	*3,461
Mining	170,170	742	1,452,746	333,529	14,208,941	1,610,794	—	1,610,798	1,713,274	525,520
Metal mining	*38,530	—	*6,330	*81	*73,711	*20,972	—	*20,972	*791	*321
Coal mining	—	—	—	—	—	288	—	288	—	—
Oil and gas extraction	131,640	742	1,446,382	333,448	14,135,170	1,588,852	—	1,588,856	1,712,483	525,199
Nonmetallic minerals, except fuels	—	—	34	—	60	682	—	682	—	—
Construction	15,771	8,083	12,783	99,458	24,064	175,178	—	175,178	524,206	166,759
General building contractors and operative builders	5,602	68	11,453	20,108	11,268	54,103	—	54,103	160,111	23,170
Heavy construction contractors	10,144	8,015	1,262	77,681	11,788	118,911	—	118,911	344,091	136,992
Special trade contractors	25	—	69	1,669	1,009	2,164	—	2,164	20,004	6,597
Manufacturing	276,456	18,460	2,036,550	8,351,354	2,817,268	14,778,071	1,533	14,776,539	48,958,329	18,529,377
Food and kindred products	6,310	84	25,206	566,477	25,013	779,824	259	779,565	2,427,416	887,311
Tobacco manufactures	9,788	—	14,801	34,998	11,384	91,862	10	91,852	344,747	70,261
Textile mill products	58	211	292	26,443	4,221	23,516	—	23,516	98,006	42,178
Apparel and other textile products	405	15	224	27,343	1,605	40,491	—	40,491	167,130	58,488
Lumber and wood products	—	—	34	1,737	1,492	2,542	—	2,542	4,719	1,737
Furniture and fixtures	6	—	43	1,758	614	3,518	—	3,518	10,611	3,902
Paper and allied products	1,371	250	326	173,194	19,034	235,914	—	235,914	1,020,223	341,467
Printing and publishing	1,618	5	1,296	51,091	9,843	72,927	3	72,924	538,641	198,093
Chemicals and allied products	5,542	340	21,762	1,346,640	152,984	1,808,450	10	1,808,440	6,185,895	2,136,463
Petroleum (including integrated) and coal products	168,470	6,567	1,892,703	3,340,369	1,642,842	7,363,241	—	7,363,241	21,067,344	8,944,034
Rubber and miscellaneous plastics products	1,807	83	6,164	108,932	9,055	147,346	278	147,069	564,499	196,976
Leather and leather products	11	—	279	947	47	1,664	—	1,664	3,494	1,503
Stone, clay, and glass products	1,495	—	995	85,016	29,557	107,749	—	107,749	483,712	167,705
Primary metal industries	94	771	174	60,941	29,633	109,679	—	109,679	332,362	97,396
Fabricated metal products	806	—	4,703	197,765	5,761	254,586	—	254,586	1,253,460	504,258
Machinery, except electrical	24,789	4,218	17,178	1,114,262	10,892	1,593,989	193	1,593,796	6,424,017	2,587,657
Electrical and electronic equipment	38,318	3,450	44,588	453,245	281,257	781,138	89	781,049	2,790,221	760,820
Motor vehicles and equipment	10,980	2,466	3,471	311,437	572,195	799,331	—	799,331	2,983,685	640,744
Transportation equipment, except motor vehicles	3,925	—	425	90,104	700	116,927	—	116,927	384,036	116,812
Instruments and related products	240	—	774	345,351	5,263	422,827	692	422,135	1,803,335	742,613
Miscellaneous manufacturing products and manufacturing not allocable	422	—	1,112	13,305	3,874	20,551	—	20,551	70,777	28,957
Transportation and public utilities	7,892	13,182	67,274	112,351	80,558	254,504	—	254,504	1,010,918	211,697
Transportation	4,961	1,152	12,087	17,827	27,484	51,254	—	51,254	97,573	22,784
Water transportation	—	939	9,285	2,144	1,939	15,033	—	15,033	33,286	3,406
Other transportation	4,961	213	2,801	15,683	25,545	36,221	—	36,221	64,287	19,378
Communication	1,489	62	5,497	70,355	819	99,318	—	99,318	516,938	154,662
Electric, gas, and sanitary services	1,442	11,968	49,690	24,170	52,255	103,933	—	103,933	396,407	34,250
Wholesale and retail trade	7,489	530	9,051	381,560	159,336	435,938	(¹)	435,937	4,590,742	1,272,690
Wholesale trade	5,702	496	7,609	186,613	125,062	198,541	(¹)	198,541	2,062,895	460,619
Groceries and related products	*243	—	—	*192	*529	—	—	*529	—	—
Machinery, equipment, and supplies	—	—	5,127	18,954	5,822	26,608	—	26,608	60,234	23,639
Miscellaneous wholesale trade	5,459	496	2,481	167,659	119,048	169,404	(¹)	169,404	2,002,661	436,980
Drugs, chemicals, and allied products	14	—	167	7,793	1,658	10,035	—	10,035	46,354	16,375
Petroleum and petroleum products	*832	—	*1,516	*96,855	*94,038	*70,024	—	*70,024	*574,164	*192,543
Other miscellaneous wholesale trade	4,613	496	798	63,010	23,352	89,345	(¹)	89,345	1,382,143	228,062
Retail trade	1,787	34	1,442	194,947	34,274	237,396	—	237,396	2,527,847	811,990
Building materials, garden supplies, and mobile home dealers	—	—	—	—	—	*6	—	*6	—	—
General merchandise stores	766	—	341	134,750	21,374	148,620	—	148,620	2,220,479	729,347
Food stores	—	—	—	48,196	2,046	54,310	—	54,310	236,255	53,933
Automotive dealers and service stations	—	—	—	—	—	*714	—	*714	—	—
Apparel and accessory stores	*726	—	*1,011	*52	*5,721	*7,927	—	*7,927	*451	*57
Eating and drinking places	295	34	73	4,089	541	12,826	—	12,826	10,043	4,089
Miscellaneous retail stores	—	—	16	7,860	4,593	12,994	—	12,994	60,619	24,564
Finance, insurance, and real estate	9,809	8,514	49,001	237,011	141,985	1,469,326	12	1,469,314	2,044,022	553,220
Banking	617	454	25,317	120,761	113,030	1,172,871	12	1,172,858	1,323,615	342,308
Credit agencies other than banks	18	—	223	2,147	1,034	2,014	—	2,014	7,744	3,007
Security, commodity brokers and services	951	43	321	12,342	88	19,997	—	19,997	114,237	19,280
Insurance carriers	8,175	7,502	22,486	42,779	20,029	204,376	—	204,376	267,881	89,629
Insurance agents, brokers, and services	48	287	385	21,260	—	23,764	—	23,764	113,579	44,669
Real estate	—	—	(¹)	23	1,103	1,474	—	1,474	52	23
Holding and other investment companies except bank holding companies	—	228	268	37,699	6,702	44,831	—	44,831	216,914	54,304
Services	12,391	3,095	9,018	124,676	37,692	220,208	—	220,208	697,953	252,981
Hotels and other lodging places	716	79	2,268	2,384	482	11,022	—	11,022	6,391	2,695
Personal services	*14	—	*97	*6,599	*4,565	*6,066	—	*6,066	*88,481	*45,774
Business services	4,231	794	2,348	38,334	23,248	70,135	—	70,135	207,710	84,337
Auto repair, miscellaneous repair services	—	—	*18	—	—	*298	—	*298	—	—
Amusement and recreational services	85	88	979	74,002	3,098	115,053	—	115,053	367,392	116,754
Other services	7,346	2,134	3,307	3,357	6,299	17,635	—	17,635	27,979	3,422

