

Foreign-Controlled Domestic Corporations, 2005

by James R. Hobbs

For Tax Year 2005, the 61,820 domestic corporations each controlled by a foreign “person” generated \$3.5 trillion of total receipts with \$9.2 trillion of total assets, reported on income tax returns filed with the Internal Revenue Service (IRS). Both total receipts and total assets increased substantially for 2005, by 14.7 percent and 15.7 percent, respectively, over the previous year.¹ These corporations were small in number, just 1.1 percent of the U.S. total. However, they accounted for 13.7 percent of the receipts and 13.9 percent of the assets reported on all U.S. corporation income tax returns.

The profits (i.e., “net income (less deficit)” shown in the statistics of this article) reported by foreign-controlled domestic corporations (FCDCs) for tax purposes under the Internal Revenue Code were \$165.2 billion for 2005. This was a substantial increase from the \$90.8 billion reported for the prior year. Placed in context, the profits reported on all corporation income tax returns also increased, to \$1.9 trillion for 2005 from \$1.1 trillion for 2004.² FCDCs accounted for 8.5 percent of the profits reported by all corporations for 2005, up from 8.2 percent for 2004.

Of all the FCDCs, 30,870 reported positive profits (i.e., net income) for 2005, totaling \$201.6 billion. This was a 46.1-percent increase over the prior-year amount. The profitable companies for 2005 also reported \$153.0 billion of taxable income (i.e., “income subject to tax”), another significant increase of 46.1 percent over the prior year. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$42.4 billion for 2005, 41.7 percent more than that of the prior year.

For 2005, there were 3,790 “large” foreign-controlled domestic corporations, each with at least \$250 million of assets or at least \$50 million of receipts. These large FCDCs accounted for most of the key financial items of all FCDCs: 95.1 percent of total assets, 94.6 percent of total receipts, 93.7 percent of

taxable income, and 92.7 percent of total income tax after credits. After an overview of all FCDCs, this article focuses on the large foreign-controlled domestic corporations and compares them to other large domestic corporations, i.e., those not controlled by foreign persons.

Tables showing selected balance sheet, income statement, and tax items for FCDCs are included at the end of this article. Table 1 shows historical FCDC data for selected tax years between 1971 and 2005. Tables 2, 3, and 4 concentrate on Tax Year 2005 data. Table 2 includes information for all FCDCs, classified by major industry under the North American Industry Classification System (NAICS). Table 3 also presents data for all FCDCs, classified by country of the foreign owner, as well as age of the corporation. Table 4 presents information on the “large” FCDCs, classified by industrial sector. For comparison purposes, this table also contains data for the large domestic corporations not controlled by foreign persons.

Foreign Investment in the United States

Foreign investment in the United States can take several forms, including corporations. With regard to corporations, a foreign investor may own stock of a domestic (i.e., United States) company or operate in the United States through a branch of a foreign corporation.³ This article focuses on domestic corporations that are “controlled” by foreign persons. For the foreign-controlled domestic corporations covered in this article, control is defined as ownership by one foreign “person,” directly or indirectly, of 50 percent or more of the U.S. corporation’s voting stock, or of 50 percent or more of the value of all of the corporation’s stock, at any time during the accounting period. A person is an entity, including an individual, corporation, partnership, estate, or trust. (This is discussed in greater depth in the Data Sources and Limitations section. Also, see “constructive ownership rules” and “foreign person” in the Explanation of Selected Terms section.)

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¹ For additional 2005 statistics covering foreign-controlled domestic corporations (FCDCs), see Tables 24 and 25 of *Statistics of Income—2005, Corporation Income Tax Returns*, IRS Publication 16. Statistics for tax years prior to 2005 are available in earlier editions of Publication 16. Additionally, for 2004 statistics covering FCDCs, see Hobbs, James R., “Foreign-Controlled Domestic Corporations, 2004,” *Statistics of Income Bulletin*, Summer 2007, Volume 27, Number 1. In addition, FCDC data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

² Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, Spring 2008, Volume 27, Number 4; (2) *Statistics of Income—Corporation Income Tax Returns*, Publication 16, selected years; (3) *Source Book of Statistics of Income—Corporation Income Tax Returns*, Publication 1053, selected years; and (4) unpublished Statistics of Income tabulations.

³ 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.”

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As specified in the above paragraph, this study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or less. However, the tax return forms filed by domestic corporations do indicate the presence of 25-percent to 49-percent foreign owners, and the Statistics of Income program does separately compile data on these domestic corporations. The data are generally not published, but this article includes some summary information for this group of corporations.⁴

Returns of certain domestic companies that are effectively controlled by foreign persons, i.e., those public companies in which “control” may be exercised with as little as 10 percent to 20 percent of the stock holdings, are excluded from both the 50-percent-or-more and the 25-percent to 49-percent tabulations. Tax return forms filed by domestic corporations do not include information about foreign persons with less than 25-percent stock holdings.

The foreign-controlled domestic corporation statistics shown in this article, as well as the unpublished tabulations for domestic corporations with 25-percent to 49-percent foreign owners, exclude domestic corporations with only foreign “portfolio” investment. A foreign portfolio investor, having only a minimal interest in a domestic company, exerts no control over the management of the domestic corporation, except to the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. A foreign portfolio investor is primarily seeking dividend payments, an increase in the value of the shares of stock, or both. The Statistics of Income program does not conduct studies covering foreign portfolio investors of domestic corporations.

In addition to the foreign-controlled domestic corporations study discussed in this article, the Statistics of Income program conducts a separate study covering branches of foreign corporations operating in the United States. Statistics from that study are available to the public.⁵

Foreign-controlled domestic corporations can file tax returns on: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (3) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (4) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and (5) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. The FCDC statistics shown in this article include all of these return types (unless otherwise stated). Data for all corporation income tax returns discussed in this article include (unless otherwise stated) the five form types listed above, plus two types filed by domestic corporations: Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*. Also included in the corporate 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 However, FCDCs cannot file Forms 1120-A, 1120-F, or 1120S.

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Growth of Corporations

The estimated numbers of returns filed by FCDCs have remained rather constant during the 10-year period of 1996-2005. There were 62,141 returns of foreign-controlled domestic corporations for 1996; 61,820 for 2005. With the rapid increase in the total numbers of U.S. corporation income tax returns, FCDCs generally comprised a slowly decreasing percentage of those returns, from 1.3 percent for 1996 down to 1.1 percent for 2005. The increase in total filings of U.S. corporation income tax returns has largely been due to the long-term growth in the num-

⁴ For 2005, there were only 4,950 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$194.3 billion of assets, \$113.2 billion of receipts, \$10.2 billion of taxable income, and \$3.6 billion of total income tax after credits. All of these amounts were small in comparison to data for the corporations with at least 50-percent foreign ownership.

⁵ For the most recent statistics, there are tabulations covering branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business in *Statistics of Income—2005, Corporation Income Tax Returns*, IRS Publication 16. See Tables 10 and 11 of this publication. Statistics for tax years prior to 2005 are available in earlier editions of Publication 16 and on the IRS Internet site at www.irs.gov, under Tax Stats.

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—2005, 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 and unincorporated associations (e.g., certain partnerships, savings and loan associations, 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. They filed Forms 1120 and were included in the SOI corporation sample.

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ber of Forms 1120S filed by S corporations. FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes.

To the extent that FCDCs filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns. FCDCs, 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. For 2005, there were 5,736 consolidated returns filed by FCDCs, 9.3 percent of all FCDC returns. These returns accounted for \$8.1 trillion of assets (87.6 percent of the total for all FCDCs), \$3.0 trillion of receipts (86.7 percent of the total), \$148.7 billion of net income less deficits (90.0 percent of the total), \$135.2 billion of taxable income (88.4 percent of the total), and \$37.1 billion of total income tax after credits (87.4 percent of the total).

In contrast to the numbers of returns, the growth of foreign investment in the United States through foreign-controlled domestic corporations during the last 10 years was evident in most of the financial items.⁷ In particular, the percentages of both assets and receipts accounted for by FCDCs increased over the 1996-2005 time period.

The assets of domestic corporations controlled by foreign persons increased by 15.7 percent between 2004 and 2005, as compared to the 10.5-percent increase for the assets reported on all U.S. corporation income tax returns.⁸ As a result of these changes, the percentage of total corporate assets accounted for by FCDCs rose from 13.3 percent for 2004 to 13.9 percent for 2005. Additionally, there was a substantial

rise in FCDC assets during the previous 10 years. The value of FCDC assets increased faster than did the value of assets of other corporations. Thus, the 13.9-percent share of the 2005 total corporate assets is a substantial increase from the 10.6-percent share for 1996 (Figure A).

Total receipts of FCDCs increased by 14.7 percent between 2004 and 2005, as compared to the increase of 12.3 percent for all corporations. Looking at a 10-year time period, the \$3.5 trillion of FCDC receipts for 2005 is a 111.6-percent increase over the \$1.7 trillion for 1996, using “current dollars” (which reflect actual values that prevailed during the specified years, i.e., no adjustments to the values were made to remove the effects of inflationary price changes). In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$15.5 trillion for 1996 to \$25.5 trillion for 2005, a 64.3-percent increase. As a result of the relatively rapid growth rate by FCDCs, their share of the receipts reported on all corporate returns increased from 10.7 percent for 1996 to 13.7 percent for 2005.

The growth of FCDCs can also be measured from the early 1970s, when a question concerning foreign ownership of corporations was first placed on the income tax return. For 1971, the 5,154 FCDCs 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 (Table 1).

Industry Characteristics

For 2005, foreign-controlled domestic corporations were involved in each of the 19 industrial sectors (treating wholesale trade and retail trade as separate sectors) listed in Figure B. However, 39,930 of the 61,820, nearly two-thirds of the total, had primary business activities in one of the following four industrial sectors: (1) wholesale trade (15,789 returns); (2) real estate and rental and leasing (11,571 returns); (3) manufacturing (7,128 returns); and (4) professional,

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. In addition to the printed versions of these articles, electronic versions can be obtained from the Internet at www.bea.gov/international/index.htm. 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, levels of foreign ownership, and levels of company consolidation.

⁸ The percentage changes in the assets between 2004 and 2005 of domestic corporations controlled by foreign persons, as well as those of all corporations, may overstate the actual “change in investment.” Assets are generally reported at book value on tax returns (i.e., 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. New corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations may have comprised a different portion of FCDCs than they did for other companies, the comparability of the two percentages may be limited.

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Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1996-2005

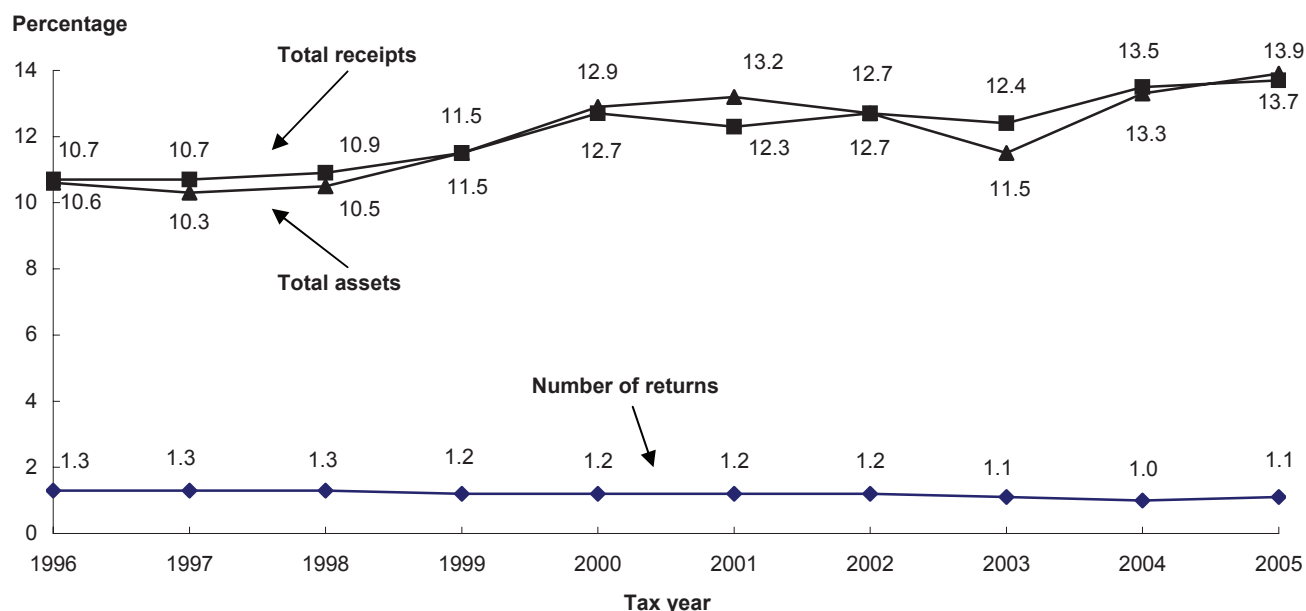


Figure B

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2005

[Money amounts are in millions of dollars]

Industrial sector	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	61,820	100.00	9,218,983	100.00	3,505,629	100.00
Agriculture, forestry, fishing, and hunting	841	1.36	5,164	0.06	2,598	0.07
Mining	696	1.13	100,708	1.09	46,670	1.33
Utilities	76	0.12	95,959	1.04	40,198	1.15
Construction	2,530	4.09	35,480	0.38	41,876	1.19
Manufacturing	7,128	11.53	2,380,069	25.82	1,659,400	47.34
Wholesale and retail trade	19,388	31.36	526,079	5.71	888,086	25.33
Wholesale trade	15,789	25.54	431,167	4.68	713,321	20.35
Retail trade	3,599	5.82	94,913	1.03	174,765	4.99
Transportation and warehousing	2,510	4.06	50,735	0.55	47,882	1.37
Information	2,256	3.65	309,461	3.36	82,855	2.36
Finance and insurance	2,540	4.11	4,370,039	47.40	436,398	12.45
Real estate and rental and leasing	11,571	18.72	106,071	1.15	25,235	0.72
Professional, scientific, and technical services	5,442	8.80	117,966	1.28	64,546	1.84
Management of companies (holding companies)	2,567	4.15	1,002,966	10.88	85,278	2.43
Administrative and support and waste management and remediation services	1,368	2.21	34,494	0.37	33,765	0.96
Educational services	108	0.17	1,369	0.01	1,180	0.03
Health care and social assistance	369	0.60	22,781	0.25	13,448	0.38
Arts, entertainment, and recreation	737	1.19	5,874	0.06	4,171	0.12
Accommodation and food services	1,110	1.80	49,719	0.54	28,097	0.80
Other services	583	0.94	4,045	0.04	3,947	0.11

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

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scientific, and technical services (5,442 returns). By comparison, relatively few FCDCs were involved in educational services (108 returns) or utilities (76 returns). The Data Sources and Limitations section discusses how returns were classified by industry.

Corporations classified as wholesalers accounted for 20.3 percent of the receipts for all FCDCs, a percentage nearly as high as the 25.5 percent of the total returns they comprised. However, these companies reported only 4.7 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.2 percent of the assets and 0.7 percent of the receipts of all FCDCs. These percentages were both substantially less than the 18.7 percent of the FCDC returns that they filed.

Manufacturing corporations filed 11.5 percent of the FCDC returns for 2005. These capital-intensive goods-producing companies accounted for far greater percentages of the total FCDC assets (25.8 percent) and receipts (47.3 percent). These corporations were often large, with reported average amounts of assets and receipts of \$333.9 million and \$232.8 million, respectively.

Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.3 percent of the assets and 1.8 percent of the receipts of all FCDCs. Both of these percentages are significantly lower than the portion (8.8 percent) of total FCDC returns this services sector represented. This sector is opposite the manufacturing sector in this regard. These service corporations were generally smaller than those in manufacturing, with reported average amounts of assets and receipts of \$21.7 million and \$11.9 million, respectively.

Two additional sectors warrant discussion. While corporations classified in the finance and insurance industrial sector composed only 4.1 percent of the total returns filed by FCDCs for 2005, they accounted for a very large portion of the FCDC assets (47.4 percent). In fact, this was the largest share of the total assets by any of the industrial sectors. Additionally, finance and insurance companies accounted for 12.4 percent of the total FCDC receipts.

Management (or holding) companies contributed a significant portion (10.9 percent) of the FCDC total assets. However, this sector did not account for significant portions of either the number of returns filed by FCDCs, nor the receipts reported by them.

While foreign-controlled domestic corporations accounted for 13.7 percent of the \$25.5 trillion of total receipts reported by all corporations filing U.S. income tax returns for 2005, these companies played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for manufacturing (22.8 percent) and wholesale trade (21.2 percent). Conversely, FCDC involvement in a number of other business activities was relatively low and accounted for a small percentage of the receipts for all companies classified in the following industries: construction (2.9 percent), health care and social assistance (2.5 percent), "other" services (2.1 percent), and agriculture, forestry, fishing, and hunting (1.8 percent). See Figure C.

FCDC industrial data can be tabulated at a more exacting level than those for industrial sectors. In general, sectors are composed of major groups, which in turn are composed of minor industries. For 2005, there were 15 minor industries that each accounted for over \$45 billion of receipts. They were: petroleum manufacturing refineries (\$587 billion), motor vehicles and parts manufacturing (\$289 billion), stock life insurance companies (\$209 billion), motor vehicles and parts wholesalers (\$151 billion), electrical goods wholesalers (\$127 billion), food and beverage retailers (\$95 billion), pharmaceuticals and medicines manufacturing (\$93 billion), securities brokers (\$90 billion), bank holding companies (\$80 billion), furniture and other durable goods wholesalers (\$67 billion), petroleum wholesalers (\$58 billion), professional and commercial equipment wholesalers (\$50 billion), stock property and casualty insurance companies (\$49 billion), metal and mineral wholesalers (\$48 billion), and machinery and equipment wholesalers (\$47 billion). See Figure D.

Companies in different industries often have different financial characteristics. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.65 of receipts for each dollar of assets for 2005. By comparison, credit intermediation companies

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Figure C

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2005

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
All industries [1]	25,504,789	3,505,629	13.74
Agriculture, forestry, fishing, and hunting	140,749	2,598	1.85
Mining	314,260	46,670	14.85
Utilities	652,930	40,198	6.16
Construction	1,452,509	41,876	2.88
Manufacturing	7,279,555	1,659,400	22.80
Wholesale and retail trade [2]	6,818,435	888,086	13.02
Wholesale trade	3,371,919	713,321	21.15
Retail trade	3,445,760	174,765	5.07
Transportation and warehousing	687,092	47,882	6.97
Information	1,053,251	82,855	7.87
Finance and insurance	3,301,643	436,398	13.22
Real estate and rental and leasing	316,578	25,235	7.97
Professional, scientific, and technical services	855,508	64,546	7.54
Management of companies (holding companies)	895,322	85,278	9.52
Administrative and support and waste management and remediation services	455,333	33,765	7.42
Educational services	34,297	1,180	3.44
Health care and social assistance	531,900	13,448	2.53
Arts, entertainment, and recreation	87,970	4,171	4.74
Accommodation and food services	438,571	28,097	6.41
Other services	188,875	3,947	2.09

[1] Includes "Not allocable," which is not shown separately.

