

# Foreign-Controlled Domestic Corporations, 2007

by James R. Hobbs

**F**or Tax Year 2007, the 64,026 U.S. domestic corporations, each controlled by a foreign “person,” generated \$4.2 trillion of total receipts with \$11.2 trillion of total assets, based on information reported on corporation income tax returns filed with the Internal Revenue Service (IRS). Both total receipts and total assets increased for 2007, by 9.8 percent and 14.6 percent, respectively, over the previous year.<sup>1</sup> These “foreign-controlled domestic corporation” returns were few in number, just 1.1 percent of the total U.S. corporation income tax returns filed. However, they accounted for 14.7 percent of the receipts and 13.7 percent of the assets reported on all U.S. corporation income tax returns.

The total profits (i.e., “net income (less deficit)”) reported by all foreign-controlled domestic corporations (FCDCs) for tax purposes under the Internal Revenue Code were \$152.3 billion for 2007. This was an 11.8-percent decrease from the amount reported for the prior year. Placed in context, the profits reported on all corporation income tax returns decreased by 5.0 percent from the prior year, to \$1.8 trillion for 2007.<sup>2</sup> FCDCs accounted for 8.3 percent of the profits reported by all corporations for 2007, down from 8.9 percent for 2006.

Of the 64,026 FCDCs, 30,929 reported positive profits for 2007, totaling \$226.4 billion. This was a 5.4-percent increase over the prior-year amount. These profitable companies for 2007 also reported \$183.8 billion of taxable income (i.e., “income subject to tax”), an increase of 7.4 percent over the prior year. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$52.8 billion for 2007, 5.8 percent more than that of the prior year.

For 2007, there were 4,287 “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: 94.5 percent of total assets, 95.0 percent of total receipts, 93.7 percent of profits, 93.9 percent of taxable income, and 93.0 percent of total income tax after credits. After an overview of all FCDCs, this article focuses on these 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 2007. Tables 2, 3, and 4 concentrate on Tax Year 2007 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 Business Activity in the United States

Foreign business activity 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 in a company that operates in the United States as a branch of a foreign corporation.<sup>3,4</sup> 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

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<sup>1</sup> For additional 2007 statistics covering foreign-controlled domestic corporations (FCDCs), see Tables 24 and 25 of *Statistics of Income—2007, Corporation Income Tax Returns*, IRS Publication 16, March 2010. Statistics for tax years prior to 2007 are available in earlier editions of Publication 16. Additionally, for 2006 statistics covering FCDCs, see Hobbs, James R., “Foreign-Controlled Domestic Corporations, 2006,” *Statistics of Income Bulletin*, Summer 2009, Volume 29, Number 1. In addition, FCDC data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats/International/Foreign-Controlled Domestic Corporations.

<sup>2</sup> Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, Spring 2010, Volume 29, 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.

<sup>3</sup> 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.”

<sup>4</sup> 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. For the most recent statistics from that study, see Tables 10 and 11 that cover branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business, in *Statistics of Income—2007, Corporation Income Tax Returns*, IRS Publication 16, March 2010. Statistics for tax years prior to 2007 are available in earlier editions of Publication 16 and on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats/International/Foreign Corporations with U.S. Business Operations.

time during the accounting period.<sup>5,6</sup> A person is an entity, including an individual, corporation, partnership, estate, or trust. (This is discussed in greater depth in the Explanation of Selected Terms section of this article, under “constructive ownership rules” and “foreign person.”)

The foreign-controlled domestic corporation statistics shown in this article exclude domestic corporations with only foreign “portfolio” investors. 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.

Foreign-controlled domestic corporations report tax information 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.<sup>7</sup> However, FCDCs cannot file Forms 1120-A, 1120-F, or 1120S.

## Foreign-Controlled Domestic Corporations

### Growth of Corporations

The estimated numbers of returns filed by FCDCs have remained rather constant during the 10-year period of Tax Years 1998–2007. There were 61,658 returns of foreign-controlled domestic corporations for 1998; 64,026 for 2007. 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 1998 to 1.1 percent for 2007. The increase in total filings of U.S. corporation income tax returns has largely been due to the growth in the number of Forms 1120S filed by S corporations. For 1998, 1120S returns comprised 53.4 percent of all corporation returns (2,588,088 of the total 4,848,888 returns); for 2007, 68.0 percent of all returns (3,989,893 of the total 5,868,849 returns). FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes.

The counts of corporation income tax returns include consolidated returns. These returns contain the combined financial data of two or more corporations in which a common parent corporation owns 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 is owned within the group. A consolidated return filed by a common parent is treated as a single unit, with each statistical item being determined on the basis of the combined data of the affiliated group.