Footnotes at end of table.

Corporate Foreign Tax Credit, 1982

All Corporation Returns with Foreign Tax Credit

Table 1.—Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Major Industry—Continued

[All figures are estimates based on samples—money amounts are in thousands of dollars]

Major industry	Foreign income and taxes reported on Form 1118—Continued								
	Income and taxes of related foreign corporations and DISC's—Continued								
	Dividends paid or constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations	Dividends paid to second-tier foreign corporations by third-tier foreign corporations	Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received				
					Gains, profits and income	Taxes paid on gains, profits and income	Dividends constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Taxes deemed paid by domestic corporations
(70)	(71)	(72)	(73)	(74)	(75)	(76)	(77)	(78)	
All industries.....	14,904,952	2,221,006	2,643,238	241,799	7,071,843	1,698,206	3,198,248	248,554	1,016,374
Agriculture, forestry, and fishing.....	*4,399	—	—	—	*621	*582	*39	—	*36
Mining.....	685,081	14,700	16,362	780	179,676	40,218	101,852	7,300	40,637
Metal mining.....	*118	—	—	—	—	—	—	—	—
Coal mining.....	—	—	—	—	—	—	—	—	—
Oil and gas extraction.....	684,963	14,700	16,362	780	179,676	40,218	101,852	7,300	40,637
Nonmetallic minerals, except fuels.....	—	—	—	—	—	—	—	—	—
Construction.....	194,484	3,231	6,626	—	99,046	16,024	28,784	3,231	9,462
General building contractors and operative builders.....	81,792	3,231	6,626	—	67,958	6,931	24,408	3,231	7,891
Heavy construction contractors.....	110,424	—	—	—	31,088	9,093	4,376	—	1,571
Special trade contractors.....	2,268	—	—	—	—	—	—	—	—
Manufacturing.....	12,025,495	2,033,334	2,406,744	174,680	5,904,144	1,529,020	2,530,266	181,364	846,409
Food and kindred products.....	795,304	137,655	211,859	17,676	395,697	158,018	116,858	14,545	94,387
Tobacco manufactures.....	94,472	47,245	92,220	60	118,823	32,196	30,792	641	10,568
Textile mill products.....	31,428	543	779	—	740	304	340	—	231
Apparel and other textile products.....	47,339	224	560	14	12,437	2,604	3,812	12	1,116
Lumber and wood products.....	2,982	—	—	—	—	—	—	—	—
Furniture and fixtures.....	3,902	—	—	—	374	77	173	—	53
Paper and allied products.....	237,879	40,227	72,594	30,433	9,632	2,419	5,833	350	2,165
Printing and publishing.....	84,577	8,332	29,181	—	341	166	37	—	44
Chemicals and allied products.....	1,904,860	166,009	235,594	10,991	1,058,981	239,351	441,998	75,204	204,846
Petroleum (including integrated) and coal products.....	3,511,016	896,148	903,210	3,230	1,289,196	432,280	360,979	51,344	196,967
Rubber and miscellaneous plastics products.....	166,432	3,541	6,255	—	25,205	9,587	6,106	—	3,711
Leather and leather products.....	1,370	—	—	—	793	245	548	—	245
Stone, clay, and glass products.....	123,492	14,101	18,074	2,312	20,388	3,994	8,422	553	2,835
Primary metal industries.....	96,320	15,123	34,530	26,919	82,127	6,148	8,882	—	2,938
Fabricated metal products.....	288,465	34,713	61,083	11,000	63,351	26,746	21,372	212	11,346
Machinery, except electrical.....	1,461,579	445,430	260,307	34,137	545,138	213,489	187,931	24,296	128,250
Electrical and electronic equipment.....	1,033,011	124,694	393,292	32,957	385,481	74,200	173,115	8,533	47,737