[2] Includes "Wholesale and retail trade not allocable," which is not shown separately.

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only \$.06 of receipts for each dollar of assets. See Table 2.

Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 22.8 percent and 21.2 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 the same product(s) and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many

FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies were classified in the wholesale trade industrial sector. (See the Data Sources and Limitations section for additional information about industrial classification limitations.)

Country Characteristics

Persons (including individuals, corporations, and other entities) resident in any country throughout the world can control U.S. corporations. As reported on the U.S. income tax returns of the foreign-controlled domestic corporations, the countries represent the geographic location of the foreign owner's place of residence in the case of individuals; and place of incorporation, organization, creation, or administration in the case of corporations or other entities. A for-

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Figure D

Foreign-Controlled Domestic Corporations: Selected Items for Largest Minor Industries, Tax Year 2005

[Money amounts are in millions of dollars]

Minor industry	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits	
							Amount	As a percentage of total receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Petroleum refineries, including integrated (manufacturers)	15	1,014,684	587,112	31,106	31,124	30,594	6,876	1.17
Motor vehicles and parts (manufacturers)	793	418,608	289,453	12,900	15,157	11,756	3,019	1.04
Stock life insurance companies	63	1,423,778	208,591	5,006	6,893	5,323	1,327	0.64
Motor vehicles and motor vehicle parts and supplies (wholesalers)	714	102,900	150,555	5,845	6,143	4,361	1,478	0.98
Electrical goods (wholesalers)	1,245	63,782	126,817	1,440	2,131	1,591	385	0.30
Food and beverage stores (retailers)	43	42,803	95,378	2,172	2,211	1,342	450	0.47
Pharmaceutical and medicine (manufacturers)	106	148,761	93,178	11,563	12,030	11,038	3,202	3.44
Securities brokerage	125	1,147,785	89,970	3,404	3,641	2,184	456	0.51
Offices of bank holding companies	30	943,887	79,883	11,979	11,996	11,486	3,437	4.30
Furniture, sports, toys, recycle, jewelry, and other durable goods (wholesalers)	2,704	29,764	67,038	1,025	1,525	1,136	361	0.54
Petroleum and petroleum products (wholesalers)	325	25,808	57,963	2,049	2,150	1,839	629	1.09
Professional and commercial equipment and supplies (wholesalers)	2,281	27,897	49,629	1,420	1,904	1,413	483	0.97
Stock property and casualty insurance companies	114	339,643	48,579	-280	2,969	1,085	355	0.73
Metal and mineral, except petroleum (wholesalers)	360	28,696	47,512	577	1,125	950	309	0.65
Machinery, equipment, and supplies (wholesalers)	2,478	27,007	46,748	1,447	1,668	1,361	458	0.98

NOTES: This figure includes minor industries with at least \$45 billion of total receipts. These industries are listed by decreasing size of total receipts (column 3). Percentages are computed using rounded data.

eign corporation, or a chain of related foreign corporations, is frequently the owner of a U.S. subsidiary corporation. Because a holding company located in a country different from that of the ultimate owner may directly own the stock of a U.S. affiliate, 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. (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.)

For 2005, residents of 40 countries accounted for nearly nine of every ten domestic corporations classified as 50-percent-or-more controlled by a foreign person. The 55,313 corporations controlled by persons resident in the 40 countries shown in Table 3 accounted for nearly all of the total FCDC financial items, including 99.5 percent of total assets, 99.0 percent of total receipts, 98.8 percent of taxable income, and 98.7 percent of total income tax after credits.

Domestic corporations controlled by persons resident in the United Kingdom reported total receipts of \$719 billion for 2005, an amount larger than that

for any other country. These receipts represented 20.5 percent of the total for all FCDCs. As shown in Figure E, the United Kingdom's share of receipts has substantially increased over the 10-year period beginning with 1996.

For 2005, domestic corporations with owners resident in Japan (\$567 billion), Germany (\$445 billion), the Netherlands (\$431 billion), Canada (\$304 billion), France (\$229 billion), and Switzerland (\$157 billion) also accounted for significant amounts of receipts. Of these six countries, Germany's portion of total receipts increased the most between 1996 and 2005 (from 9.6 percent to 12.7 percent), while the portion for Japan decreased the most (from 26.5 percent to 16.2 percent).

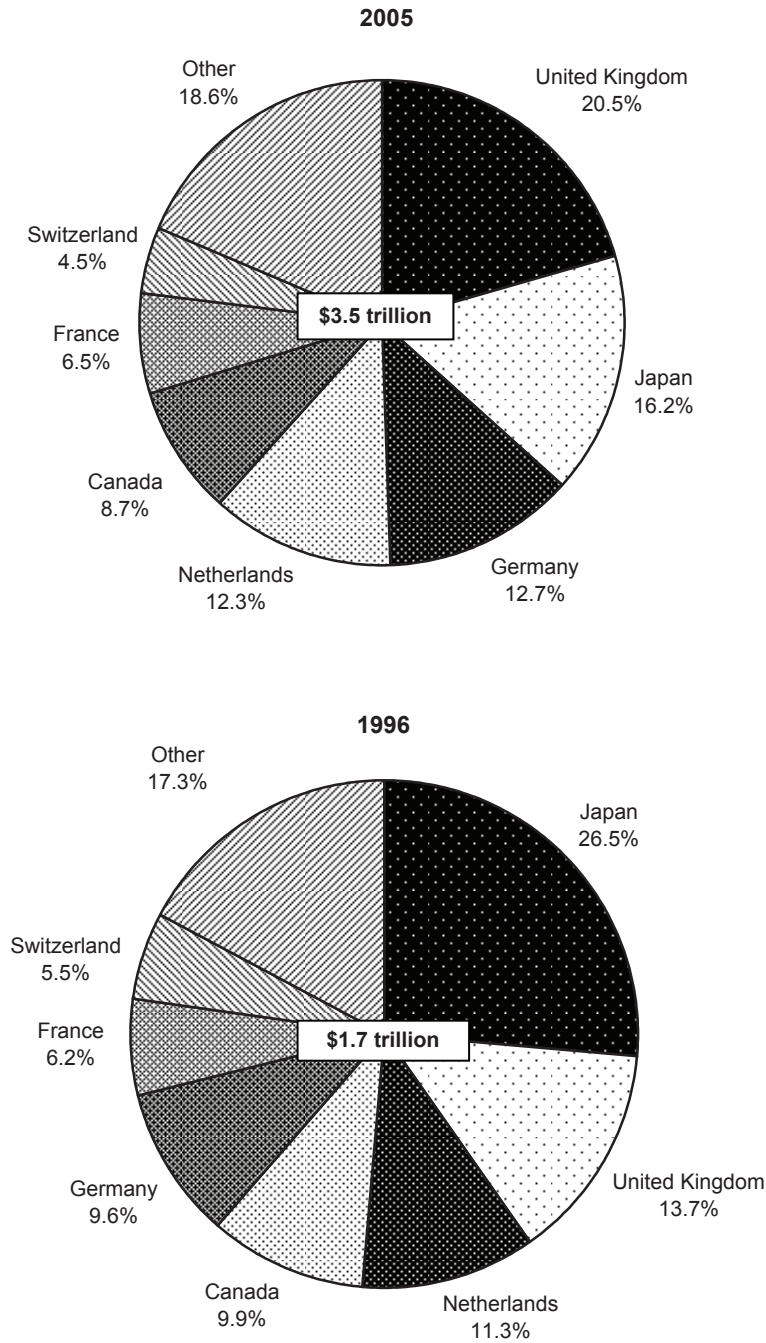
Domestic corporations controlled by persons resident in the United Kingdom accounted for \$2.5 trillion of assets, the largest portion held by any country. Corporations controlled by persons resident in the Netherlands (\$1.4 trillion), Germany (\$1.2 trillion), Canada (\$0.9 trillion), France (\$0.9 trillion), Switzerland (\$0.8 trillion), and Japan (\$0.7 trillion) also accounted for significant amounts of assets.

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Figure E

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 1996 and 2005



NOTE: All amounts are in current dollars.

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Although U.K.-controlled domestic corporations accounted for the largest part of the total FCDC receipts and assets for 2005, the U.K. was not responsible for the largest number of returns filed for FCDCs. Canadian-controlled domestic corporations filed the most returns, 9,569. Japanese-controlled domestic corporations were second with 4,853 returns; U.K.-controlled domestic corporations were third with 4,281; and German-controlled domestic corporations were fourth with 4,252.

For 2005, U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$11.1 billion). Japanese-controlled corporations, with \$7.8 billion of tax liability, followed. For the U.K.-controlled corporations, tax liabilities were 1.5 percent of the \$0.7 trillion of receipts. Tax liabilities were slightly lower at 1.4 percent of the \$0.6 trillion of receipts for the Japanese-controlled corporations. For all other countries, tax liabilities were 1.1 percent of the \$2.2 trillion of receipts. Many factors, including differences in industrial distributions and age distributions (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

Combined Country and Industry Characteristics

There were some similarities, but also important differences among the primary industrial activities of the corporations with owners from the top seven countries mentioned in the previous section.⁹ For the United Kingdom, manufacturing was the predominant industrial sector with 65.9 percent of the \$719 billion of receipts. More specifically, petroleum and coal products manufacturers produced the most receipts of any major industrial group, accounting for \$362 billion, or 50.3 percent of the country total.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$567 billion of receipts: wholesale trade (50.9 percent of the total) and manufacturing (36.9 percent). More specifically, wholesale trade of durable goods was the leading major industrial group, producing 44.6 percent of the total receipts. Japan was the only one of the seven countries in which capital-intensive manufacturing was not the leading industrial sector in producing receipts.

Like those in the United Kingdom, German-controlled corporations were primarily concentrated

in manufacturing with 55.8 percent of the \$445 billion of receipts for that country. More specifically, transportation equipment manufacturers produced the most receipts of any major group, accounting for 30.3 percent of the total. Finance and insurance (14.3 percent) and wholesale trade (13.6 percent) were the other predominant industrial sectors.

For the Netherlands, manufacturing was again the largest industrial sector with 45.1 percent of the total receipts (\$431 billion). This sector was followed by finance and insurance (23.6 percent) and retail trade (13.3 percent). Within manufacturing, petroleum and coal products were the leading industry (with 31.1 percent of total receipts for that country). Insurance carriers reported 21.8 percent of the total receipts. Within the retail trade sector, food, beverage, and liquor stores were the leading industry with 11.2 percent of total receipts for that country.

Canadian-controlled corporations were primarily concentrated in manufacturing with 32.5 percent of the \$304 billion of receipts for that country. This sector was followed by finance and insurance (19.8 percent) and wholesale trade (14.5 percent). Insurance carriers reported 14.9 percent of the total receipts, the only major group in any sector that accounted for at least 10 percent of the total receipts.

France had the same three leading industrial sectors as did Canada, with manufacturers producing 45.0 percent of the \$229 billion of receipts for that country. This was followed by finance and insurance (20.8 percent) and wholesale trade (15.3 percent). More specifically, petroleum and coal products manufacturers produced the most receipts of any major industrial group (14.2 percent of the total), followed by insurance carriers (12.2 percent).

In turn, Switzerland had the same three leading industrial sectors as France. Manufacturing was the predominant sector in the United States for Swiss owners, with 46.3 percent of the \$157 billion of receipts, followed by finance and insurance with 34.7 percent and wholesale trade with 11.8 percent. More specifically, chemical manufacturing was the leading major industry, accounting for 23.2 percent of the total receipts for that country. Other important major industries were businesses that handled securities and commodity contracts and other financial investments (19.0 percent), insurance carriers (15.3 percent), and food manufacturers (11.1 percent).

Age Characteristics

Table 3 presents data for two groups of FCDCs based on the age of each corporation. A “new” corporation is one with a year of incorporation of 2003 or after reported on its income tax return. An “old” corporation is one incorporated in or prior to 2002, or with an unknown (i.e., unreported) date of incorporation.¹⁰

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 example is a reorganization of an existing old corporation into a new corporation that results in it reporting a recent year of incorporation, even though it is an “old” business. An additional 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.

For 2005, there were 13,548 FCDCs incorporated in 2003 or after. Wholesalers accounted for the greatest portion of these “new” corporations with 4,125 companies, followed by real estate with 2,043 companies and manufacturing with 1,497 companies.

Nearly four out of every five foreign-controlled domestic corporations were incorporated prior to 2003, i.e., considered to be “old” corporations. These corporations tended to be larger than the new corporations, accounting for 95.9 percent of the FCDC assets and 95.1 percent of the receipts.

Old corporations were generally more profitable than the newer corporations. New companies may have had more expenses (including startup costs) relative to receipts than the older companies. For 2005, old corporations reported \$160.2 billion of net profits on \$3.3 trillion of receipts, while new corporations reported \$4.9 billion of net profits on \$0.2 trillion of receipts. Thus, net profits (i.e., net income

less deficit) as a percentage of total receipts were 4.8 percent for old corporations, versus 2.9 percent for new corporations.

As a result of reporting most of the profits, old corporations also accounted for most of U.S. taxable income (95.5 percent) and U.S. tax liabilities (95.4 percent) of all FCDCs. The old corporations had \$40.4 billion of tax liabilities after credits, equaling 1.2 percent of their total receipts. The new corporations had \$2.0 billion of tax liabilities after credits, equaling 1.1 percent of their total receipts.

Receipts, Deductions, and Profits

Total receipts comprises all of the income “actually” received by corporations. (Corporate “constructive” income for tax purposes is discussed below.) These receipts include business receipts, as well as investment and incidental income. Business receipts are gross receipts from sales and operations and frequently make up most of a corporation’s receipts. Investment income includes interest, dividends, and gains on the sale or exchange of both capital and noncapital assets. Interest, in turn, includes both taxable interest from all sources and nontaxable interest on State and local government obligations.

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 for total receipts 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. Total receipts 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.

The receipts and deductions of foreign-controlled domestic corporations that are shown in this article do not include amounts generated by their foreign parent or other related foreign companies. However, FCDCs could have had business transactions with their related foreign companies, and FCDC receipts and deductions stemming from these transactions are included in the statistics.¹¹

¹⁰ Dates of incorporation are reported on Form 1120, page 1, question C. Forms 1120L, 1120-PC, 1120-REIT, and 1120-RIC also contain this question in different locations on those forms.

¹¹ For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Jauquet, William P., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002,” *Statistics of Income Bulletin*, Winter 2005-2006, Volume 25, Number 3. The data contained in that article are not completely comparable to the data contained in this article, since they cover different time periods and 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.

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An FCDC that transacts business with a related foreign company must determine “transfer prices” for those transactions. These transactions include the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined for these transactions may affect the amount of profits (i.e., net income or deficit), taxable income, and taxes 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,” which means prices that would be used for transactions between independent enterprises and determined by market forces.

Over 87.2 percent of the \$3.5 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 \$3.3 trillion of total deductions. Cost of goods sold was 67.0 percent of that total. (See “business receipts” and “cost of goods sold” in the Explanation of Selected Terms section.) Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2005, Corporation Income Tax Returns*.

It is noteworthy to look at the “gross profit” of FCDCs. Gross profit is the difference between business receipts and cost of goods sold. Two important industrial sectors for FCDCs, manufacturing and wholesale trade, accounted for most of the reported amounts of business receipts and cost of goods sold. In manufacturing, all FCDCs reported \$.78 of cost of goods sold for every dollar of business receipts, while the amount was \$.71 for all other corporations classified in this sector. Thus, FCDCs had smaller gross profits than other corporations, \$.22 compared to \$.29 for every dollar of business receipts. In wholesale trade, all FCDCs reported \$.82 of cost of goods sold for every dollar of business receipts. The

amount was the same (\$.82) for all other corporations classified in this sector. As a result, FCDCs and other corporations had similar gross profits, \$.18 for every dollar of business receipts.

Total receipts less total deductions for FCDCs equaled \$160.5 billion for 2005. By comparison, net income (less deficit) amounted to \$165.2 billion. The statistics for total receipts less total deductions include all income actually received by corporations, while the statistics for net income (less deficit) focus on taxable sources of corporate income, including “constructive” taxable income. Thus, unlike total receipts less total deductions, net income (less deficit) includes two items of constructive taxable income from related foreign corporations, and excludes nontaxable interest on State and local government obligations.¹² The two items of constructive taxable income from related foreign corporations are includable income from foreign corporations owned by U.S. shareholders and foreign dividend gross-up. (See “constructive taxable income from related foreign corporations” in the Explanation of Selected Terms section.) For 2005, FCDCs reported \$6.4 billion of constructive taxable income, and received \$1.6 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) for foreign-controlled domestic corporations increased substantially from the \$90.8 billion for 2004, to \$165.2 billion for 2005. In context, net income (less deficit) reported on all corporation income tax returns also increased between 2004 and 2005, from \$1.1 trillion to \$1.9 trillion.

The \$165.2 billion of total FCDC net income (less deficit) were the result of 30,870 corporations collectively reporting \$201.6 billion of positive net income and 30,950 companies reporting \$36.4 billion of deficits.¹³ Thus, nearly one out of every two domestic corporations with foreign owners reported a positive net income for 2005. In comparison, 58.6

¹² 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: Nontaxable Interest on State and Local Government Obligations (Included in Total Receipts, above)

Equals: Net Income (Less Deficit)

¹³ The 30,950 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

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percent of all corporations filing U.S. income tax returns for the same year reported a positive net income.

The percentage of FCDCs reporting positive net income varied greatly among the different industrial groups. At the industrial sector level, the portion reporting positive net income ranged from a low of 12.0 percent for educational services, to a high of 85.5 percent for arts, entertainment, and recreation. For the more predominant sectors of FCDCs, the percentages of profitable companies were 57.1 percent for manufacturing and 52.7 percent for wholesale trade.

The \$36.4 billion of deficits for 2005 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*. Net operating losses carried back to Tax Year 2005 from 2006 and beyond, reported on Forms 1120X and 1139, are not included in the statistics shown in this article. However, NOLs carried forward to Tax Year 2005 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For most corporations, taxable income (i.e., “income subject to tax”) is generally equal to positive net income less statutory special deductions.¹⁴ Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and the special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For 2005, the difference between the \$201.6 billion of positive net income and \$153.0 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$29.9 billion and accounted for 61.0 percent of the \$49.0 billion of total statutory special deductions. In calculating taxable income for 2005, FCDCs reduced their positive net incomes by 14.8 percent using NOLs carried over from prior years.

For 2005, foreign-controlled domestic corporations reported \$153.0 billion of taxable income. This was the base on which \$53.1 billion of income tax were computed. The \$53.8 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus the alternative minimum tax and certain other taxes. The alternative minimum tax was \$0.7 billion, and the remaining taxes comprised a very small part of the total.

Tax credits totaling \$11.4 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from \$53.8 billion to \$42.4 billion for 2005. The largest credits claimed were \$8.1 billion of foreign tax credits, \$2.4 billion of general business credits, and \$0.8 billion of prior-year minimum tax credits. The \$42.4 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, this amount may differ from the actual income tax collected and the final income tax liability of corporations for Tax Year 2005. The originally reported tax liability does not take into account either of the following possible changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of tax 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.