Motor vehicles and equipment.....	1,512,217	34,790	33,436	3,282	1,316,829	129,048	1,076,108	1,274	117,121
Transportation equipment, except motor vehicles.....	158,163	14,619	18,027	1,669	62,422	4,854	15,299	1,133	3,863
Instruments and related products.....	450,232	49,860	35,661	—	513,050	192,783	69,031	3,267	17,476
Miscellaneous manufacturing products and manufacturing not allocable.....	20,456	82	82	—	3,139	510	2,629	—	510
Transportation and public utilities.....	380,762	56,114	64,232	2,575	392,110	36,317	220,566	27,695	43,469
Transportation.....	51,137	470	458	559	34,941	3,874	18,687	—	2,611
Water transportation.....	17,500	—	—	—	33,286	3,406	17,500	—	2,144
Other transportation.....	33,637	470	458	559	1,655	468	1,187	—	468
Communication.....	150,553	53,320	48,177	188	127,297	14,576	86,886	26,041	24,847
Electric, gas, and sanitary services.....	179,073	2,324	15,598	1,828	229,872	17,868	114,992	1,654	16,011
Wholesale and retail trade.....	770,144	60,474	70,755	47,031	209,066	32,267	104,326	27,672	44,173
Wholesale trade.....	300,562	38,425	36,004	3,581	126,627	22,031	46,029	24,789	32,098
Groceries and related products.....	—	—	—	—	—	—	—	—	—
Machinery, equipment, and supplies.....	28,906	—	—	—	515	218	297	—	218
Miscellaneous wholesale trade.....	271,656	38,425	36,004	3,581	126,112	21,813	45,732	24,789	31,880
Drugs, chemicals, and allied products.....	14,573	40	132	—	206	30	176	40	70
Petroleum and petroleum products.....	*119,173	*13,578	*22,241	—	*95,614	*15,040	*29,942	*4,643	*9,210
Other miscellaneous wholesale trade.....	137,909	24,807	13,631	3,581	30,293	6,744	15,614	20,106	22,601
Retail trade.....	469,582	22,049	34,751	43,451	82,439	10,236	58,297	2,883	12,075
Building materials, garden supplies, and mobile home dealers.....	—	—	—	—	—	—	—	—	—
General merchandise stores.....	386,693	10,427	18,626	43,451	77,479	7,813	55,761	2,883	9,651
Food stores.....	66,449	11,600	16,000	—	—	—	—	—	—
Automotive dealers and service stations.....	—	—	—	—	—	—	—	—	—
Apparel and accessory stores.....	*381	—	—	—	*294	*13	*281	—	*13
Eating and drinking places.....	5,954	—	—	—	4,666	2,410	2,255	—	2,410
Miscellaneous retail stores.....	10,106	22	125	—	—	—	—	—	—
Finance, insurance, and real estate.....	607,816	44,608	72,083	16,589	239,580	32,411	186,994	807	23,999
Banking.....	392,108	12,746	26,847	192	181,639	14,343	153,288	482	10,684
Credit agencies other than banks.....	2,907	937	937	—	1,131	258	873	—	258
Security, commodity brokers and services.....	23,940	1,376	4,423	—	13,128	3,513	9,511	—	3,451
Insurance carriers.....	95,868	2,911	2,214	358	29,450	7,236	16,331	325	2,903
Insurance agents, brokers, and services.....	25,342	14,141	15,439	5,983	267	32	235	—	32
Real estate.....	29	—	—	—	—	—	—	—	—
Holding and other investment companies except bank holding companies.....	67,621	12,497	22,223	10,055	13,965	7,030	6,755	—	6,671
Services.....	236,770	8,545	6,436	144	47,601	11,367	25,421	484	8,190
Hotels and other lodging places.....	3,392	—	—	—	2,294	819	1,475	—	819
Personal services.....	*6,183	—	—	—	*282	*127	*155	—	*127
Business services.....	53,225	7,688	5,396	—	4,623	1,602	1,321	—	617
Auto repair; miscellaneous repair services.....	—	—	—	—	—	—	—	—	—
Amusement and recreational services.....	154,967	857	1,040	144	15,876	6,469	5,848	484	4,341
Other services.....	19,004	—	—	—	24,526	2,351	16,622	—	2,285

*This estimate should be used with caution because of the small number of sample returns on which it was based.

†Less than \$500 per return.

NOTE: Detail may not add to totals because of rounding.

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 2. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Size of total assets	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	4,931	3,772,519,972	2,340,758,287	12,309,152	3,993,258	4,223,473	9,641,529	110,827,679	107,140,378
Zero assets	50	—	7,053,765	5,980	9,336	2,151	7,251	254,584	249,588
\$1 under \$1,000,000	1,288	465,329	937,004	4,997	1,557	791	4,234	84,528	77,939
\$1,000,000 under \$10,000,000	1,443	5,363,237	8,537,303	17,917	16,048	10,684	18,963	622,143	549,450
\$10,000,000 under \$50,000,000	854	20,053,903	30,801,503	76,221	80,195	24,844	54,826	2,309,928	2,185,929
\$50,000,000 under \$100,000,000	259	18,302,387	26,535,972	164,797	64,143	7,837	114,287	2,080,290	1,887,439
\$100,000,000 under \$250,000,000	296	47,989,979	61,767,867	261,166	164,271	43,311	189,124	4,221,136	4,047,844
\$250,000,000 under \$500,000,000	188	67,848,601	91,005,420	352,954	196,999	57,524	230,562	5,400,278	5,159,163
\$500,000,000 under \$1,000,000,000	141	103,756,341	120,051,044	584,262	263,486	212,150	443,049	6,788,856	6,612,364
\$1,000,000,000 or more	412	3,508,740,195	1,994,068,409	10,840,858	3,197,222	3,864,180	8,579,233	89,065,935	86,370,663