The percentage of FCDCs reporting U.S. tax liabilities (i.e., total income tax after credits) for 2005 was 34.6 percent, up slightly from 34.1 percent reported for the previous year. However, the amount of tax liability reported by FCDCs increased to \$42.4 billion for 2005 from \$29.9 billion for 2004, a 41.7-percent increase.

The “Largest” Foreign-Controlled Domestic Corporations

This article defines the largest companies as those with at least \$250 million of total assets, or those that produced at least \$50 million of business receipts. Within the finance and insurance, and management of companies (holding companies) industrial sectors,

¹⁴ There were certain exceptions to the relationship of positive net income minus statutory special deductions equaling taxable income. First, in some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. Second, the tax bases of S corporations and life insurance companies were not defined as net income less statutory special deductions. Rather, these types of corporations computed taxable income using special provisions of the Internal Revenue Code. Also, regulated investment companies and real estate investment trusts generally passed their net incomes on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

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total receipts were used in place of business receipts for selecting the largest companies.

Both size of assets and size of receipts were used to select the largest companies in order to ensure adequate coverage of all industries. As previously discussed, financial structure varies across industries. For instance, companies classified in wholesale trade generally report large amounts of receipts compared to their end-of-year assets. By comparison, credit intermediation corporations 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 groups would have been underrepresented in comparison to the other group.

Table 4 shows that there were 19,038 large domestic corporations for 2005. (See the discussion on returns excluded from Table 4, below.) Of this total, foreign persons controlled 3,790 corporations, or 19.9 percent. This percentage is remarkably larger than the 1.1 percent that FCDCs accounted for of all corporations, regardless of size.

The 3,790 large foreign-controlled domestic corporations comprised just 6.1 percent of the number of income tax returns filed by FCDCs. However, these large companies accounted for the majority of the key FCDC financial items, reporting 95.1 percent of the total assets, 94.6 percent of the total receipts, 93.7 percent of the taxable income, and 92.7 percent of the total income tax after credits, of all FCDCs.

There were 15,248 large domestic corporations that did not have controlling foreign owners for 2005. Similar to FCDCs, these large companies also accounted for a small portion of the total number of income tax returns filed by domestic corporations without foreign owners, but did comprise a significant portion of the key financial items (total assets, total receipts, etc.) of this group of returns.

The largest domestic corporations are primarily “old” corporations, with incorporation dates prior to 2003. Of the 3,790 large FCDCs contained in the Tax Year 2005 study, 89.6 percent were old corporations. Large ODCs were similar to the FCDCs in this respect, with old corporations accounting for 89.3 percent of this group of 15,248 corporations. See Figures F1 and F2.

The largest companies generally report profits that are greater than those of the rest of the companies. For 2005, the largest FCDCs reported net prof-

its of \$158.0 billion, 4.8 percent of the companies’ receipts. The smaller FCDCs reported net profits of \$7.2 billion, 3.8 percent of the companies’ receipts.

Table 4 shows data for the largest FCDCs apportioned by industrial sectors. This table also contains data for large domestic corporations that were not foreign-controlled. These “other domestic corporations” (ODCs) were not foreign-controlled or owned (i.e., they were either owned by domestic persons, or no separate foreign person owned 25 percent or more of the corporation’s stock). This definition of other large domestic corporations is used throughout this article, including the data shown in Figures F through H. Thus, domestic corporations with a foreign person who owned between 25 percent and 49 percent of the corporation’s stock are not included in either of the two groups shown in Figures F through H, and Table 4. These corporations are identified from Schedule K of Form 1120 during Statistics of Income processing. However, they are neither FCDCs nor ODCs, as defined.

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 comparisons between large FCDCs and other large domestic corporations shown in Figures F through H, and Table 4. (However, returns filed on these forms are included in the data of other figures and tables contained in this article, as appropriate.) While corporations filing these income tax returns report their incomes, they generally have little or no tax liabilities. Through separate special provisions of the Internal Revenue Code applicable to each of these types of corporations, the incomes of these corporations are generally taxed at the shareholder level. The Explanation of Selected Terms section discusses in greater detail the nature of real estate investment trusts (REITs), regulated investment companies (RICs), and S corporations.

Industry Characteristics

The industrial makeup of the largest foreign-controlled domestic companies is somewhat different from that of other domestic corporations. For 2005, 37.4 percent of the largest FCDCs were classified as manufacturers, while manufacturers made up just 21.6 percent of the largest domestic companies that were not foreign-controlled. Similarly, wholesalers

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Figure F1

"Large" Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2005

[Money amounts are in millions of dollars]

Percentage of total income tax after credits divided by total receipts	All returns			Returns of "old" corporations		Total assets		Total receipts	
	Number	Percentage of total	Cumulative percentage	Number	Percentage of all returns	Amount	Average	Amount	Average
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	3,790	100.0	N/A	3,396	89.6	8,767,910	2,313	3,317,476	875
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	4	0.1	0.1	d	d	1,429	357	0	0
Zero percent	1,062	28.0	28.1	933	87.9	1,113,420	1,048	532,674	502
Greater than zero and under 0.5 percent	1,106	29.2	57.3	1,037	93.8	3,130,522	2,830	1,068,417	966
0.5 percent under 1.0 percent	367	9.7	67.0	326	88.8	1,761,862	4,801	639,604	1,743
1.0 percent under 1.5 percent	251	6.6	73.6	229	91.2	288,238	1,148	206,177	821
1.5 percent under 2.0 percent	224	5.9	79.5	212	94.6	579,810	2,588	329,284	1,470
2.0 percent under 3.0 percent	272	7.2	86.7	254	93.4	399,550	1,469	238,797	878
3.0 percent under 4.0 percent	165	4.4	91.1	149	90.3	460,597	2,791	128,121	776
4.0 percent under 5.0 percent	87	2.3	93.4	77	88.5	247,846	2,849	54,700	629
5.0 percent under 7.5 percent	103	2.7	96.1	98	95.1	411,940	3,999	70,654	686
7.5 percent under 10.0 percent	59	1.6	97.6	d	d	137,713	2,334	24,396	413
10.0 percent or more	90	2.4	100.0	81	90.0	234,983	2,611	24,652	274

Percentage of total income tax after credits divided by total receipts	Total deductions	Total receipts less total deductions	Net income (less deficit)			Income subject to tax	Total income tax		
			Total	Net income	Deficit		Before credits	After credits	
			(12)	(13)	(14)			Amount	Average
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Total	3,164,170	153,306	157,959	181,513	-23,554	143,404	50,538	39,304	10
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	0	0	0	0	0	0	0	0	0
Zero percent	552,870	-20,196	-19,905	3,363	-23,268	1,092	310	0	0
Greater than zero and under 0.5 percent	1,031,690	36,725	38,475	38,758	-283	15,192	5,428	1,973	2
0.5 percent under 1.0 percent	611,164	28,440	29,926	29,929	-3	26,087	9,249	5,521	15
1.0 percent under 1.5 percent	194,669	11,508	11,502	11,502	0	9,906	3,487	2,549	10
1.5 percent under 2.0 percent	310,151	19,133	18,814	18,814	0	17,766	6,222	5,855	26
2.0 percent under 3.0 percent	217,401	21,397	21,818	21,818	0	19,703	6,893	5,962	22
3.0 percent under 4.0 percent	113,538	14,583	15,267	15,267	0	14,534	5,081	4,511	27
4.0 percent under 5.0 percent	46,273	8,427	8,466	8,466	0	7,352	2,570	2,462	28
5.0 percent under 7.5 percent	56,563	14,091	14,333	14,333	0	13,307	4,836	4,315	42
7.5 percent under 10.0 percent	17,444	6,953	6,929	6,929	0	6,302	2,205	2,064	35
10.0 percent or more	12,407	12,245	12,334	12,334	0	12,163	4,257	4,092	45

N/A—Not applicable.

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

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 and insurance, and management of companies sectors). "Old" corporations were those with dates of incorporation prior to 2003, or with unknown dates of incorporation. Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Detail may not add to totals because of rounding.

were a larger share of the FCDCs (28.0 percent) than of the other large domestic corporations (14.5 percent). Conversely, 13.2 percent of the largest ODCs were classified in finance and insurance, while this sector made up just 8.1 percent of the largest FCDCs. Retailers accounted for 11.4 percent of the largest domestic companies that were not foreign-controlled, while only 3.4 percent of the largest FCDCs were similarly classified. See Figure G for other differ-

ences in the industrial makeup of these two groups of corporations.

FCDCs accounted for 32.4 percent of large wholesalers, 30.1 percent of large manufacturers, 28.5 percent of large real estate and rental/leasing companies, and 25.4 percent of large mining companies. By contrast, just 9.2 percent of large construction companies, 6.8 percent of large retailers, 6.0 percent of large management (holding) companies, and

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Figure F2

"Large" Domestic Corporations Not Foreign Controlled: Selected Items and Percentages, by Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2005

[Money amounts are in millions of dollars]

Percentage of total income tax after credits divided by total receipts	All returns			Returns of "old" corporations		Total assets		Total receipts	
	Number	Percentage of total	Cumulative percentage	Number	Percentage of all returns	Amount	Average	Amount	Average
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	15,248	100.0	N/A	13,612	89.3	41,072,862	2,694	13,657,411	896
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	7	[1]	[1]	d	d	3,780	540	0	0
Zero percent	3,708	24.3	24.4	3,251	87.7	3,579,316	965	1,743,214	470
Greater than zero and under 0.5 percent	4,179	27.4	51.8	3,972	95.0	6,559,800	1,570	2,809,968	672
0.5 percent under 1.0 percent	1,371	9.0	60.8	1,261	92.0	2,185,509	1,594	1,698,700	1,239
1.0 percent under 1.5 percent	994	6.5	67.3	929	93.5	3,853,403	3,877	1,198,837	1,206
1.5 percent under 2.0 percent	719	4.7	72.0	663	92.2	5,874,611	8,171	1,704,746	2,371
2.0 percent under 3.0 percent	1,022	6.7	78.7	947	92.7	4,206,322	4,116	1,847,640	1,808
3.0 percent under 4.0 percent	690	4.5	83.2	659	95.5	4,207,295	6,098	975,975	1,414
4.0 percent under 5.0 percent	512	3.4	86.6	d	d	5,556,514	10,853	872,047	1,703
5.0 percent under 7.5 percent	950	6.2	92.8	897	94.4	2,437,478	2,566	462,254	487
7.5 percent under 10.0 percent	574	3.8	96.6	554	97	1,541,460	2,685	199,058	347
10.0 percent or more	522	3.4	100.0	479	91.8	1,067,374	2,045	144,972	278

Percentage of total income tax after credits divided by total receipts	Total deductions	Total receipts less total deductions	Net income (less deficit)			Income subject to tax	Total income tax		
			Total	Net income	Deficit		Before credits	After credits	
								Amount	Average
(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	
Total	12,551,699	1,105,712	1,187,940	1,283,601	-95,661	970,476	341,713	248,097	16
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	23	-23	-21	2	-23	0	0	0	0
Zero percent	1,824,859	-81,644	-73,401	18,067	-91,467	9,693	3,336	0	0
Greater than zero and under 0.5 percent	2,696,867	113,102	130,163	134,099	-3,937	52,548	19,425	4,359	1
0.5 percent under 1.0 percent	1,620,646	78,053	90,222	90,383	-161	61,688	21,925	12,739	9
1.0 percent under 1.5 percent	1,114,651	84,186	88,138	88,141	-3	60,275	21,211	15,170	15
1.5 percent under 2.0 percent	1,547,475	157,271	170,501	170,501	0	145,622	51,137	29,888	42
2.0 percent under 3.0 percent	1,616,835	230,805	246,891	246,891	0	171,501	59,952	45,587	45
3.0 percent under 4.0 percent	828,517	147,457	148,705	148,731	-27	120,099	42,506	34,665	50
4.0 percent under 5.0 percent	715,262	156,785	166,926	166,968	-41	140,522	49,195	39,155	76
5.0 percent under 7.5 percent	363,094	99,160	100,509	100,509	0	94,874	33,205	28,690	30
7.5 percent under 10.0 percent	142,176	56,882	55,904	55,906	-2	52,672	18,450	17,364	30
10.0 percent or more	81,294	63,678	63,403	63,403	0	60,982	21,371	20,480	39

N/A—Not applicable.

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

[1] Less than 0.05 percent.

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 and insurance, and management of companies sectors). "Old" corporations were those with dates of incorporation prior to 2003, or with unknown dates of incorporation. Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Detail may not add to totals because of rounding.

3.9 percent of large health care and social assistance corporations were FCDCs.

Table 4 presents industrial sector-level data for the largest domestic corporations, both foreign- and nonforeign-controlled. Column 43 of this table shows the percentage of returns that reported profits (i.e., positive net income). While 75.3 percent of

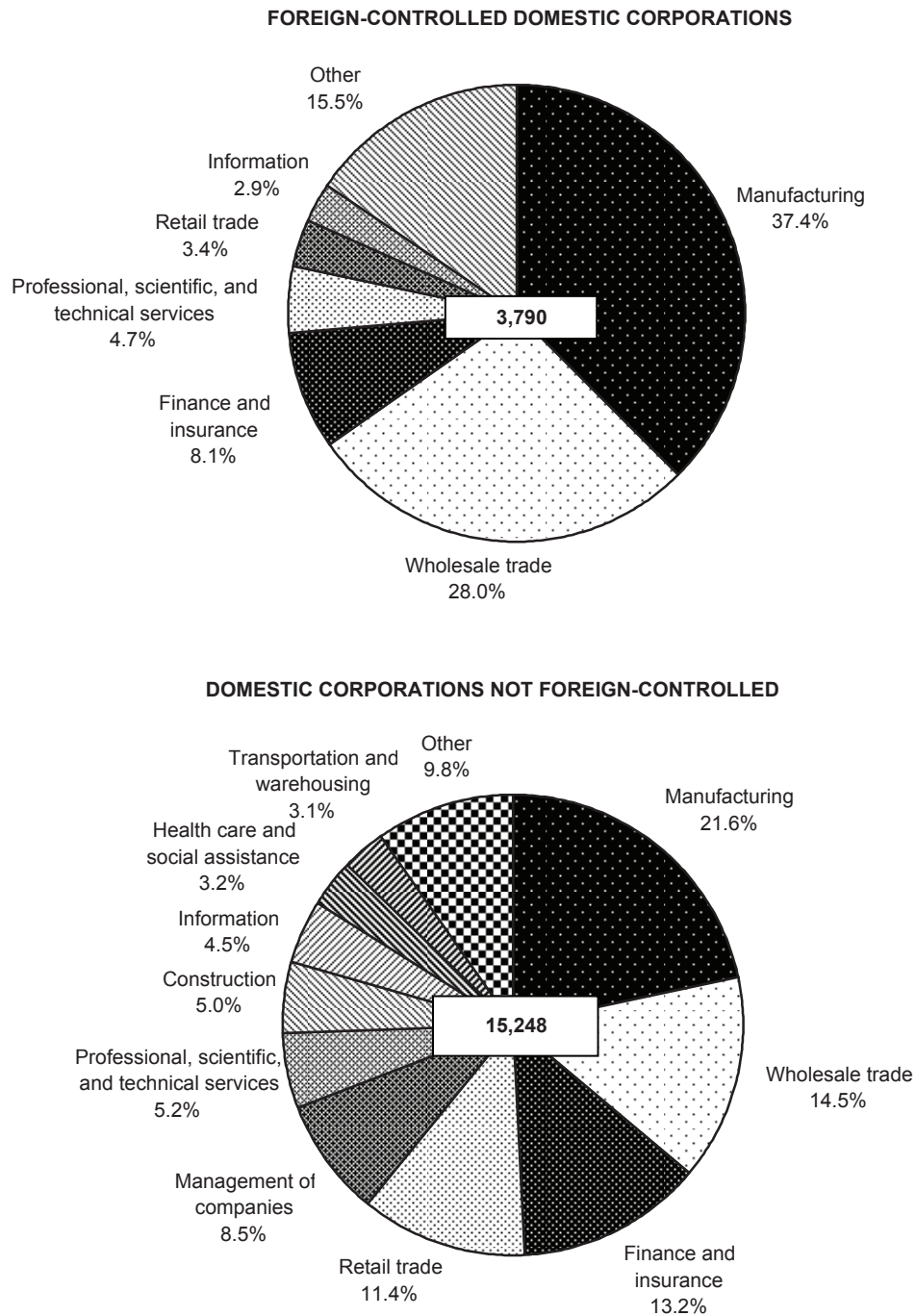
large FCDCs reported profits, 78.3 percent of other large domestic corporations were similarly profitable. There are 19 different industrial sectors shown in the table, treating wholesale trade and retail trade as separate sectors. Because of disclosure considerations, percentages have been suppressed for two FCDC sectors. Of the 17 remaining industrial sectors, other

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Figure G

Distribution of Returns by Industry for "Large" Foreign-Controlled and Other Domestic Corporations, Tax Year 2005



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 and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

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domestic corporations (ODCs) had higher percentages of profitable companies in 11 sectors. Caution should be used when comparing the percentages for a given sector because not all differences between the percentages are statistically significant. Within each group of corporations, the percentage of corporations that reported a profit varied substantially across the industrial sectors. For this reason, it is important to compare the two types of corporations for a specific industry, rather than for all industries. This will be discussed later in this article, specifically looking at the two key industrial sectors for FCDCs: manufacturing and wholesale trade.

Column 57 of Table 4 shows the ratio of net income (less deficit) to total receipts. Overall, net income (less deficit) as a percentage of receipts for large FCDCs (4.8 percent) was considerably smaller than for ODCs (8.7 percent). Within each group of corporations, the ratio of profits to receipts varied across the industrial sectors. Other domestic corporations had higher ratios of net income (less deficit) to receipts than FCDCs in 14 out of 19 industrial sectors.

Net profits (i.e., net income (less deficit)) is one of the key factors that affect the amount of retained earnings of corporations. Columns 12-14 of Table 4 show corporate total, appropriated, and unappropriated retained earnings, respectively. The amounts of retained earnings 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 "extraordinary" gains and losses, and prior period adjustments. The amounts are also after reductions for dividends and distributions made to stockholders. (For a more extensive discussion of retained earnings, see *Statistics of Income—2005, Corporation Income Tax Returns*.) Appropriated retained earnings were earnings set aside for specific purposes, such as reserves for plant expansion or bond retirements, and not available for distribution to stockholders. For 2005, the largest FCDCs reported a *negative* \$23.5 billion of total retained earnings, while other large domestic corporations reported \$3.4 trillion of *positive* retained earnings. Retained earnings is a component of net worth

and thus affects the ratio of net income (less deficit) to net worth, which is shown in column 56 of Table 4.

The ratio of taxable income (i.e., "income subject to tax") to total receipts is shown in column 61 of Table 4. This ratio, unlike the ratio of net income (less deficit) to total receipts discussed earlier, excludes deficits, and includes the amount of statutory special deductions reported on tax returns.