Size of total assets	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	Investment credit	Jobs credit	Other credits	U.S. income tax after credits	Foreign income and taxes reported on Form 1118	
	Total	Regular and alternative tax							Gross income (less loss) excluding branch operations and specially allocable income	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Total	Dividends
Total	48,642,428	47,794,170	18,932,138	18,768	9,863,262	64,105	675,194	19,088,961	87,519,590	18,459,252
Zero assets	114,326	112,867	41,729	—	9,279	832	1,542	60,945	2,431,721	13,697
\$1 under \$1,000,000	24,657	24,512	11,352	100	963	—	32	12,210	46,511	5,950
\$1,000,000 under \$10,000,000	224,932	222,953	40,054	136	19,242	2,276	5,083	158,142	258,111	29,375
\$10,000,000 under \$50,000,000	973,137	962,283	112,250	17,915	81,585	2,643	17,676	741,068	838,096	105,564
\$50,000,000 under \$100,000,000	857,916	851,035	179,796	—	76,801	2,071	12,025	587,224	680,174	181,153
\$100,000,000 under \$250,000,000	1,827,923	1,806,123	335,079	616	235,635	5,019	28,764	1,222,810	1,220,700	334,406
\$250,000,000 under \$500,000,000	2,346,962	2,322,538	380,048	—	336,161	8,806	35,904	1,588,043	2,002,780	436,467
\$500,000,000 under \$1,000,000,000	3,019,436	2,985,649	673,650	—	546,794	6,854	38,735	1,753,403	3,160,656	835,702
\$1,000,000,000 or more	39,253,138	38,506,210	17,158,181	—	8,556,801	37,605	535,435	12,965,117	76,880,842	16,516,938

Size of total assets	Foreign income and taxes reported on Form 1118 — Continued									
	Gross income (less loss) excluding branch operations and specially allocable income — Continued			Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specially allocable income	Total deductions from oil and gas extraction income	Taxable income (less loss)			
	Dividend gross-up	Interest income	Other income				Before loss recapture			
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
Total	9,641,417	22,497,860	36,921,060	25,561,544	44,180,091	7,992,911	59,481,932	14,572,145	1,570,287	43,339,500
Zero assets	7,251	2,367,261	43,512	—	2,095,405	—	380,846	44,068	462	336,315
\$1 under \$1,000,000	4,218	3,423	32,920	48	16,057	—	30,805	351	—	30,453
\$1,000,000 under \$10,000,000	18,878	43,599	166,258	9,955	99,250	1,266	164,482	5,590	31	158,861
\$10,000,000 under \$50,000,000	54,822	56,451	621,258	95,582	445,539	49,884	417,930	15,144	10,229	392,557
\$50,000,000 under \$100,000,000	114,287	19,074	365,660	243,613	192,954	39,071	506,617	15,152	4,245	487,219
\$100,000,000 under \$250,000,000	189,118	71,219	625,957	83,055	347,436	574	922,433	17,175	31,994	873,264
\$250,000,000 under \$500,000,000	230,559	262,808	1,072,946	252,493	936,905	100,644	1,182,379	34,829	81,676	1,065,875
\$500,000,000 under \$1,000,000,000	443,049	246,286	1,635,619	249,731	1,000,108	75,312	2,297,561	88,589	48,424	2,160,548
\$1,000,000,000 or more	8,579,235	19,427,741	32,356,929	24,627,067	39,046,436	7,726,160	53,578,880	14,351,248	1,393,225	37,834,407

Footnotes at end of table.

Corporate Foreign Tax Credit, 1982

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 2. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Size of Total Assets — Continued

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Size of total assets	Foreign income and taxes reported on Form 1118 — Continued									
	Taxable income (less loss) — Continued		Foreign taxes available for credit							
	Recapture of prior year foreign losses	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued on				
						Total	Dividends	Interest	Rents, royalties and license fees	Branch income
(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	
Total	93,974	59,387,958	38,180,816	2,084,544	40,265,361	13,153,885	1,211,202	915,105	1,208,761	5,629,804
Zero assets	—	380,846	53,906	—	53,906	41,369	963	33,941	1,740	3,199
\$1 under \$1,000,000	890	29,915	16,486	—	16,486	8,112	584	827	1,520	35
\$1,000,000 under \$10,000,000	121	164,360	60,082	—	60,082	27,530	1,760	3,616	6,040	1,588
\$10,000,000 under \$50,000,000	299	417,631	166,285	7,223	173,508	75,845	9,282	2,441	17,766	5,224
\$50,000,000 under \$100,000,000	67	506,550	199,653	6,577	206,230	76,986	11,905	1,792	8,626	7,916
\$100,000,000 under \$250,000,000	649	921,784	490,054	7,243	497,297	179,189	26,151	3,523	16,286	17,931
\$250,000,000 under \$500,000,000	3,535	1,178,844	456,730	13,064	469,794	159,015	33,933	8,438	15,831	20,309
\$500,000,000 under \$1,000,000,000	944	2,296,617	774,155	17,248	791,403	286,226	56,124	15,053	27,968	48,508
\$1,000,000,000 or more	87,468	53,491,411	35,963,466	2,033,190	37,996,655	12,299,614	1,070,499	845,474	1,112,982	5,525,093

Size of total assets	Foreign income and taxes reported on Form 1118 — Continued					
	Foreign taxes available for credit — Continued			Foreign tax credit computed		
	Paid or accrued on — Continued	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations
Total	4,189,013	9,641,415	17,470,061	18,945,923	1,546	18,944,382
Zero assets	1,525	7,250	5,287	41,729	—	41,729
\$1 under \$1,000,000	5,147	4,217	4,157	11,349	—	11,352
\$1,000,000 under \$10,000,000	14,525	18,878	13,675	40,148	—	40,148
\$10,000,000 under \$50,000,000	41,130	54,821	42,842	112,444	192	112,252
\$50,000,000 under \$100,000,000	46,747	114,267	14,857	180,005	8	179,997
\$100,000,000 under \$250,000,000	115,298	189,118	128,890	335,103	—	335,103
\$250,000,000 under \$500,000,000	80,503	230,559	80,221	380,052	3	380,049
\$500,000,000 under \$1,000,000,000	138,572	443,049	62,128	673,673	24	673,650
\$1,000,000,000 or more	3,745,566	8,579,235	17,117,807	17,171,421	1,318	17,170,103

NOTE: Detail may not add to totals because of rounding.

Corporate Foreign Tax Credit, 1982

Corporation Returns with Form 1118 Filed in Support of Foreign Tax Credit Claimed

Table 3. — Total Assets, Income, Taxes and Credits and Foreign Income, Taxes and Credit, by Type of Foreign Income for which Separate Credit was Computed

[All figures are estimates based on samples — money amounts are in thousands of dollars]

Type of foreign income for which separate credit was computed	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from DISC's	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Net income (less deficit)	Income subject to U.S. tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	4,931	3,772,519,972	2,340,758,287	12,309,152	3,993,258	4,223,473	9,641,529	110,827,679	107,140,378
Certain interest income	206	707,746,922	640,304,182	4,540,390	1,335,206	1,139,822	3,980,457	33,404,784	33,189,547
Dividends received from DISC's	116	458,412,086	415,769,283	2,331,865	1,483,422	1,635,841	1,987,463	21,145,582	20,927,488
Foreign oil related income	133	687,102,018	749,547,373	4,287,969	690,629	1,182,453	4,169,710	33,629,901	32,528,238
Foreign oil and gas extraction income	117	610,842,768	693,705,516	4,027,496	600,100	1,089,277	4,023,301	31,722,557	31,146,846
All other foreign source income	4,747	3,731,010,560	2,263,720,102	12,303,329	3,967,165	4,218,557	9,636,997	109,327,526	105,629,675

Type of foreign income for which separate credit was computed	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	Investment credit	Jobs credit	Other credits	U.S. income tax after credits	Foreign income and taxes reported on Form 1118	
	Total	Regular and alternative tax							Gross income (less loss) excluding branch operations and specially allocable income	
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	Total	Dividends
Total	48,642,428	47,794,170	18,932,138	18,766	9,863,262	64,105	675,194	19,088,961	87,519,590	18,459,252
Certain interest income	15,239,418	15,034,955	7,837,355	—	2,843,859	9,928	225,171	4,323,105	762,175	—
Dividends received from DISC's	9,597,219	9,468,267	4,916,389	—	1,929,691	5,526	134,744	2,610,868	1,446,336	1,440,237
Foreign oil related income	14,876,635	14,694,234	9,817,106	—	2,193,587	4,090	50,710	2,811,142	25,413,729	4,260,521
Foreign oil and gas extraction income	14,266,340	14,110,935	9,685,947	—	2,090,081	4,075	45,887	2,460,350	25,133,376	4,103,182
All other foreign source income	47,988,501	47,158,545	18,624,476	18,766	9,782,995	62,219	673,620	18,846,425	59,897,350	12,758,494