FCDCs generally had lower ratios of taxable income to receipts than those of other domestic corporations, 4.3 percent for FCDCs versus 7.1 percent for ODCs for all industries. For each group of large corporations, the ratio of taxable income to receipts varied among the different industrial sectors. Of the 17 different industrial sectors shown in the table (data for two FCDC sectors have been suppressed), ODCs had higher taxable income as a percentage of receipts in 13 sectors.

Table 4 also includes the ratio of total U.S. income tax after credits to total receipts (column 64). The total income tax after credits reported by both FCDCs (\$39.3 billion) and ODCs (\$248.1 billion) represents the tax liability of these companies as reported on their originally filed U.S. income tax returns (see column 42).

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 about 99 percent or more of the total income tax for both FCDCs and ODCs.

The ratio of tax to receipts shown in column 64 of Table 4 takes into account only the U.S. tax liabilities of the corporations. Additional data would be required to examine the worldwide tax liabilities of the corporations, which are beyond the scope of this article.¹⁵

Before looking at total income tax after credits for specific industries, it is useful to examine the amount of tax liability as a percentage of the total re-

¹⁵ One focus of this article is U.S. total income tax after credits. The reader might choose to focus instead on total worldwide taxes, which 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. There are limitations in using this procedure, and the foreign tax credit only approximates the foreign tax liabilities of the corporations. Table 4 shows amounts of foreign tax credits in addition to U.S. total income tax after credits. For the most recent statistics covering corporate foreign tax credits in depth, see Luttrell, Scott, "Corporate Foreign Tax Credit, 2004," in this issue of the *Statistics of Income Bulletin* (Summer 2008, Volume 28, Number 1). In addition, foreign tax credit data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

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ceipts for all large domestic corporations. Figures F1 and F2 present such data classified by 12 categories of this percentage. For 2005, Figure F1 shows that large FCDCs reported \$39.3 billion of total income tax after credits, 1.2 percent of their total receipts. Column 3 of Figure F1 shows that 28.1 percent of FCDCs had no U.S. tax liabilities, that 67.0 percent of the companies had tax liabilities of less than 1.0 percent of their receipts, and that 91.1 percent of the companies had tax liabilities of less than 4.0 percent of their receipts. By comparison, Figure F2 shows that large domestic corporations not foreign-controlled reported \$248.1 billion of total income tax after credits, 1.8 percent of their total receipts. For these companies, 24.4 percent had no tax liabilities, 60.8 percent had tax liabilities of less than 1.0 percent of their receipts, and 83.2 percent had tax liabilities of less than 4.0 percent of their receipts.

FCDCs claimed smaller amounts of credits than ODCs in relative terms. For 2005, large FCDCs claimed \$11.2 billion of credits, equaling 22.2 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$93.6 billion of credits for the same tax year, equaling 27.4 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$7.9 billion by large FCDCs and \$72.5 billion by other large domestic corporations.

Overall, while large FCDCs reported average tax liabilities after credits of \$1.18 per \$100 of receipts (or 1.2 percent), other domestic corporations reported tax liabilities after credits of \$1.82 per \$100 of receipts (or 1.8 percent). Of the 17 different industrial sectors shown in Table 4 (data for two FCDC sectors have been suppressed), ODCs had higher tax to receipts ratios in 13 sectors.

Table 4 highlights once again the differences in financial characteristics of different industries. For instance, looking at large FCDCs, finance and insurance companies have a slightly higher ratio of net income (less deficit) to receipts (3.6 percent) than do wholesalers (3.4 percent); see column 57. However, when total assets are used as the denominator in place of total receipts (column 55), the difference is substantial and reversed (the largest FCDCs in finance and insurance have a 0.4 percentage, and those in wholesale trade have a 5.5 percentage). Because the distribution of industrial activities based on principal businesses is not the same for the largest

FCDCs as it is for ODCs, this, again, illustrates the importance of comparing the two groups of corporations on an industrial basis. This article will now look at two specific industrial sectors that are important to FCDCs: manufacturing and wholesale trade.

Manufacturing was a significant industrial sector for large FCDCs, accounting for nearly one-half of the total receipts of the group of corporations. Both large FCDCs and ODCs were primarily “old” corporations; 89.8 percent of FCDCs and 91.0 percent of ODCs were incorporated before 2003. Large ODC manufacturers had higher percentages than those of large FCDC manufacturers in each of the four calculations previously discussed. Specifically, the percentage of ODCs in this industrial sector that reported positive profits was higher, but somewhat similar to that for the FCDCs, 74.5 percent and 72.5 percent, respectively (see column 43 of Table 4). Looking at the actual amounts of those positive profits and also accounting for losses reported by the remaining companies, the percentage of net income (less deficit) to total receipts was significantly higher for ODCs, 11.8 percent, than it was for FCDCs, 5.1 percent (see Figure H and column 57 of Table 4). Similarly, large manufacturing ODCs reported taxable incomes of 7.7 percent of their receipts, while the percentage for FCDCs was smaller at 4.7 percent (see column 61 of Table 4). The ratios of total income tax after credits to total receipts for ODCs and FCDCs were 1.4 percent and 1.2 percent, respectively (see column 64 of Table 4). The similarity of these tax to receipts ratios is partially explained by the difference in the amounts of credits that the two groups of corporations reported. ODCs reported larger credits than did the FCDCs, thereby reducing their postcredit tax liabilities by a larger portion. ODCs reported credits equaling 46.8 percent of their precredit income tax liabilities. For FCDCs, the percentage was substantially less, at 28.3 percent. For both groups of corporations, foreign tax credits accounted for most of the total credits.

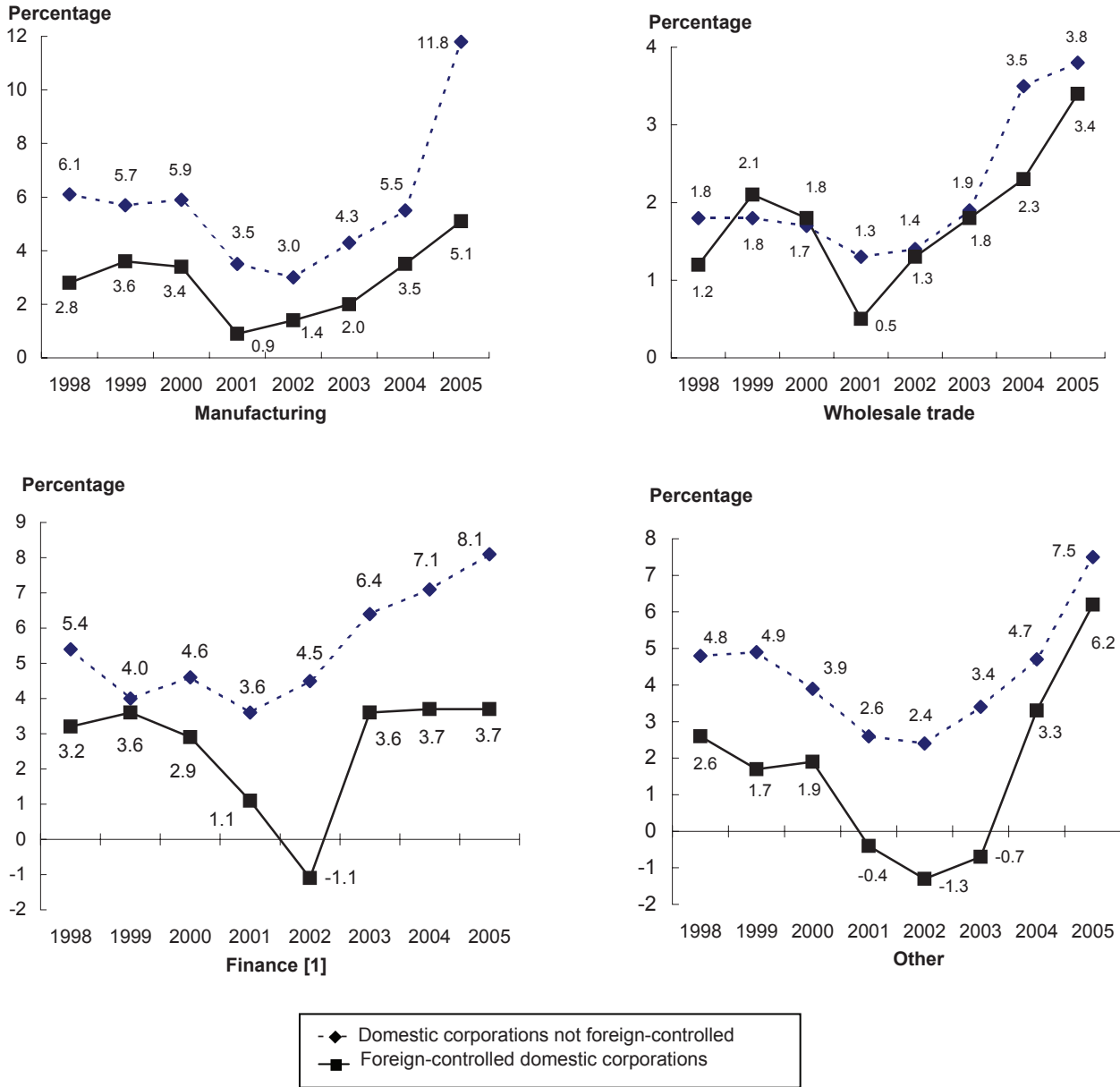
Wholesale trade was also a significant industrial sector for large FCDCs, accounting for 19.5 percent of the total receipts of the group of corporations. Most large FCDCs (93.9 percent) and ODCs (94.5 percent) were “old” corporations, incorporated before 2003. The percentage of ODCs in this industrial sector that reported positive profits was higher, but again similar to that for the FCDCs, 85.3 percent and 82.6 percent, respectively. Looking at the actual amounts of those positive profits and also accounting for loss-

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Figure H

"Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts, by Control Status and Industry, Tax Years 1998-2005



[1] Includes returns classified in the "finance and insurance" and "real estate and rental and leasing" industrial sectors of the North American Industry Classification System.

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 and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

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es reported by the remaining companies, the percentage of net income (less deficit) to total receipts was slightly higher for ODCs (3.8 percent) than it was for FCDCs (3.4 percent). Large wholesale ODCs reported taxable incomes of 3.2 percent of their receipts, while the percentage was 2.9 percent for FCDCs. The final ratio of total income tax after credits to total receipts shows the ODC and FCDC percentages being equal, at 0.9 percent. These last percentages are once again impacted by the amount of credits claimed by both groups of corporations. ODCs reported much larger credits than did the FCDCs, thereby reducing their postcredit tax liabilities by a larger portion. ODCs reported credits equaling 18.3 percent of their precredit income tax liabilities. For FCDCs, the percentage was much smaller, at just 7.9 percent. For both groups of corporations, foreign tax credits accounted for the largest share of the total credits.

Summary

Foreign investment and activity in the United States through FCDCs grew for Tax Year 2005. FCDCs reported \$3.5 trillion of total receipts for the year, a 14.7-percent increase over the 2004 level. Total receipts reported on all U.S. corporation income tax returns increased by 12.3 percent from the previous year. As a result, the share of total corporate receipts accounted for by FCDCs increased from 13.5 percent to 13.7 percent.

FCDC assets grew for 2005, as did the assets for all corporations. FCDC assets totaled \$9.2 trillion for 2005, a 15.7-percent increase from the previous year. By comparison, all corporations reported a total of \$66.4 trillion of assets for 2005, a 10.5-percent increase over the previous year. FCDCs accounted for 13.9 percent of total corporate assets for 2005, up from 13.3 percent for the previous year.

The number of returns filed by FCDCs increased by 6.7 percent for 2005, to 61,820. FCDCs accounted for only 1.1 percent of all corporation income tax returns filed for the year. This percentage is much smaller than the percentages of receipts and assets that FCDCs produced.

Two of the 19 industrial sectors, manufacturing and wholesale trade, generated more than two-thirds of the \$3.5 trillion of total FCDC receipts. Manufac-

urers produced \$1.7 trillion of receipts, while wholesalers accounted for an additional \$0.7 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of \$0.7 trillion, 20.5 percent of the FCDC total. In addition, FCDCs owned by persons in Japan (16.2 percent), Germany (12.7 percent), the Netherlands (12.3 percent), Canada (8.7 percent), France (6.5 percent), and Switzerland (4.5 percent) accounted for significant portions of receipts.

Corporate profits were substantially larger than those of the previous year. The collective net income (less deficit) reported by foreign-controlled domestic corporations increased from \$90.8 billion for 2004 to \$165.2 billion for 2005. To place the performance of FCDCs in context, total corporate profits also increased from \$1.1 trillion for 2004 to \$1.9 trillion for 2005.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did profits, increasing from \$29.9 billion for 2004 to \$42.4 billion for 2005, or by 41.7 percent. To place this in perspective, the 2005 U.S. tax liabilities of all corporations were 39.1 percent more than the previous year.

Of the 61,820 foreign-controlled domestic corporations, the 3,790 "largest" companies accounted for most of the total amounts of key financial items (e.g., 95.1 percent of the total assets, 94.6 percent of the total receipts, 93.7 percent of the taxable income, and 92.7 percent of the total income tax after credits).

In comparing the 3,790 large foreign-controlled domestic corporations to the 15,248 other large domestic companies on the basis of industry, FCDCs had lower percentages than ODCs in most sectors using each of the following four criteria: (1) percentage of corporations that reported profits, (2) percentage of net income (less deficit) to total receipts, (3) percentage of taxable income to total receipts, and (4) percentage of total income tax after credits to total receipts.

While this article has been able to compare several key ratios related to the profits and taxes reported by foreign-controlled domestic corporations and other domestic corporations on the same bases of size and industry, additional research is needed to explain the differences in those ratios.¹⁶

¹⁶ For additional information, see "Tax Administration: Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1996-2000," U.S. General Accounting Office, GAO-04-358, February 2004. Also, 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 Mataloni, Raymond J., Jr., "An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies," U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, March 2000.

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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—2005, Corporation Income Tax Returns*, IRS Publication 16.

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. In effect, it provided a second tax system that curtailed or eliminated many of the means of reducing taxes allowed in the regular tax system and taxed the resulting alternative taxable income at a reduced rate. The AMT is included in the amounts reported for both total income tax before (and after) credits.

Balance Sheets—The balance sheet data presented in this article were the amounts reported by the taxpayer as of the end of the taxpayer's accounting year. Taxpayers were instructed to provide data that agreed with their books of account but were given very few other guidelines. Since balance sheet data were from the taxpayer's books, they were generally governed by general accounting principles rather than the special rules of tax accounting. A number of steps were taken during statistical processing to reduce the variability due to taxpayer reporting practices. Misreported amounts were transferred to their proper accounts. Missing balance sheets were either supplied from reference books or statistically imputed based on other data and the company's characteristics. Some balance sheets were suppressed for final returns of corporations going out of existence and for most part-year returns (because the same company's end-of-year data could have been subject to inclusion from its full-year return).

Business Receipts—These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. They represented all of a corporation's receipts except investment and incidental income. Business receipts also exclude gains from the sale of assets. 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 in-

clude rents reported by real estate operators and other corporations for which rent made up a significant portion of income. The latter corporations included manufacturers that rented their products, lessors of public utility facilities, and companies engaged in rental services, such as lodging places and the rental of automobiles. Business receipts include such banking items as fees, commissions, and credit card income. Interest, the principal operating income of banking and financial institutions, was excluded from business receipts; rather, it was included in the separate statistics for interest received. Also, premium income of most insurance companies was included in business receipts. Security dealers included profits from security trades in business receipts.

Constructive Ownership Rules—The constructive ownership rules of Internal Revenue Code (IRC) section 318 apply in determining if a U.S. corporation is foreign-owned. 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.

Constructive Taxable Income from Related Foreign Corporations—This item is the sum of includable income from Controlled Foreign Corporations (CFCs) and foreign dividend gross-up. IRC sections 951-964 ("Subpart F") created an exception to the general rule that the earnings and profits of CFCs were subject to U.S. taxation only when the income was actually distributed to U.S. shareholders.¹⁷ Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, although not actually distributed. This includable income comprises passive investment income, income from sources thought especially easy to shift between tax jurisdictions, and income from sources contrary to public policy. Foreign dividend gross-up is constructive taxable income to corporations that claim a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a share of the foreign taxes actually paid by its related foreign corporations. The share of foreign taxes was treated as deemed paid by the U.S. corporation. In order to receive credit against U.S. tax, the foreign taxes

¹⁷ For the most recent statistics covering CFCs, see Masters, Mike and Catterson Oh, "Controlled Foreign Corporations, 2002," *Statistics of Income Bulletin*, Spring 2006, Volume 25, Number 4. In addition, CFC data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

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deemed paid need to be included in the corporation's worldwide income. The dividend gross-up, which is the equivalent amount of the foreign taxes deemed paid by the U.S. corporation, is included as income of the U.S. corporation.

Cost of Goods Sold—This item generally consisted of the costs incurred by corporations in producing the goods or providing the services that generated the business receipts. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and a share of 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, 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 plus noncurrent assets equal total assets. Table 4 of this article includes separate data for current assets and noncurrent assets. 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 and nontrade receivables. 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 taxes, payrolls, and other 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) includes: (1) a foreign citizen or nonresident alien, (2) an individual who is a citizen of a U.S. possession (but who is not a U.S. citizen or resident), (3) a foreign corporation, (4) a foreign partnership, (5) a for-

ign estate or trust within the meaning of IRC section 7701(a)(31), and (6) a foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity as described in IRC section 892.

Foreign Tax Credit—Although the United States taxes the worldwide income of U.S. persons (including corporations), foreign source income is often taxed as well by the country where the income is earned. The foreign tax credit provisions were enacted to mitigate the potential impact of the double taxation of foreign-source income. U.S. persons are allowed a credit against U.S. income tax for income taxes paid (or accrued) to foreign countries or U.S. possessions, subject to a limitation that prevented corporations from using foreign tax credits to reduce U.S. tax liability on U.S.-sourced income. A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign taxes paid. The foreign tax credit was not allowed for taxes paid to certain foreign countries whose governments were not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, or which provided support for international terrorism.

Income Subject to Tax—For most corporations, income subject to tax, i.e., taxable income, consisted of (positive) net income minus certain statutory special deductions. However, there were special provisions in the Internal Revenue Code for determining the taxable income of S corporations and insurance companies.

Income Tax—This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates. It is included in the amounts reported for both total income tax before (and after) credits.

Interest—This item is taxable interest, a component of total receipts. It includes interest on U.S. Government obligations, loans, notes, mortgages, corporate bonds, bank deposits, and dividends from savings and loans and mutual savings banks. This item does not include interest received from certain government obligations not subject to U.S. income tax, including those issued by States, local governments, the District of Columbia, and U.S. possessions.