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118 — Continued									
	Gross income (less loss) excluding branch operations and specially allocable income — Continued			Total gross income (less loss) from extraction of oil or gas	Total deductions excluding branch operations and specially allocable income	Total deductions from oil and gas extraction income	Taxable income (less loss)			
	Dividend gross-up	Interest income	Other income				Before loss recapture			
(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
Total	9,641,417	22,497,860	36,921,060	25,561,544	44,180,091	7,992,911	59,481,932	14,572,145	1,570,287	43,339,500
Certain interest income	—	762,175	—	—	186,330	—	575,845	—	—	575,845
Dividends received from DISC's	6,099	—	—	—	228,325	—	1,218,011	—	—	1,218,011
Foreign oil related income	3,648,836	876,837	16,627,534	25,561,544	11,579,469	7,992,911	19,635,880	5,670,795	130,825	13,834,260
Foreign oil and gas extraction income	3,548,670	854,712	16,626,811	25,561,544	11,478,557	7,992,911	17,568,633	5,670,795	130,825	13,654,819
All other foreign source income	5,986,482	20,858,848	20,293,526	—	32,185,966	—	39,052,197	8,901,350	1,439,462	27,711,384

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118 — Continued									
	Taxable income (less loss) — Continued					Foreign taxes available for credit				
	Recapture of prior year foreign losses	After loss recapture	Total after reduction	Reduction for certain foreign taxes	Total before reduction	Paid or accrued on				
(30)	(31)	(32)	(33)	(34)	Total	Dividends	Interest	Rents, royalties and license fees	Branch income	
Total	93,974	59,387,958	38,180,816	2,084,544	40,265,361	13,153,885	1,211,202	915,105	1,208,761	5,629,804
Certain interest income	47	575,798	41,038	—	41,038	40,227	—	40,227	—	—
Dividends received from DISC's	—	1,218,011	6,479	—	6,479	366	366	—	—	—
Foreign oil related income	46,545	19,589,335	26,244,076	2,079,985	28,324,060	8,752,612	277,727	27,368	706,436	4,150,571
Foreign oil and gas extraction income	46,545	19,409,893	26,009,097	2,078,798	28,089,081	7,027,234	262,910	27,307	706,421	4,150,571
All other foreign source income	47,382	38,004,815	11,889,223	4,560	11,893,783	4,360,681	933,109	847,511	502,325	1,479,233

Type of foreign income for which separate credit was computed	Foreign income and taxes reported on Form 1118 — Continued					
	Foreign taxes available for credit — Continued			Foreign tax credit computed		
	Paid or accrued on — Continued	Total deemed paid	Carryover available for credit	Before reduction for international boycott operations	Reduction for international boycott operations	After reduction for international boycott operations
(40)	(41)	(42)	(43)	(44)	(45)	
Total	4,189,013	9,641,415	17,470,061	18,945,923	1,546	18,944,382
Certain interest income	—	—	812	39,921	—	—
Dividends received from DISC's	—	6,099	15	6,474	—	—
Foreign oil related income	3,590,510	3,648,836	15,922,612	8,939,339	—	—
Foreign oil and gas extraction income	3,583,863	2,721,956	139,977	8,660,986	—	—
All other foreign source income	598,503	5,986,480	1,546,623	9,960,190	—	—

NOTE: The data in columns 1-17 pertain to the total activity of the domestic parent corporation. Since many corporations compute a foreign tax credit for more than one type of foreign income, the data in these columns are not additive. The data in columns 44 and 45 are reported as corporate totals only, not by type of income. The data in columns 19-22, 24, 27-32, 34, 36-40, and 43 of the foreign oil and gas extraction income line represent the amounts of total foreign oil related income and tax for those corporations reporting foreign oil and gas extraction income and taxes. The data in columns 23, 25, 26, 33, 35, 41, and 42 of the foreign oil and gas extraction income line are the actual foreign oil and gas extraction income and tax amounts. Form 1118 detail may not add to totals because of rounding.