Net Income (or Deficit)—This is a company's net profit or loss from taxable sources of income reduced by deductions allowed by the Internal Revenue Code. It reflects not only actual receipts, but "construc-

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tive” 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.” The deductions include ordinary and necessary business deductions, but do not include statutory special deductions. The statistics for (positive) net income are generally larger than those for “income subject to tax” because the latter is reduced by the amount of statutory special deductions, including the net operating loss deduction. 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). On Form 1120, net income (or deficit) was reported on page 1, line 28, entitled “Taxable income before net operating loss deduction and special deductions.”

Net Operating Loss Deduction (NOLD)—A statutory “net operating loss” (NOL) for a given tax year could be carried back, in general, 2 years to reduce the taxable income of those years. Similarly, any amount of the NOL not offset against income during that time could be carried forward to offset income for a period not exceeding 20 years. A “net operating loss” is calculated using the laws and IRS regulations in effect for a given tax year, and is the excess of allowable deductions over taxable income, with certain adjustments. The amount of the deduction included in the statistics of this article, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2005) tax year. Losses incurred after Tax Year 2005 and carried back to that year at a later date were not reported on the tax returns used for this article. Net operating losses on which the 2005 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 in 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 sum of

capital stock, additional paid-in capital, appropriated retained earnings, and unappropriated retained earnings (including adjustments to shareholders’ equity), minus the cost of treasury stock. Adjustments to shareholders’ equity could be either positive or negative, and included unrealized gains and losses on securities held “available for sale.” Treasury stock is common or preferred stock originally issued by the corporation that has been reacquired and held at the end of the accounting period by the issuing corporation.

Number of Returns—The data contained in this article include the number of returns filed for Tax Year 2005. For simplicity, 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.

Real Estate Investment Trusts—Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as real estate investment trusts (REITs). Foreign-controlled domestic corporations can be REITs. However, REITs played a much larger role for ODCs than for FCDCs.¹⁸ REITs 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; and gains from the sale of stock, securities, and 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; and dividends and gains from the sale of transferable shares in other REITs; etc. The tax liability of REITs is generally very low. This is because, through a statutory special deduction for dividends paid, REITs are not taxed on amounts

¹⁸ Shown in Appendix A of this article are Tax Year 2005 data for all REITs, RICs, and S corporations, regardless of size, filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

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distributed to shareholders. In general, REITs must distribute to their shareholders at least 90 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. Foreign-controlled domestic corporations can be RICs. However, RICs played a much larger role for ODCs than for FCDCs.¹⁸ 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 RICs is generally very low. This is because, through a statutory special deduction for dividends paid, RICs are not taxed on amounts distributed to shareholders. In general, RICs 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 has elected to be taxed through its shareholders under Internal Revenue Code section 1362. The IRC contains restrictive criteria that a company must meet in order to qualify as an S corporation, which include the number and types of shareholders. These companies are involved in numerous industrial activities. They report corporate income and deductions from their conduct of trades and businesses, but generally allocate any income or loss to their shareholders to be taxed only at the individual level. S corporations comprise a very large part of the corporate population. However, foreign-controlled domestic corporations cannot elect to be treated as S corporations.¹⁸

Statutory Special Deductions—In general, net income less statutory special deductions equals income subject to tax. This item is the sum of: (1) deductions for net operating loss carryovers from prior years, and (2) special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code, which includes: (a) dividends received deductions, (b) deductions for dividends paid on certain stock of public utilities, (c) deductions for dividends paid by regulated investment companies

and real estate investment trusts, (d) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (e) Code section 806(a) small life insurance company deductions. These deductions were in addition to ordinary and necessary business deductions.

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 reserve for bad debts.

Total Income Tax Before and After Credits—For 2005, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.7 percent of the total tax). The alternative minimum tax accounted for 1.3 percent of the total. 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 taxes. Thus, a small number of corporations without net income and income tax may have 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 personal holding company taxes and the taxes on undistributed net capital gains of regulated investment companies. Total income tax included an adjustment that could be either positive or negative. This adjustment was used for write-in amounts on the tax computation schedule (e.g., Schedule J of Form 1120), as well as for differences in total tax reported on the tax computation schedule and reported on the tax and payments section of the tax return (e.g., Page 1 of Form 1120). For 2005, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (70.7 percent of the \$11.4 billion of total credits), the general business credit (21.2 percent), and the prior-year minimum tax credit (7.1 percent), as well as small amounts of the U.S. possessions tax credit, the nonconventional source fuel credit, and the qualified zone academy bond credit.

Total Receipts—This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income

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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. However, total receipts exclude certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Long-term capital gains of regulated investment companies, as well as both short-term and long-term capital gains of S corporations, are also excluded.

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

Data for Tax Year 2005 are based on returns with accounting periods that ended between July 2005 and June 2006. These accounting periods were 12 months in length, or less for part-year accounting periods. As a result of the 12-month span for ending accounting periods, the statistics shown in this article include accounting periods that began and ended within a 23-month span. For Tax Year 2005, that span was from August 2004 through June 2006. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2005. Of the 61,820 FCDC returns filed for Tax Year 2005, 40,913 had accounting periods that ended in December 2005, 66 percent of the total. These returns accounted for 77 percent of both the receipts and deductions reported by all FCDCs, as well as 87 percent of the FCDC assets.

The sampling frame for the 2005 statistics consisted, in general, of tax returns with accounting

periods that ended between July 2005 and June 2006, and that posted to the IRS Business Master File between July 2005 and June 2007. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2006. Second, while corporation returns were usually required to be filed within 2 1/2 months after the close of the accounting period, many requested filing extensions of 6 months. Third, normal administrative processing time lags required that the sampling process remained open until June 2007.

Returns Covered

The number of returns shown in this article represents returns of “active” corporations, i.e., those that 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. Nonprofit corporations, exempt farmers’ cooperatives, and certain other incorporated organizations did not file corporation income tax returns and are not included in the statistics shown in this article. 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. Continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations filed such returns. 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.

Sample

This article presents statistical estimates based on a stratified sample of nearly 7,700 unaudited tax returns selected from over 61,800 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2005. The statistics for FCDCs 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 FCDCs include data from the small numbers of other domestic corporation income tax returns filed on

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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*). For Tax Year 2005, FCDCs filed only 52 Forms 1120L, 260 Forms 1120-RIC, 79 Forms 1120-REIT, and 56 Forms 1120-PC.¹⁹ As previously mentioned, FCDCs could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDCs shown in Figures F through H, and in Table 4, 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 plus depletion). Forms 1120L, 1120-RIC, 1120-REIT, and 1120-PC were sampled based solely on the size of total assets.

For 2005, the sampling rates for Forms 1120 alone (the majority of 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 sampling rate. Thus, most if not all of the “largest” FCDCs (and other domestic corporations as well) were selected at the 100-percent rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data shown in this article. For additional information on the sampling rates, see *Statistics of Income—2005, 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 (CVs) are used to measure that magnitude. Figure I shows CVs for selected financial data of selected industrial sectors and selected countries of the

Figure I

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sector and Selected Country of Foreign Owner, Tax Year 2005

Selected industrial sector or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	4.18	0.03	0.16	0.16	0.64	0.16	0.19
Selected industrial sector:							
Manufacturing	9.66	0.05	0.14	0.15	0.54	0.15	0.19
Wholesale trade	7.97	0.30	0.56	0.53	3.72	0.61	0.63
Information	21.89	0.15	1.10	0.87	0.67	1.11	1.13
Finance and insurance	13.13	0.01	0.15	0.49	0.09	0.30	0.35
Real estate and rental and leasing	8.75	0.95	2.05	2.78	10.87	3.40	3.47
Professional, scientific, and technical services	16.17	0.52	1.71	2.30	3.19	2.90	3.14
Management of companies (holding companies)	23.53	0.06	0.12	0.40	0.23	0.40	0.54
Selected country of foreign owner:							
Bermuda	9.71	0.15	0.82	0.97	1.35	1.74	2.76
Canada	11.65	0.11	0.69	0.69	2.63	0.91	0.99
France	19.60	0.06	0.32	0.39	1.89	0.45	0.54
Germany	13.28	0.07	0.33	0.73	2.01	0.75	1.08
Japan	10.90	0.16	0.44	0.38	1.83	0.39	0.41
Netherlands	23.69	0.04	0.20	0.26	2.06	0.26	0.42
Sweden	52.87	0.43	0.63	1.49	7.15	1.04	1.07
Switzerland	21.13	0.07	0.90	0.60	3.01	0.64	0.68
United Kingdom	14.48	0.03	0.24	0.17	2.59	0.15	0.20

¹⁹ The counts of 52 Forms 1120L and 260 Forms 1120-PC do not include returns of life insurance companies and property/casualty insurance companies, respectively, that were filed as part of consolidated returns under IRC section 1504(c). Under this section, a nonlife insurance parent company could include a domestic life insurance subsidiary in a consolidated return. For 2005, there were 121 section 1504(c) returns of foreign-controlled domestic corporations. Of this number, 59 returns had a property/casualty insurance company as the largest subsidiary; 12 returns had a life insurance company as the largest subsidiary; and the remainder (50) had a noninsurance company as the largest subsidiary.

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foreign owners. For a general discussion of sampling procedures and CVs, see “SOI Sampling Methodology and Data Limitations” located near the back of this issue of the *Statistics of Income Bulletin*.

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 one “foreign person” owned, directly or indirectly, 25 percent or more of the filing corporation’s voting stock or of 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.²⁰ 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. Taxpayers sometimes incorrectly answered these questions or did not answer them at all.²¹ However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 2004 and 2005, 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. The North American Industry Classification System (NAICS) 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 summarize the activity of a company engaged in several businesses 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 nonconsolidated) 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 FCDCs 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 may have been included in consolidated returns covering both the manufacture and distribution of similar products and classified as manufacturers.

Each return was assigned a foreign country code during statistical processing that 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. 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 foreign parent, the country data may be related to the holding company and, thus, not be related to the foreign country of the ultimate parent.

²⁰ On Form 1120, Page 3, Schedule K, the actual questions were: “(7) 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 “(7a) If ‘Yes,’ enter percentage owned.” There was an additional question used for the country distribution of these statistics, which was: “(7b) If ‘Yes,’ enter owner’s country.”

²¹ The FCDC statistics include data from returns in which the first question (see footnote 20) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,806 returns for Tax Year 2005 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$21.8 billion of assets and \$18.5 billion of receipts.

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Appendix A

REITs, RICs, and S Corporations Filed by Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs), Tax Year 2005

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts		
Number of returns	79	1,172
Total assets	40,780	1,294,294
Total receipts	3,260	110,821
Net income (less deficit)	1,851	68,734
Income subject to tax	0	34
Total income tax after credits	[1]	95
Regulated Investment Companies		
Number of returns	260	10,699
Total assets	189,965	10,290,601
Total receipts	5,438	304,352
Net income (less deficit)	4,189	210,777
Income subject to tax	0	2
Total income tax after credits	[1]	21
S Corporations		
Number of returns	0	3,684,086
Total assets	0	2,736,982
Total receipts	0	5,252,514
Total net income (less deficit)	0	361,043
Income subject to tax	0	1,463
Total income tax after credits	0	611

[1] Less than \$500,000.

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971-2005

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

Item	1971	1990	1996	2000	2002	2003	2004	2005
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total	1,733,332	3,716,650	4,631,370	5,045,274	5,266,607	5,401,237	5,557,965	5,671,257
Number with net income	1,063,940	1,910,670	2,588,424	2,819,153	2,800,517	2,932,115	3,116,468	3,324,260
Total assets	2,889,221	18,190,058	28,642,263	47,026,872	50,413,502	53,644,785	60,117,759	66,445,430
Total receipts	1,906,008	11,409,520	15,525,718	20,605,808	19,749,426	20,689,574	22,711,864	25,504,789
Business receipts	1,763,760	9,860,442	13,659,470	17,636,551	17,297,125	18,264,394	19,975,876	21,800,290
Interest received [1]	65,596	942,238	1,037,374	1,576,101	1,233,298	1,132,675	1,337,626	1,712,271
Total deductions	1,824,063	11,032,575	14,728,089	19,691,592	19,198,882	19,940,595	21,636,156	23,612,766
Cost of goods sold	1,241,282	6,610,770	8,707,100	11,135,288	10,607,404	11,318,645	12,497,905	13,816,464
Interest paid	64,697	825,372	770,885	1,271,679	912,752	818,017	938,790	1,287,098
Total receipts less total deductions	81,945	376,945	797,629	914,216	550,544	748,980	1,075,708	1,892,024
Net income (less deficit)	79,700	370,633	806,485	927,526	563,657	779,989	1,111,693	1,948,655
Net income	96,688	552,527	986,783	1,336,620	1,053,126	1,175,609	1,455,797	2,234,882
Deficit	-16,988	-181,894	-180,298	-409,094	-489,470	-395,620	-344,104	-286,227
Income subject to tax	83,165	366,353	639,840	760,404	600,554	699,337	857,392	1,201,325
Total income tax before credits	37,510	128,186	223,713	266,282	209,691	243,823	299,555	419,209
Income tax	37,143	119,434	219,757	262,233	207,056	241,275	296,200	416,324
Total income tax after credits	30,220	96,403	170,621	204,044	153,613	177,517	224,435	312,086
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total	5,154	44,113	62,141	60,609	61,615	58,945	57,935	61,820
Number with net income	2,575	17,360	29,115	26,519	26,617	27,269	29,233	30,870
Total assets	36,674	1,652,255	3,047,613	6,071,994	6,382,309	6,170,122	7,971,399	9,218,983
Total receipts	39,181	1,060,295	1,656,366	2,612,072	2,510,781	2,569,302	3,056,503	3,505,629
Business receipts	38,043	950,083	1,486,200	2,253,215	2,249,184	2,329,930	2,733,472	3,058,260
Interest received [1]	420	67,315	98,681	180,006	122,104	102,179	154,954	235,304
Total deductions	38,050	1,056,921	1,616,498	2,549,986	2,506,266	2,542,193	2,969,718	3,345,178
Cost of goods sold	28,804	709,052	1,073,946	1,584,513	1,548,698	1,652,622	1,964,224	2,239,966
Interest paid	733	77,562	96,537	186,835	119,001	109,453	129,530	199,877
Total receipts less total deductions	1,132	3,374	39,868	62,085	4,515	27,109	86,785	160,450
Net income (less deficit)	1,111	3,966	41,924	66,312	7,838	31,952	90,846	165,188
Net income	1,496	29,410	67,842	118,598	82,660	92,846	138,010	201,597
Deficit	-384	-25,444	-25,918	-52,287	-74,822	-60,895	-47,165	-36,409
Income subject to tax	1,344	23,704	52,778	97,515	64,593	73,521	104,740	153,007
Total income tax before credits	650	8,719	18,984	34,650	22,727	25,971	37,058	53,820
Income tax	631	8,008	18,329	33,950	22,447	25,607	36,451	53,137
Total income tax after credits	610	7,438	15,437	28,073	17,819	19,121	29,932	42,415
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total	0.30	1.19	1.34	1.20	1.17	1.09	1.04	1.09
Number with net income	0.24	0.91	1.12	0.94	0.95	0.93	0.94	0.93
Total assets	1.27	9.08	10.64	12.91	12.66	11.50	13.26	13.87
Total receipts	2.06	9.29	10.67	12.68	12.71	12.42	13.46	13.74
Business receipts	2.16	9.64	10.88	12.78	13.00	12.76	13.68	14.03
Interest received [1]	0.64	7.14	9.51	11.42	9.90	9.02	11.58	13.74
Total deductions	2.09	9.58	10.98	12.95	13.05	12.75	13.73	14.17
Cost of goods sold	2.32	10.73	12.33	14.23	14.60	14.60	15.72	16.21
Interest paid	1.13	9.40	12.52	14.69	13.04	13.38	13.80	15.53
Total receipts less total deductions	1.38	0.90	5.00	6.79	0.82	3.62	8.07	8.48
Net income (less deficit)	1.39	1.07	5.20	7.15	1.39	4.10	8.17	8.48
Net income	1.55	5.32	6.88	8.87	7.85	7.90	9.48	9.02
Deficit	2.26	13.99	14.38	12.78	15.29	15.39	13.71	12.72
Income subject to tax	1.62	6.47	8.25	12.82	10.76	10.51	12.22	12.74
Total income tax before credits	1.73	6.80	8.49	13.01	10.84	10.65	12.37	12.84
Income tax	1.70	6.70	8.34	12.95	10.84	10.61	12.31	12.76
Total income tax after credits	2.02	7.72	9.05	13.76	11.60	10.77	13.34	13.59

[1] Excludes nontaxable interest received on State and local government obligations.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data. See *Statistics of Income—Corporation Income Tax Returns*, selected years, for discussions of changes affecting the comparability of the data over time.

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2005

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries [1]	61,820	30,870	21,362	9,218,983	1,959,727	3,505,629	3,058,260	3,345,178
Agriculture, forestry, fishing, and hunting	841	292	204	5,164	1,776	2,598	2,059	2,649
Agricultural production	664	209	135	4,076	1,761	2,098	1,743	2,175
Forestry and logging	*67	*62	*62	*509	*74	*227	*135	*164
Support activities and fishing, hunting, and trapping	111	*21	*7	579	-59	273	181	310
Mining	696	247	187	100,708	51,032	46,670	43,673	40,992
Utilities	76	48	45	95,959	25,622	40,198	38,329	38,436
Construction	2,530	1,187	1,059	35,480	11,395	41,876	39,233	39,810
Construction of buildings	708	415	382	17,362	5,193	26,983	25,830	25,559
Heavy and civil engineering construction	1,103	174	136	14,083	5,098	9,915	8,536	9,196
Specialty trade contractors	719	598	541	4,035	1,104	4,979	4,867	5,055
Manufacturing	7,128	4,073	2,677	2,380,069	557,013	1,659,400	1,567,026	1,580,675
Food manufacturing	546	142	106	52,460	12,372	51,866	51,139	51,400
Beverage and tobacco product manufacturing	64	37	34	35,050	7,207	24,217	22,455	21,998
Textile mills and textile product mills	136	70	59	3,072	1,348	3,761	3,635	3,688
Apparel manufacturing	104	99	98	1,169	562	2,016	1,971	1,937
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	174	138	140	5,516	985	7,415	7,250	7,099
Paper manufacturing	111	73	66	14,870	5,231	21,294	20,594	21,385
Printing and related support activities	51	40	40	9,457	1,638	11,315	11,090	11,202
Petroleum and coal products manufacturing	43	38	36	1,015,933	138,750	589,543	569,665	559,379
Chemical manufacturing	477	334	256	280,891	98,655	191,438	174,932	175,536
Plastics and rubber products manufacturing	647	198	162	40,455	8,974	50,034	48,403	49,477
Nonmetallic mineral product manufacturing	149	122	109	81,411	29,541	53,850	50,172	48,937
Primary metal manufacturing	136	89	85	36,019	12,574	45,267	44,022	42,240
Fabricated metal product manufacturing	483	257	180	37,887	12,936	36,742	35,283	34,907
Machinery manufacturing	852	528	406	137,659	43,835	100,962	95,784	98,106
Computer and electronic product manufacturing	1,252	1,047	301	114,528	45,955	95,472	90,586	95,173
Electrical equipment, appliance, and component manufacturing	273	166	76	35,897	14,377	29,986	28,672	28,758
Transportation equipment manufacturing	873	282	238	440,651	111,754	310,846	280,369	297,855
Furniture and related product manufacturing	140	*112	*11	1,712	393	3,236	3,199	3,029
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	19,388	9,762	6,667	526,079	144,100	888,086	860,612	862,002
Wholesale trade	15,789	8,318	5,800	431,167	116,701	713,321	690,450	691,128
Wholesale trade, durable goods	10,302	5,631	4,267	291,103	77,799	510,279	498,449	498,038
Wholesale trade, nondurable goods	5,110	2,591	1,530	139,862	38,782	202,836	191,795	192,886
Wholesale electronic markets and agents and brokers	*377	*96	*4	*201	*120	*206	*206	*205
Retail trade	3,599	1,444	866	94,913	27,399	174,765	170,163	170,873
Motor vehicle dealers and parts dealers	90	40	21	3,456	1,080	7,462	7,300	7,358
Furniture and home furnishings stores	163	d	d	4,825	700	5,009	4,924	4,891
Electronics and appliance stores	481	241	90	2,040	-267	3,794	3,699	3,782
Building material and garden equipment and supplies dealers	*58	*55	*54	*597	*181	*1,294	*1,274	*1,272
Food, beverage and liquor stores	43	17	16	42,803	13,231	95,378	93,338	93,381
Health and personal care stores	93	*33	*31	9,179	1,829	14,876	14,479	14,584
Gasoline stations	*312	*63	*62	*2,323	*783	*9,106	*8,973	*8,912
Clothing and clothing accessories stores	288	85	69	13,021	6,955	12,669	11,878	11,914
Sporting goods, hobby, book, and music stores	693	*93	*92	905	176	1,560	1,532	1,596
General merchandise stores	*232	d	d	*123	*61	*307	*277	*340
Miscellaneous store retailers	137	68	58	8,114	247	8,284	7,939	8,160
Nonstore retailers	1,009	723	322	7,529	2,422	15,028	14,549	14,683
Transportation and warehousing	2,510	1,604	1,203	50,735	19,762	47,882	45,689	47,923
Air, rail, and water transportation	413	111	32	15,320	5,018	8,088	7,524	7,859
Truck transportation	555	*26	*25	1,415	535	1,994	1,962	1,989
Transit and ground passenger transportation	*280	*277	*277	*2,803	*1,611	*2,530	*2,487	*2,558
Pipeline transportation	*14	*11	*11	*3,411	*1,893	*1,244	*1,047	*1,248
Other transportation and support activities	942	877	569	24,090	9,438	31,243	30,171	31,738
Warehousing and storage	307	303	290	3,696	1,268	2,783	2,498	2,532

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2005—Continued

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Information	2,256	1,015	657	309,461	181,578	82,855	71,028	80,216
Publishing industries	941	510	163	61,960	15,408	29,719	25,709	28,945
Motion picture and sound recording industries	422	30	26	28,175	13,226	10,942	8,205	9,887
Broadcasting (except Internet)	92	*18	*17	2,697	1,835	1,296	1,189	1,440
Internet publishing and broadcasting	*5	d	d	*15,327	*3,318	*7,920	*7,624	*7,284
Telecommunications	570	306	303	185,804	143,558	26,348	22,641	26,268
Internet service providers, Web search portals, and data processing services	183	128	*124	3,943	201	1,365	1,209	1,487
Other information services	42	d	d	11,555	4,033	5,266	4,450	4,905
Finance and insurance	2,540	1,390	962	4,370,039	729,450	436,398	222,230	415,581
Credit intermediation	668	216	163	261,113	21,106	16,864	8,076	15,990
Depository credit intermediation	149	32	30	94,110	7,083	4,074	595	3,529
Nondepository credit intermediation	519	184	133	167,003	14,023	12,790	7,481	12,461
Securities, commodity contracts, and other financial investments and related activities	757	450	389	2,014,317	90,288	139,628	32,202	132,869
Insurance carriers and related activities	340	257	236	1,821,551	402,627	269,256	181,950	262,557
Funds, trusts, and other financial vehicles	776	467	174	273,057	215,429	10,650	3	4,166
Real estate and rental and leasing	11,571	5,487	3,835	106,071	35,998	25,235	16,869	22,144
Real estate	11,274	5,246	3,652	74,648	30,593	13,060	6,383	10,602
Rental and leasing services	292	d	d	31,192	5,308	12,022	10,396	11,401
Lessors of nonfinancial intangible assets (except copyrighted works)	*5	d	d	*232	*97	*152	*89	*141
Professional, scientific, and technical services	5,442	2,470	1,435	117,966	51,311	64,546	59,558	62,822
Management of companies (holding companies)	2,567	1,058	726	1,002,966	105,938	85,278	16,660	71,082
Administrative and support and waste management and remediation services	1,368	648	276	34,494	11,430	33,765	32,021	33,382
Administrative and support services	1,348	636	266	28,752	9,201	30,447	28,909	30,022
Waste management and remediation services	*20	*12	*10	*5,742	*2,229	*3,319	*3,112	*3,360
Educational services	108	*13	*12	1,369	575	1,180	1,143	1,143
Health care and social assistance	369	265	265	22,781	11,653	13,448	12,510	12,090
Offices of health practitioners and outpatient care centers	*309	*251	*251	*17,284	*9,636	*8,686	*7,977	*7,528
Miscellaneous health care and social assistance	22	*10	*10	2,079	874	1,424	1,345	1,420
Hospitals, nursing, and residential care facilities	*38	*4	*4	*3,419	*1,143	*3,338	*3,188	*3,142
Arts, entertainment, and recreation	737	630	594	5,874	1,620	4,171	3,382	3,992
Amusement, gambling, and recreation industries	408	366	334	3,064	1,060	1,635	1,308	1,461
Other arts, entertainment, and recreation	329	265	261	2,810	560	2,536	2,074	2,532
Accommodation and food services	1,110	487	364	49,719	18,400	28,097	22,496	26,480
Accommodation	365	184	152	35,341	16,968	9,612	5,616	8,497
Food services and drinking places	745	303	212	14,378	1,433	18,485	16,880	17,984
Other services	583	193	193	4,045	1,073	3,947	3,746	3,748
Repair and maintenance	d	d	d	d	d	d	d	d
Personal and laundry services	387	*8	*8	2,291	352	1,501	1,350	1,375
Religious, grantmaking, civic, professional, and similar organizations	d	d	d	d	d	d	d	d

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2005—Continued

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All industries [1]	2,239,966	160,450	165,188	201,597	-36,409	153,007	53,820	42,415
Agriculture, forestry, fishing, and hunting	1,270	-51	-46	296	-342	142	50	47
Agricultural production	1,058	-77	-77	184	-261	67	23	21
Forestry and logging	*112	*62	*62	*64	*-1	*64	*22	*22
Support activities and fishing, hunting, and trapping	101	-37	-32	*48	*-80	*11	*4	*3
Mining	23,628	5,678	6,017	6,831	-814	4,147	1,665	863
Utilities	22,873	1,761	1,758	1,884	-126	723	271	185
Construction	32,997	2,066	2,064	2,680	-616	2,310	808	796
Construction of buildings	22,809	1,423	1,422	1,512	-90	1,425	499	497
Heavy and civil engineering construction	6,758	719	719	958	-239	712	249	239
Specialty trade contractors	3,429	-76	-77	210	-287	173	60	60
Manufacturing	1,226,727	78,725	81,684	93,273	-11,589	78,253	27,486	19,838
Food manufacturing	31,988	465	445	1,826	-1,381	1,648	580	567
Beverage and tobacco product manufacturing	11,227	2,220	2,239	2,274	-35	1,936	677	640
Textile mills and textile product mills	2,731	73	73	182	-109	137	48	47
Apparel manufacturing	1,352	78	78	112	-34	91	31	31
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	5,765	316	316	406	-90	357	125	124
Paper manufacturing	17,017	-90	-89	398	-487	126	44	40
Printing and related support activities	7,889	113	113	178	-65	133	47	43
Petroleum and coal products manufacturing	516,744	30,163	31,147	31,183	-36	30,653	10,728	6,896
Chemical manufacturing	94,674	15,902	17,036	18,030	-994	15,669	5,503	4,007
Plastics and rubber products manufacturing	35,709	557	595	1,131	-537	605	212	174
Nonmetallic mineral product manufacturing	32,521	4,914	5,026	5,269	-242	3,697	1,322	1,209
Primary metal manufacturing	34,779	3,027	3,117	3,446	-328	3,052	1,070	612
Fabricated metal product manufacturing	25,812	1,834	1,870	2,213	-343	1,649	580	542
Machinery manufacturing	70,846	2,856	2,929	4,102	-1,174	2,245	797	598
Computer and electronic product manufacturing	69,127	299	396	2,496	-2,100	1,454	520	431
Electrical equipment, appliance, and component manufacturing	20,580	1,227	1,378	1,790	-412	1,069	380	208
Transportation equipment manufacturing	227,496	12,991	13,210	15,743	-2,533	12,216	4,279	3,172
Furniture and related product manufacturing	2,280	207	207	*207	*[2]	*197	*69	*67
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	691,591	26,085	26,504	31,482	-4,978	24,002	8,380	7,799
Wholesale trade	567,145	22,193	22,453	26,500	-4,047	20,581	7,175	6,647
Wholesale trade, durable goods	415,607	12,242	12,391	15,192	-2,800	11,417	3,977	3,684
Wholesale trade, nondurable goods	151,538	9,950	10,061	11,299	-1,238	9,163	3,198	2,963
Wholesale electronic markets and agents and brokers	*0	*1	*1	*9	*-8	*[2]	*[2]	*[2]
Retail trade	124,446	3,892	4,051	4,981	-931	3,421	1,205	1,151
Motor vehicle dealers and parts dealers	6,325	104	104	150	-46	136	48	47
Furniture and home furnishings stores	2,792	118	117	d	d	d	d	d
Electronics and appliance stores	2,664	11	11	174	-163	58	21	17
Building material and garden equipment and supplies dealers	*1,055	*22	*22	*34	*-12	*27	*9	*8
Food, beverage and liquor stores	70,419	1,997	2,172	2,211	-38	1,342	471	450
Health and personal care stores	9,240	292	295	*447	*-152	*379	*133	*123
Gasoline stations	*7,620	*194	*189	*189	*[2]	*183	*64	*59
Clothing and clothing accessories stores	5,711	754	754	898	-144	566	203	202
Sporting goods, hobby, book, and music stores	1,142	-36	-36	*36	*-72	*18	*5	*4
General merchandise stores	*208	*-33	*-34	d	d	d	d	d
Miscellaneous store retailers	5,449	124	125	182	-57	119	42	40
Nonstore retailers	11,822	345	330	459	-130	395	140	134
Transportation and warehousing	17,392	-42	-33	1,607	-1,640	1,219	423	365
Air, rail, and water transportation	2,352	229	237	426	-189	385	136	92
Truck transportation	153	5	5	*31	*-26	*21	*8	*6
Transit and ground passenger transportation	*1,097	*-28	*-28	*9	*-37	*4	*1	*1
Pipeline transportation	*845	*-4	*-17	*81	*-98	*79	*27	*27
Other transportation and support activities	12,379	-495	-481	788	-1,269	561	193	182
Warehousing and storage	567	250	252	273	-21	168	59	57

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2005—Continued

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

Major industry	Cost of goods sold (9)	Total receipts less total deductions (10)	Net income (less deficit) (11)	Net income (12)	Deficit (13)	Income subject to tax (14)	Total income tax	
							Before credits (15)	After credits (16)
Information	27,059	2,639	2,917	6,709	-3,792	3,379	1,214	1,090
Publishing industries	10,743	774	855	1,283	-428	722	255	199
Motion picture and sound recording industries	4,035	1,055	1,175	1,277	-102	48	20	13
Broadcasting (except Internet)	478	-145	-154	*52	*-206	*27	*9	*8
Internet publishing and broadcasting	*1,616	*636	*637	d	d	d	d	d
Telecommunications	9,249	80	145	2,938	-2,793	1,809	655	608
Internet service providers, Web search portals, and data processing services	455	-122	-122	52	-174	*40	*13	*13
Other information services	484	361	382	d	d	d	d	d
Finance and insurance	137,081	20,816	21,155	28,280	-7,125	15,787	5,431	4,430
Credit intermediation	117	874	872	1,640	-768	1,517	530	491
Depository credit intermediation	0	545	541	601	-60	598	209	207
Nondepository credit intermediation	117	329	331	1,039	-708	919	321	284
Securities, commodity contracts, and other financial investments and related activities	507	6,758	7,218	7,978	-760	5,417	1,946	1,532
Insurance carriers and related activities	136,457	6,699	6,592	11,854	-5,262	8,219	2,734	2,299
Funds, trusts, and other financial vehicles	0	6,484	6,473	6,808	-335	633	221	107
Real estate and rental and leasing	4,651	3,091	2,870	4,347	-1,477	2,811	978	914
Real estate	689	2,459	2,444	3,393	-949	2,427	835	811
Rental and leasing services	3,915	621	415	d	d	d	d	d
Lessors of nonfinancial intangible assets (except copyrighted works)	*47	*11	*11	d	d	d	d	d
Professional, scientific, and technical services	21,419	1,724	1,761	3,713	-1,951	2,248	790	689
Management of companies (holding companies)	759	14,196	14,734	15,586	-852	14,268	5,003	4,230
Administrative and support and waste management and remediation services	15,374	384	388	807	-419	544	190	169
Administrative and support services	14,985	425	428	784	-356	525	183	162
Waste management and remediation services	*388	*-41	*-40	*23	*-63	*19	*7	*7
Educational services	430	38	39	*58	*-19	*37	*13	*9
Health care and social assistance	4,535	1,358	1,357	1,485	-128	1,262	445	427
Offices of health practitioners and outpatient care centers	*4,040	*1,159	*1,158	*1,186	*-27	*1,115	*390	*385
Miscellaneous health care and social assistance	463	4	3	*54	*-51	*51	*18	*17
Hospitals, nursing, and residential care facilities	*32	*195	*195	*246	*-50	*96	*36	*24
Arts, entertainment, and recreation	788	178	185	405	-221	367	127	114
Amusement, gambling, and recreation industries	272	174	180	244	-64	219	76	66
Other arts, entertainment, and recreation	516	4	5	161	-157	148	51	48
Accommodation and food services	9,518	1,616	1,629	1,872	-243	1,249	458	380
Accommodation	845	1,115	1,126	1,236	-110	700	265	222
Food services and drinking places	8,673	501	503	636	-133	550	193	159
Other services	1,874	199	217	282	-65	259	89	70
Repair and maintenance	d	d	d	d	d	d	d	d
Personal and laundry services	304	127	144	*192	*-48	*187	*65	*46
Religious, grantmaking, civic, professional, and similar organizations	d	d	d	d	d	d	d	d

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

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

[1] Includes "Not allocable," which is not shown separately.

[2] Absolute value is less than \$500,000.

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

Foreign-Controlled Domestic Corporations, 2005

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Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2005

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

Age of corporation and selected country of foreign owner	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All foreign-controlled domestic corporations	61,820	30,870	21,362	9,218,983	1,959,727	3,505,629	3,058,260	3,345,178
AGE OF CORPORATION								
Old corporations:								
Number or amount	48,272	25,993	18,067	8,844,437	1,846,471	3,332,478	2,900,335	3,176,551
Percentage of all corporations	78.08	84.20	84.58	95.94	94.22	95.06	94.84	94.96
New corporations:								
Number or amount	13,548	4,878	3,294	374,546	113,257	173,151	157,926	168,627
Percentage of all corporations	21.92	15.80	15.42	4.06	5.78	4.94	5.16	5.04
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	55,313	27,843	19,130	9,176,324	1,949,373	3,469,236	3,024,638	3,310,030
Percentage of all countries	89.47	90.19	89.55	99.54	99.47	98.96	98.90	98.95
Selected countries:								
Australia	1,189	716	335	98,335	27,333	32,972	29,155	30,085
Austria	294	239	206	6,793	2,706	9,272	9,034	8,747
Belgium	659	495	155	81,653	8,959	38,769	32,960	36,575
Bermuda	248	143	108	200,316	62,840	65,581	54,478	64,977
Brazil	1,092	444	67	9,345	1,890	7,885	7,359	7,600
British Virgin Islands [1]	3,203	1,176	922	20,296	5,911	18,054	16,056	17,587
Canada	9,569	4,796	3,691	889,973	261,760	303,710	257,202	292,448
Cayman Islands	1,190	459	430	88,953	41,510	23,910	19,779	22,207
China	1,280	433	381	4,962	1,320	8,486	8,295	8,263
China (Taiwan)	1,524	464	333	14,777	4,763	22,878	22,304	22,202
Colombia	886	*63	*62	621	-29	542	488	553
Denmark	441	381	84	18,147	4,072	19,943	18,951	19,233
Finland	84	44	44	12,694	4,779	21,209	20,218	20,855
Former Soviet Union [2]	628	*352	*76	2,097	577	8,087	7,945	8,038
France	2,213	1,112	514	850,778	241,097	228,913	183,685	213,664
Germany	4,252	2,221	1,597	1,165,695	245,699	444,701	376,542	428,537
Hong Kong	1,318	650	483	7,053	1,913	8,929	8,418	8,783
India	1,191	840	742	3,482	735	5,929	5,863	5,890
Ireland	496	186	161	29,020	3,306	17,494	15,559	17,004
Israel	918	469	305	35,464	7,078	13,971	12,257	13,274
Italy	1,318	637	425	30,042	9,847	22,005	20,667	20,668
Japan	4,853	2,590	1,976	686,403	174,559	567,063	532,471	543,963
Liechtenstein	180	63	44	2,754	1,281	5,093	4,804	4,831
Luxembourg	363	184	120	41,125	13,657	24,932	23,102	24,342
Mexico	2,192	1,397	891	24,204	11,311	21,302	19,400	19,388
Netherlands	1,885	1,067	795	1,400,655	290,685	431,047	366,254	412,554
Netherlands Antilles	268	142	132	9,062	3,631	7,702	6,990	6,999
Norway	208	70	53	13,709	4,942	13,246	12,412	12,647
Pakistan	*506	d	d	*82	*37	*221	*220	*244
Panama	1,037	723	214	10,142	1,211	5,946	5,455	5,664
Puerto Rico	98	*19	*7	26,927	1,332	1,884	291	1,826
Saudi Arabia	286	30	*12	4,217	1,969	9,719	8,618	8,876
Singapore	188	95	72	14,119	5,813	8,855	8,335	8,789
South Africa, Republic of	317	d	d	3,759	467	5,684	5,599	5,798
South Korea, Republic of	1,333	563	279	25,143	4,717	59,007	57,846	58,508
Spain	417	213	115	16,140	5,116	11,624	10,903	11,439
Sweden	466	362	343	49,528	12,274	52,528	49,467	50,619
Switzerland	1,427	779	634	771,797	56,155	156,562	123,717	149,123
United Kingdom	4,281	2,476	1,593	2,484,273	417,785	719,154	618,397	674,707
Venezuela	1,015	738	717	21,789	4,365	44,427	43,142	42,823

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2005—Continued

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

Age of corporation and selected country of foreign owner	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations	2,239,966	160,450	165,188	201,597	-36,409	153,007	53,820	42,415
AGE OF CORPORATION								
Old corporations:								
Number or amount	2,125,263	155,926	160,244	192,140	-31,896	146,133	51,371	40,444
Percentage of all corporations	94.88	97.18	97.01	95.31	87.60	95.51	95.45	95.35
New corporations:								
Number or amount	114,703	4,524	4,944	9,456	-4,513	6,874	2,449	1,971
Percentage of all corporations	5.12	2.82	2.99	4.69	12.40	4.49	4.55	4.65
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	2,214,543	159,206	163,928	199,159	-35,225	151,165	53,177	41,864
Percentage of all countries	98.87	99.22	99.24	98.79	96.75	98.80	98.81	98.70
Selected countries:								
Australia	17,570	2,888	2,973	3,998	-1,025	2,998	1,064	554
Austria	6,584	525	524	579	-55	533	186	181
Belgium	23,925	2,193	2,216	2,427	-211	1,841	646	593
Bermuda	36,213	604	803	3,661	-2,858	1,522	571	318
Brazil	5,507	285	284	515	-231	477	166	165
British Virgin Islands [1]	12,129	468	473	1,155	-682	579	199	194
Canada	188,912	11,261	11,420	17,310	-5,890	11,243	4,002	3,365
Cayman Islands	9,993	1,703	1,792	2,867	-1,075	1,251	443	340
China	6,652	224	223	296	-73	264	90	78
China (Taiwan)	19,707	676	676	901	-224	674	235	192
Colombia	397	-11	-11	*24	*-35	*24	*7	*4
Denmark	12,968	710	725	901	-176	435	177	152
Finland	15,716	354	362	487	-125	217	82	65
Former Soviet Union [2]	7,493	49	49	*109	*-59	*86	*30	*30
France	122,504	15,249	15,873	18,820	-2,946	12,824	4,360	3,534
Germany	260,878	16,164	16,772	20,895	-4,122	11,133	3,945	2,592
Hong Kong	7,148	146	146	291	-145	211	72	66
India	3,019	39	38	182	-144	154	49	48
Ireland	10,880	490	486	786	-300	607	212	208
Israel	9,282	697	709	1,071	-361	771	269	250
Italy	12,285	1,337	1,359	1,732	-373	1,427	497	404
Japan	412,190	23,099	23,122	27,815	-4,693	23,951	8,398	7,791
Liechtenstein	3,764	261	259	290	-31	157	54	53
Luxembourg	12,855	590	663	1,334	-671	1,095	389	318
Mexico	13,022	1,914	2,001	2,431	-430	1,762	614	187
Netherlands	290,792	18,493	18,952	20,785	-1,832	16,687	5,814	4,592
Netherlands Antilles	2,979	1,003	1,001	1,089	-88	849	297	279
Norway	10,166	600	602	784	-182	307	107	101
Pakistan	*153	*-22	*-22	d	d	d	d	d
Panama	4,473	283	289	370	-81	237	82	82
Puerto Rico	26	58	56	*79	*-23	*78	*27	*26
Saudi Arabia	8,316	843	843	889	-46	885	*310	*275
Singapore	5,198	66	70	208	-138	98	35	32
South Africa, Republic of	4,392	-114	-114	d	d	d	d	d
South Korea, Republic of	52,949	498	504	936	-432	576	201	188
Spain	8,100	185	238	645	-407	545	191	164
Sweden	38,224	1,909	1,892	2,167	-276	1,618	565	498
Switzerland	61,902	7,438	7,386	8,800	-1,413	7,180	2,524	2,289
United Kingdom	454,184	44,447	46,688	49,731	-3,043	44,133	15,663	11,057
Venezuela	41,096	1,604	1,606	1,693	-87	1,645	572	567

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

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

[1] Includes domestic corporations with owners from Saint Christopher, Nevis, and Anguilla.

[2] Includes domestic corporations with owners from Russia, Armenia, Uzbekistan, Ukraine, Turkmenistan, Tajikistan, Sakhalin Island, Moldova, Kyrgyzstan, Azerbaijan, Kazakhstan, Kurile Islands, Georgia, Belarus, and Estonia.

NOTES: "New" corporations were those with dates of incorporation between 2003 and 2006; "old" corporations were those with dates of incorporation prior to 2003, or with unknown dates of incorporation. Countries shown in this table are those in which one or more of the following were present: (a) at least 500 returns, (b) at least \$10 billion of total assets, or (c) at least \$5 billion of total receipts. Detail may not add to totals because of rounding.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005

[Money amounts are in millions of dollars]

Control status and industrial sector	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)	
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,790	2,853	2,723	8,767,910	4,097,858	4,670,051	30,229
Agriculture, forestry, fishing, and hunting	12	9	8	1,675	483	1,192	0
Mining	78	55	52	94,614	21,512	73,102	409
Utilities	25	22	18	93,942	11,546	82,396	0
Construction	78	53	52	28,464	17,004	11,459	118
Manufacturing	1,418	1,028	976	2,341,323	1,309,016	1,032,307	2,829
Wholesale and retail trade	1,191	973	940	483,067	274,422	208,646	2,044
Wholesale trade	1,063	878	850	394,464	241,119	153,345	1,562
Retail trade	128	96	91	88,603	33,302	55,301	482
Transportation and warehousing	77	59	55	46,153	10,172	35,981	266
Information	109	71	65	301,387	37,819	263,568	2,146
Finance and insurance	306	234	229	4,116,485	1,729,392	2,387,093	21,277
Real estate and rental and leasing	67	46	46	63,038	17,850	45,188	209
Professional, scientific, and technical services	180	132	122	105,900	32,195	73,706	16
Management of companies (holding companies)	83	62	56	985,394	617,637	367,757	380
Administrative and support and waste management and remediation services	71	52	49	31,554	7,023	24,531	68
Educational services	6	d	d	1,143	309	833	0
Health care and social assistance	20	13	13	22,101	5,041	17,060	38
Arts, entertainment, and recreation	19	7	7	4,138	1,045	3,093	0
Accommodation and food services	39	26	26	44,865	4,633	40,232	421
Other services	12	d	d	2,667	759	1,908	7
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	15,248	11,944	11,535	41,072,862	16,138,040	24,934,822	338,405
Agriculture, forestry, fishing, and hunting	111	89	84	20,839	6,794	14,045	96
Mining	229	172	171	393,902	89,621	304,282	2,211
Utilities	186	130	124	1,378,146	322,912	1,055,234	91
Construction	768	663	671	181,437	112,637	68,800	1,336
Manufacturing	3,293	2,453	2,316	7,418,404	2,583,239	4,835,166	37,790
Wholesale and retail trade	3,959	3,249	3,147	1,769,855	728,891	1,040,964	2,042
Wholesale trade	2,218	1,892	1,846	889,312	364,083	525,229	1,553
Retail trade	1,741	1,358	1,301	880,543	364,808	515,735	489
Transportation and warehousing	478	348	337	434,486	96,272	338,213	1,761
Information	683	405	385	2,487,723	492,740	1,994,984	719
Finance and insurance	2,013	1,702	1,670	13,897,302	4,762,360	9,134,942	4,735
Real estate and rental and leasing	168	118	111	215,972	81,699	134,273	183
Professional, scientific, and technical services	789	549	515	326,654	138,631	188,023	482
Management of companies (holding companies)	1,300	1,242	1,240	11,886,758	6,575,929	5,310,828	285,368
Administrative and support and waste management and remediation services	321	227	220	175,982	42,049	133,933	129
Educational services	52	33	31	15,260	5,335	9,926	6
Health care and social assistance	495	284	248	153,355	36,966	116,389	74
Arts, entertainment, and recreation	63	37	35	44,649	6,783	37,866	1,198
Accommodation and food services	262	187	176	242,324	47,852	194,472	151
Other services	80	57	53	29,812	7,329	22,483	34

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	4,197,448	2,878,442	118,991	1,692,020	-23,510	16,671	-40,181
Agriculture, forestry, fishing, and hunting	231	678	0	766	-132	0	-132
Mining	15,061	29,909	2,277	49,644	-1,169	4	-1,172
Utilities	13,782	55,208	2,088	24,952	306	0	306
Construction	11,399	7,472	793	9,593	361	0	361
Manufacturing	1,166,792	628,046	63,546	546,485	-22,970	635	-23,606
Wholesale and retail trade	209,510	138,418	6,202	135,139	8,278	80	8,198
Wholesale trade	181,154	104,357	4,374	108,954	8,163	8	8,155
Retail trade	28,357	34,061	1,828	26,185	115	72	43
Transportation and warehousing	9,946	17,862	555	18,345	-2,337	5	-2,342
Information	43,426	76,368	24,184	181,594	-40,706	305	-41,011
Finance and insurance	1,891,023	1,704,642	10,659	520,820	39,490	15,519	23,971
Real estate and rental and leasing	14,432	29,258	1,420	19,348	-416	0	-416
Professional, scientific, and technical services	34,651	23,444	2,491	47,805	-15,540	23	-15,563
Management of companies (holding companies)	768,367	121,815	2,115	95,212	26,820	93	26,727
Administrative and support and waste management and remediation services	7,143	13,161	1,646	11,249	-15,335	0	-15,335
Educational services	395	265	103	483	-226	0	-226
Health care and social assistance	3,137	7,573	483	11,390	1,279	0	1,279
Arts, entertainment, and recreation	1,421	1,455	114	1,262	-58	0	-58
Accommodation and food services	6,014	21,504	254	17,347	-1,599	0	-1,599
Other services	718	1,363	61	586	443	6	437
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	19,851,960	11,532,423	102,662	9,688,480	3,435,032	115,989	3,319,042
Agriculture, forestry, fishing, and hunting	5,630	11,373	502	3,836	1,402	18	1,384
Mining	67,365	148,032	639	178,505	59,583	54	59,529
Utilities	330,893	719,109	1,259	328,143	3,081	1,178	1,903
Construction	55,432	62,494	285	63,511	45,757	6	45,751
Manufacturing	2,235,072	2,188,938	27,038	2,994,395	1,284,794	2,641	1,282,154
Wholesale and retail trade	553,265	410,787	4,006	805,804	498,980	2,673	496,307
Wholesale trade	258,981	179,190	2,734	451,141	272,872	2,464	270,408
Retail trade	294,284	231,596	1,272	354,662	226,108	209	225,899
Transportation and warehousing	99,721	255,028	2,440	79,737	11,053	46	11,007
Information	493,116	885,516	2,807	1,109,092	-141,309	171	-141,480
Finance and insurance	7,012,418	4,782,084	2,999	2,102,800	1,111,492	106,887	1,004,605
Real estate and rental and leasing	62,198	98,832	3,187	54,943	5,572	19	5,553
Professional, scientific, and technical services	117,491	85,347	863	123,816	-26,012	168	-26,180
Management of companies (holding companies)	8,690,573	1,579,878	51,971	1,616,308	522,282	1,806	520,476
Administrative and support and waste management and remediation services	39,342	74,516	66	62,124	17,002	127	16,875
Educational services	4,198	4,105	20	6,958	2,554	0	2,554
Health care and social assistance	32,096	70,001	898	51,259	1,592	12	1,580
Arts, entertainment, and recreation	7,104	20,520	1,789	17,025	-8,288	6	-8,294
Accommodation and food services	41,157	122,002	1,875	79,166	44,337	122	44,215
Other services	4,891	13,862	19	11,059	1,160	57	1,104

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	Receipts						Dividends received from:	
	Total	Business receipts	Interest [1]	Rents	Royalties	Domestic corporations	Foreign corporations	
	(15)	(16)	(17)	(18)	(19)	(20)	(21)	
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
All industries	3,317,476	2,896,114	230,843	15,680	11,086	4,232	17,531	
Agriculture, forestry, fishing, and hunting	1,140	1,037	9	1	1	0	0	
Mining	44,712	42,140	529	61	48	628	147	
Utilities	39,742	37,935	754	206	0	34	40	
Construction	37,734	35,895	309	175	11	1	42	
Manufacturing	1,613,934	1,523,244	21,211	9,691	4,656	524	10,405	
Wholesale and retail trade	814,069	788,353	5,549	1,195	2,181	550	2,362	
Wholesale trade	647,165	625,655	4,814	821	1,923	525	1,540	
Retail trade	166,904	162,699	735	374	257	25	822	
Transportation and warehousing	40,411	38,546	400	233	19	4	135	
Information	75,587	64,296	2,529	111	2,789	564	429	
Finance and insurance	421,980	218,793	141,464	1,580	24	1,769	2,823	
Real estate and rental and leasing	16,678	12,806	899	317	4	22	19	
Professional, scientific, and technical services	53,056	49,634	554	101	679	28	134	
Management of companies (holding companies)	83,443	16,635	55,573	1,832	111	78	895	
Administrative and support and waste management and remediation services	30,049	28,587	350	7	6	8	8	
Educational services	873	845	2	1	24	0	1	
Health care and social assistance	12,994	12,100	108	9	14	0	14	
Arts, entertainment, and recreation	2,950	2,250	63	29	25	20	1	
Accommodation and food services	25,446	20,482	511	131	449	3	46	
Other services	2,678	2,538	28	0	47	0	28	
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED								
All industries	13,657,411	11,123,685	1,222,727	75,847	134,422	15,653	327,208	
Agriculture, forestry, fishing, and hunting	22,696	21,157	114	55	40	4	652	
Mining	203,064	177,660	2,961	272	1,127	285	6,766	
Utilities	598,404	552,440	9,810	2,902	69	159	1,743	
Construction	238,313	229,675	1,826	549	237	39	240	
Manufacturing	4,578,404	3,938,064	121,684	19,802	82,460	2,020	258,234	
Wholesale and retail trade	2,941,330	2,840,069	17,157	4,588	10,228	836	14,386	
Wholesale trade	1,250,180	1,204,833	9,686	2,431	4,100	778	10,229	
Retail trade	1,691,150	1,635,236	7,471	2,157	6,128	58	4,157	
Transportation and warehousing	391,479	370,563	3,305	1,497	1,978	53	855	
Information	844,919	696,410	31,132	13,029	23,910	1,594	11,669	
Finance and insurance	2,183,725	1,391,230	560,744	6,465	1,242	8,651	11,415	
Real estate and rental and leasing	83,426	67,559	6,120	521	618	29	805	
Professional, scientific, and technical services	239,347	221,127	4,311	312	4,554	54	2,602	
Management of companies (holding companies)	764,167	111,973	456,130	23,828	444	1,837	10,735	
Administrative and support and waste management and remediation services	171,470	152,781	2,421	357	1,541	32	1,255	
Educational services	14,402	13,811	102	18	122	1	0	
Health care and social assistance	159,102	151,906	996	496	131	23	277	
Arts, entertainment, and recreation	21,558	18,639	485	147	148	15	14	
Accommodation and food services	178,588	146,434	3,307	961	5,433	9	5,550	
Other services	23,019	22,188	122	48	140	13	9	

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,164,170	2,134,260	12,374	193,656	195,907	39,236	71,485
Agriculture, forestry, fishing, and hunting	1,049	659	12	53	49	19	45
Mining	38,892	23,014	142	2,266	1,385	879	2,154
Utilities	37,985	22,727	42	1,473	2,886	1,287	2,463
Construction	35,983	30,625	198	1,422	591	357	290
Manufacturing	1,535,227	1,194,762	3,819	66,146	39,159	16,072	37,205
Wholesale and retail trade	788,404	636,261	2,044	38,549	9,271	6,844	12,160
Wholesale trade	625,578	516,335	1,655	23,664	6,916	4,621	9,947
Retail trade	162,827	119,925	389	14,885	2,355	2,223	2,213
Transportation and warehousing	40,569	13,990	209	6,597	1,099	1,158	1,410
Information	70,819	23,832	410	10,601	6,302	1,273	3,951
Finance and insurance	407,336	136,243	3,897	28,808	99,238	4,544	4,994
Real estate and rental and leasing	15,353	3,912	174	2,475	1,709	469	2,644
Professional, scientific, and technical services	51,374	18,146	731	12,120	1,537	2,339	876
Management of companies (holding companies)	69,695	759	359	9,373	29,744	1,124	1,960
Administrative and support and waste management and remediation services	29,699	13,909	113	5,597	1,226	1,220	501
Educational services	847	276	23	198	31	24	13
Health care and social assistance	11,586	4,436	83	1,923	373	427	235
Arts, entertainment, and recreation	2,758	574	38	757	134	64	92
Accommodation and food services	24,078	8,923	60	4,863	1,120	1,068	470
Other services	2,515	1,212	19	435	52	68	23
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	12,551,699	6,984,208	71,976	1,255,848	939,778	251,045	329,818
Agriculture, forestry, fishing, and hunting	21,242	16,559	152	961	544	319	418
Mining	175,683	97,998	1,627	7,588	7,478	5,756	7,293
Utilities	580,031	345,271	2,105	22,168	32,965	19,975	33,162
Construction	218,377	170,122	2,162	10,044	2,871	3,337	1,827
Manufacturing	4,113,967	2,853,394	16,497	269,448	160,166	70,361	108,532
Wholesale and retail trade	2,821,436	2,187,363	9,388	235,451	27,422	38,326	31,473
Wholesale trade	1,206,670	1,020,308	5,000	58,877	12,277	9,852	9,028
Retail trade	1,614,766	1,167,055	4,388	176,574	15,144	28,474	22,444
Transportation and warehousing	379,965	101,703	1,602	78,147	10,602	13,451	20,639
Information	776,259	142,538	5,648	124,632	59,334	21,715	52,292
Finance and insurance	2,000,832	826,826	14,828	195,844	350,248	31,241	18,449
Real estate and rental and leasing	76,481	14,327	741	13,041	8,306	2,021	13,907
Professional, scientific, and technical services	231,489	72,877	4,831	62,796	6,049	6,599	4,095
Management of companies (holding companies)	628,431	4,776	7,226	100,705	254,347	13,902	22,982
Administrative and support and waste management and remediation services	158,657	68,367	1,147	28,823	5,023	7,259	3,625
Educational services	12,957	1,992	190	4,291	206	386	325
Health care and social assistance	153,070	21,182	1,528	55,677	4,296	6,077	3,352
Arts, entertainment, and recreation	20,517	3,306	269	4,438	1,436	1,363	1,144
Accommodation and food services	160,130	46,104	1,858	37,878	7,799	8,145	5,717
Other services	22,176	9,504	177	3,917	686	811	586

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	153,306	6,202	157,959	181,513	-23,554	38,429	25,792
Agriculture, forestry, fishing, and hunting	91	0	91	116	-26	19	19
Mining	5,820	340	6,158	6,463	-305	2,532	2,011
Utilities	1,757	0	1,753	1,829	-76	1,169	1,115
Construction	1,751	1	1,752	2,099	-348	197	159
Manufacturing	78,708	3,225	81,643	90,884	-9,241	14,558	8,264
Wholesale and retail trade	25,665	534	26,083	28,880	-2,797	6,882	4,907
Wholesale trade	21,588	352	21,847	24,266	-2,419	5,466	3,941
Retail trade	4,077	181	4,237	4,614	-378	1,416	965
Transportation and warehousing	-158	22	-152	1,233	-1,384	331	262
Information	4,768	291	5,047	6,320	-1,273	3,160	2,446
Finance and insurance	14,644	717	14,998	21,075	-6,077	5,928	3,759
Real estate and rental and leasing	1,325	4	1,120	1,582	-462	684	664
Professional, scientific, and technical services	1,682	37	1,689	2,572	-883	1,038	937
Management of companies (holding companies)	13,748	994	14,236	14,360	-124	1,010	398
Administrative and support and waste management and remediation services	350	5	352	630	-278	235	228
Educational services	26	1	27	d	d	d	d
Health care and social assistance	1,409	0	1,408	1,454	-46	222	207
Arts, entertainment, and recreation	192	[2]	193	301	-108	15	1
Accommodation and food services	1,368	14	1,381	1,470	-89	420	388
Other services	162	17	180	d	d	d	d
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	1,105,712	108,883	1,187,940	1,283,601	-95,661	318,905	81,587
Agriculture, forestry, fishing, and hunting	1,454	74	1,523	1,681	-158	678	144
Mining	27,382	2,730	30,011	35,253	-5,242	6,274	3,747
Utilities	18,373	751	18,486	30,892	-12,406	5,502	4,015
Construction	19,936	78	19,977	20,731	-754	684	563
Manufacturing	464,437	79,017	539,873	560,300	-20,427	209,224	24,347
Wholesale and retail trade	119,894	5,878	124,561	132,729	-8,168	16,112	5,665
Wholesale trade	43,509	4,172	46,909	49,932	-3,022	9,905	2,597
Retail trade	76,384	1,706	77,652	82,797	-5,145	6,208	3,068
Transportation and warehousing	11,514	357	11,769	20,091	-8,322	1,736	1,069
Information	68,660	3,893	72,088	90,102	-18,014	24,908	15,918
Finance and insurance	182,893	8,303	176,589	185,385	-8,796	22,742	10,292
Real estate and rental and leasing	6,945	65	6,931	8,330	-1,399	4,369	3,902
Professional, scientific, and technical services	7,858	743	8,505	14,028	-5,523	4,686	2,731
Management of companies (holding companies)	135,735	6,109	136,603	137,367	-764	8,687	1,418
Administrative and support and waste management and remediation services	12,813	245	12,833	13,801	-969	5,357	4,448
Educational services	1,445	1	1,404	1,568	-164	62	62
Health care and social assistance	6,032	25	5,910	8,318	-2,408	1,246	1,047
Arts, entertainment, and recreation	1,041	12	1,033	1,570	-538	234	223
Accommodation and food services	18,458	597	19,005	20,265	-1,259	6,252	1,854
Other services	843	5	839	1,190	-351	152	143

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	Income subject to tax	Total income tax before credits	Income tax	Alternative minimum tax	Total credits	Foreign tax credit	Total income tax after credits
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	143,404	50,538	49,914	621	11,234	7,938	39,304
Agriculture, forestry, fishing, and hunting	98	34	34	0	1	0	33
Mining	3,932	1,587	1,375	212	776	706	811
Utilities	672	253	235	17	83	0	170
Construction	1,933	678	676	2	11	9	667
Manufacturing	76,618	26,930	26,790	144	7,616	5,595	19,314
Wholesale and retail trade	22,086	7,746	7,710	36	573	335	7,173
Wholesale trade	18,887	6,617	6,592	26	521	314	6,097
Retail trade	3,198	1,129	1,118	11	52	21	1,077
Transportation and warehousing	902	319	315	4	53	26	266
Information	3,204	1,154	1,120	34	114	47	1,040
Finance and insurance	14,966	5,147	5,013	131	992	716	4,155
Real estate and rental and leasing	898	322	314	8	53	8	269
Professional, scientific, and technical services	1,538	548	537	11	84	46	464
Management of companies (holding companies)	13,358	4,679	4,675	4	733	396	3,946
Administrative and support and waste management and remediation services	398	141	138	2	19	1	122
Educational services	d	d	d	d	d	d	d
Health care and social assistance	1,232	434	431	3	18	1	416
Arts, entertainment, and recreation	285	100	100	0	9	2	91
Accommodation and food services	1,067	391	377	11	76	26	314
Other services	d	d	d	d	d	d	d
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	970,476	341,713	339,277	2,411	93,616	72,534	248,097
Agriculture, forestry, fishing, and hunting	1,040	364	362	2	15	11	349
Mining	29,012	10,500	10,151	348	3,250	2,943	7,250
Utilities	25,801	9,224	9,029	190	1,660	96	7,563
Construction	20,048	7,015	7,002	7	205	60	6,809
Manufacturing	354,742	124,410	124,076	323	58,243	49,940	66,166
Wholesale and retail trade	117,182	40,987	40,914	91	3,821	2,880	37,165
Wholesale trade	40,389	14,137	14,098	52	2,588	1,998	11,549
Retail trade	76,793	26,849	26,816	39	1,233	882	25,616
Transportation and warehousing	18,406	6,457	6,436	21	745	327	5,712
Information	65,673	23,205	22,974	236	3,775	2,796	19,430
Finance and insurance	162,826	57,773	56,884	906	10,370	5,955	47,404
Real estate and rental and leasing	3,964	1,456	1,383	72	59	25	1,397
Professional, scientific, and technical services	9,714	3,430	3,391	38	633	393	2,797
Management of companies (holding companies)	128,638	45,066	44,988	45	8,928	6,067	36,138
Administrative and support and waste management and remediation services	8,454	3,041	2,954	87	420	165	2,620
Educational services	1,506	527	526	1	4	3	523
Health care and social assistance	7,079	2,491	2,472	19	59	17	2,432
Arts, entertainment, and recreation	1,338	470	468	2	75	43	395
Accommodation and food services	14,013	4,933	4,902	21	1,338	807	3,595
Other services	1,043	366	364	2	14	6	352

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	75.28	71.85	47.87	32.83	19.30	418.19
Agriculture, forestry, fishing, and hunting	75.00	66.67	13.79	40.48	45.73	118.67
Mining	70.51	66.67	15.92	31.61	52.47	90.58
Utilities	88.00	72.00	14.67	58.77	26.56	276.49
Construction	67.95	66.67	40.05	26.25	33.70	196.72
Manufacturing	72.50	68.83	49.83	26.82	23.34	328.43
Wholesale and retail trade	81.70	78.93	43.37	28.65	27.98	257.46
Wholesale trade	82.60	79.96	45.92	26.46	27.62	262.05
Retail trade	75.00	71.09	32.00	38.44	29.55	238.37
Transportation and warehousing	76.62	71.43	21.55	38.70	39.75	151.58
Information	65.14	59.63	14.41	25.34	60.25	65.97
Finance and insurance	76.47	74.84	45.94	41.41	12.65	690.39
Real estate and rental and leasing	68.66	68.66	22.89	46.41	30.69	225.81
Professional, scientific, and technical services	73.33	67.78	32.72	22.14	45.14	121.52
Management of companies (holding companies)	74.70	67.47	77.98	12.36	9.66	934.95
Administrative and support and waste management and remediation services	73.24	69.01	22.64	41.71	35.65	180.50
Educational services	d	d	34.56	23.18	42.26	136.65
Health care and social assistance	65.00	65.00	14.19	34.27	51.54	94.03
Arts, entertainment, and recreation	36.84	36.84	34.34	35.16	30.50	227.89
Accommodation and food services	66.67	66.67	13.40	47.93	38.66	158.63
Other services	d	d	26.92	51.11	21.97	355.12
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	78.33	75.65	48.33	28.08	23.59	323.94
Agriculture, forestry, fishing, and hunting	80.18	75.68	27.02	54.58	18.41	443.25
Mining	75.11	74.67	17.10	37.58	45.32	120.67
Utilities	69.89	66.67	24.01	52.18	23.81	319.98
Construction	86.33	87.37	30.55	34.44	35.00	185.68
Manufacturing	74.49	70.33	30.13	29.51	40.36	147.74
Wholesale and retail trade	82.07	79.49	31.26	23.21	45.53	119.64
Wholesale trade	85.30	83.23	29.12	20.15	50.73	97.13
Retail trade	78.00	74.73	33.42	26.30	40.28	148.28
Transportation and warehousing	72.80	70.50	22.95	58.70	18.35	444.90
Information	59.30	56.37	19.82	35.60	44.58	124.30
Finance and insurance	84.55	82.96	50.46	34.41	15.13	560.90
Real estate and rental and leasing	70.24	66.07	28.80	45.76	25.44	293.09
Professional, scientific, and technical services	69.58	65.27	35.97	26.13	37.90	163.82
Management of companies (holding companies)	95.54	95.38	73.11	13.29	13.60	635.43
Administrative and support and waste management and remediation services	70.72	68.54	22.36	42.34	35.30	183.28
Educational services	63.46	59.62	27.51	26.90	45.60	119.33
Health care and social assistance	57.37	50.10	20.93	45.65	33.43	199.18
Arts, entertainment, and recreation	58.73	55.56	15.91	45.96	38.13	162.26
Accommodation and food services	71.37	67.18	16.98	50.35	32.67	206.10
Other services	71.25	66.25	16.41	46.50	37.10	169.57

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	37.84	73.69	5.91	1.75	9.06	4.62
Agriculture, forestry, fishing, and hunting	68.06	63.55	4.30	5.43	11.88	7.98
Mining	47.26	54.61	3.10	6.15	11.72	13.02
Utilities	42.30	59.91	7.26	1.87	7.04	4.42
Construction	132.57	85.32	1.57	6.15	18.25	4.64
Manufacturing	68.93	78.44	2.43	3.36	14.40	4.88
Wholesale and retail trade	168.52	80.71	1.14	5.31	18.99	3.15
Wholesale trade	164.06	82.53	1.07	5.47	19.81	3.34
Retail trade	188.37	73.71	1.41	4.60	15.57	2.44
Transportation and warehousing	87.56	36.29	2.72	-0.34	-0.86	-0.39
Information	25.08	37.07	8.34	1.58	2.63	6.31
Finance and insurance	10.25	62.27	23.52	0.36	2.81	3.47
Real estate and rental and leasing	26.46	30.55	10.25	2.10	6.85	7.94
Professional, scientific, and technical services	50.10	36.56	2.90	1.59	3.52	3.17
Management of companies (holding companies)	8.47	4.56	35.65	1.40	14.44	16.48
Administrative and support and waste management and remediation services	95.23	48.65	4.08	1.11	3.11	1.16
Educational services	76.38	32.66	3.55	2.27	5.38	2.98
Health care and social assistance	58.79	36.66	2.87	6.38	12.37	10.84
Arts, entertainment, and recreation	71.29	25.51	4.54	4.64	15.21	6.51
Accommodation and food services	56.72	43.57	4.40	3.05	7.89	5.38
Other services	100.41	47.75	1.94	6.07	27.65	6.05
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	33.25	62.79	6.88	2.69	11.41	8.10
Agriculture, forestry, fishing, and hunting	108.91	78.27	2.40	6.98	37.90	6.41
Mining	51.55	55.16	3.68	6.95	15.34	13.48
Utilities	43.42	62.50	5.51	1.33	5.60	3.07
Construction	131.35	74.07	1.20	10.99	31.39	8.37
Manufacturing	61.72	72.46	3.50	6.26	15.51	10.14
Wholesale and retail trade	166.19	77.02	0.93	6.77	14.88	4.08
Wholesale trade	140.58	84.68	0.98	4.89	9.64	3.48
Retail trade	192.06	71.37	0.90	8.67	21.54	4.52
Transportation and warehousing	90.10	27.45	2.71	2.65	14.44	2.94
Information	33.96	20.47	7.02	2.76	6.19	8.13
Finance and insurance	15.71	59.43	16.04	1.32	8.70	8.38
Real estate and rental and leasing	38.63	21.21	9.96	3.22	12.64	8.32
Professional, scientific, and technical services	73.27	32.96	2.53	2.41	6.35	3.28
Management of companies (holding companies)	6.43	4.27	33.28	1.14	8.40	17.76
Administrative and support and waste management and remediation services	97.44	44.75	2.93	7.28	20.62	7.47
Educational services	94.38	14.42	1.43	9.47	20.77	10.03
Health care and social assistance	103.75	13.94	2.70	3.93	11.77	3.79
Arts, entertainment, and recreation	48.28	17.74	6.66	2.33	6.11	4.83
Accommodation and food services	73.70	31.48	4.37	7.62	23.32	10.34
Other services	77.21	42.83	2.98	2.83	7.62	3.66

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	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)	
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS				
All industries	1.80	9.34	4.76	14.21
Agriculture, forestry, fishing, and hunting	5.43	11.88	7.98	16.38
Mining	6.51	12.40	13.77	31.12
Utilities	1.87	7.03	4.41	60.96
Construction	6.16	18.26	4.64	7.58
Manufacturing	3.49	14.94	5.06	9.09
Wholesale and retail trade	5.40	19.30	3.20	16.99
Wholesale trade	5.54	20.05	3.38	16.24
Retail trade	4.78	16.18	2.54	20.91
Transportation and warehousing	-0.33	-0.83	-0.38	21.25
Information	1.67	2.78	6.68	38.70
Finance and insurance	0.36	2.88	3.55	17.84
Real estate and rental and leasing	1.78	5.79	6.72	41.97
Professional, scientific, and technical services	1.59	3.53	3.18	36.43
Management of companies (holding companies)	1.44	14.95	17.06	2.77
Administrative and support and waste management and remediation services	1.12	3.13	1.17	36.19
Educational services	2.36	5.59	3.09	d
Health care and social assistance	6.37	12.36	10.84	14.24
Arts, entertainment, and recreation	4.66	15.29	6.54	0.33
Accommodation and food services	3.08	7.96	5.43	26.39
Other services	6.75	30.72	6.72	d
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED				
All industries	2.89	12.26	8.70	6.36
Agriculture, forestry, fishing, and hunting	7.31	39.70	6.71	8.57
Mining	7.62	16.81	14.78	10.63
Utilities	1.34	5.63	3.09	13.00
Construction	11.01	31.45	8.38	2.72
Manufacturing	7.28	18.03	11.79	4.35
Wholesale and retail trade	7.04	15.46	4.23	4.27
Wholesale trade	5.27	10.40	3.75	5.20
Retail trade	8.82	21.89	4.59	3.71
Transportation and warehousing	2.71	14.76	3.01	5.32
Information	2.90	6.50	8.53	17.67
Finance and insurance	1.27	8.40	8.09	5.55
Real estate and rental and leasing	3.21	12.61	8.31	46.84
Professional, scientific, and technical services	2.60	6.87	3.55	19.47
Management of companies (holding companies)	1.15	8.45	17.88	1.03
Administrative and support and waste management and remediation services	7.29	20.66	7.48	32.23
Educational services	9.20	20.18	9.75	3.95
Health care and social assistance	3.85	11.53	3.71	12.59
Arts, entertainment, and recreation	2.31	6.07	4.79	14.20
Accommodation and food services	7.84	24.01	10.64	9.15
Other services	2.81	7.59	3.64	12.02

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2005

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Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2005—Continued

[Money amounts are in millions of dollars]

Control status and industrial sector	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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	1.64	8.48	4.32	0.45	2.32	1.18
Agriculture, forestry, fishing, and hunting	5.85	12.79	8.60	1.97	4.31	2.89
Mining	4.16	7.92	8.79	0.86	1.63	1.81
Utilities	0.72	2.69	1.69	0.18	0.68	0.43
Construction	6.79	20.15	5.12	2.34	6.95	1.77
Manufacturing	3.27	14.02	4.75	0.82	3.53	1.20
Wholesale and retail trade	4.57	16.34	2.71	1.48	5.31	0.88
Wholesale trade	4.79	17.33	2.92	1.55	5.60	0.94
Retail trade	3.61	12.21	1.92	1.22	4.11	0.65
Transportation and warehousing	1.95	4.92	2.23	0.58	1.45	0.66
Information	1.06	1.76	4.24	0.35	0.57	1.38
Finance and insurance	0.36	2.87	3.55	0.10	0.80	0.98
Real estate and rental and leasing	1.42	4.64	5.38	0.43	1.39	1.61
Professional, scientific, and technical services	1.45	3.22	2.90	0.44	0.97	0.87
Management of companies (holding companies)	1.36	14.03	16.01	0.40	4.14	4.73
Administrative and support and waste management and remediation services	1.26	3.54	1.32	0.39	1.08	0.41
Educational services	d	d	d	d	d	d
Health care and social assistance	5.57	10.82	9.48	1.88	3.65	3.20
Arts, entertainment, and recreation	6.89	22.58	9.66	2.20	7.21	3.08
Accommodation and food services	2.38	6.15	4.19	0.70	1.81	1.23
Other services	d	d	d	d	d	d
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	2.36	10.02	7.11	0.60	2.56	1.82
Agriculture, forestry, fishing, and hunting	4.99	27.11	4.58	1.67	9.10	1.54
Mining	7.37	16.25	14.29	1.84	4.06	3.57
Utilities	1.87	7.86	4.31	0.55	2.30	1.26
Construction	11.05	31.57	8.41	3.75	10.72	2.86
Manufacturing	4.78	11.85	7.75	0.89	2.21	1.45
Wholesale and retail trade	6.62	14.54	3.98	2.10	4.61	1.26
Wholesale trade	4.54	8.95	3.23	1.30	2.56	0.92
Retail trade	8.72	21.65	4.54	2.91	7.22	1.51
Transportation and warehousing	4.24	23.08	4.70	1.31	7.16	1.46
Information	2.64	5.92	7.77	0.78	1.75	2.30
Finance and insurance	1.17	7.74	7.46	0.34	2.25	2.17
Real estate and rental and leasing	1.84	7.21	4.75	0.65	2.54	1.67
Professional, scientific, and technical services	2.97	7.85	4.06	0.86	2.26	1.17
Management of companies (holding companies)	1.08	7.96	16.83	0.30	2.24	4.73
Administrative and support and waste management and remediation services	4.80	13.61	4.93	1.49	4.22	1.53
Educational services	9.87	21.64	10.46	3.43	7.52	3.63
Health care and social assistance	4.62	13.81	4.45	1.59	4.74	1.53
Arts, entertainment, and recreation	3.00	7.86	6.21	0.88	2.32	1.83
Accommodation and food services	5.78	17.70	7.85	1.48	4.54	2.01
Other services	3.50	9.43	4.53	1.18	3.18	1.53

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

[1] Excludes nontaxable interest received on State and local government obligations, which totaled \$26.7 billion for large domestic corporations not foreign-controlled, and \$1.5 billion for large foreign-controlled domestic corporations.

[2] Less than \$500,000.

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 were used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Percentages shown in table were calculated using rounded data. Detail may not add to totals because of rounding.