FCDCs, like most other corporations, could elect to file consolidated returns for affiliated groups of

<sup>5</sup> This study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or less. However, the tax 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. For 2007, there were only 4,135 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$284.5 billion of assets, \$130.4 billion of receipts, \$9.2 billion of taxable income, and \$2.6 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.

<sup>6</sup> 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.

<sup>7</sup> 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—2007, 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.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure A**

**Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1998–2007**



domestic corporations. For 2007, there were 6,150 consolidated returns filed by FCDCs, 9.6 percent of all FCDC returns. These returns accounted for the majority of economic activity reported by all FCDCs. Specifically, they accounted for \$9.9 trillion of assets (88.7 percent of the total for all FCDCs), \$3.6 trillion of receipts (86.2 percent of the total), \$130.2 billion of profits (85.5 percent of the total), \$161.4 billion of taxable income (87.8 percent of the total), and \$45.7 billion of total income tax after credits (86.5 percent of the total).

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. The study, however, did not tabulate the number of subsidiary corporations included in the consolidated returns.

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.<sup>8</sup> In particular, the share of both total U.S. corporate assets and receipts accounted for by FCDCs increased during the 1998-2007 time period.

The assets of domestic corporations controlled by foreign persons increased by 184.9 percent between 1998 and 2007, as compared to the 118.2-percent increase for the assets reported on all U.S. corporation income tax returns.<sup>9</sup> As a result of these changes, the percentage of total corporate assets accounted for by FCDCs increased from 10.5 percent for 1998 to 13.7 percent for 2007 (see Figure A).

Total receipts of FCDCs increased by 123.1 percent between 1998 and 2007, as compared to the increase of 66.0 percent for all corporations. As a result, the share of the receipts reported on all corporate returns attributed to FCDCs increased from 10.9 percent for 1998 to 14.7 percent for 2007.

<sup>8</sup> 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. Electronic versions of the articles can be obtained from the Internet at [www.bea.gov/international/index.htm](http://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.

<sup>9</sup> The percentage changes in the assets between 1998 and 2007 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.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure B**

## Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2007

[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)
<b>All industries [1]</b>	<b>64,026</b>	<b>100.0</b>	<b>11,161,430</b>	<b>100.0</b>	<b>4,217,409</b>	<b>100.0</b>
Agriculture, forestry, fishing, and hunting	906	1.4	8,663	0.1	10,538	0.2
Mining	1,125	1.8	158,447	1.4	78,493	1.9
Utilities	230	0.4	115,480	1.0	45,480	1.1
Construction	1,835	2.9	46,910	0.4	51,738	1.2
Manufacturing	6,601	10.3	2,508,531	22.5	1,858,326	44.1
Wholesale and retail trade	19,633	30.7	654,814	5.9	1,093,074	25.9
Wholesale trade	15,780	24.6	563,553	5.0	938,126	22.2
Retail trade	3,853	6.0	91,261	0.8	154,948	3.7
Transportation and warehousing	2,112	3.3	77,206	0.7	63,929	1.5
Information	2,583	4.0	392,798	3.5	111,475	2.6
Finance and insurance	3,100	4.8	5,550,187	49.7	568,706	13.5
Real estate and rental and leasing	12,407	19.4	175,388	1.6	31,919	0.8
Professional, scientific, and technical services	8,387	13.1	165,193	1.5	94,620	2.2
Management of companies (holding companies)	1,685	2.6	1,133,164	10.2	112,919	2.7
Administrative and support and waste management and remediation services	1,417	2.2	44,884	0.4	40,592	1.0
Educational services	106	0.2	5,250	[2]	1,822	[2]
Health care and social assistance	33	0.1	34,340	0.3	11,119	0.3
Arts, entertainment, and recreation	590	0.9	13,396	0.1	5,587	0.1
Accommodation and food services	852	1.3	71,182	0.6	31,321	0.7
Other services	368	0.6	5,558	[2]	5,745	0.1

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

[2] Less than 0.05 percent.

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

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 (see Table 1).

### Industry Characteristics

For 2007, 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, 43,175 of the

64,026 (more than two-thirds of the total) had primary business activities in one of the following four industrial sectors: (1) wholesale trade (15,780); (2) real estate and rental and leasing (12,407); (3) professional, scientific, and technical services (8,387); and (4) manufacturing (6,601). By comparison, relatively few FCDCs were primarily involved in utilities (230), educational services (106), and health care and social assistance (33). The Data Sources and Limitations section of this article discusses how returns were classified by industry.<sup>10</sup>

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

<sup>10</sup> Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 24.2 percent and 23.7 percent of the receipts of all companies classified as wholesalers and manufacturers, 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.)

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

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 (valued as of the end of their accounting periods), resulting in \$1.66 of receipts for each dollar of end-of-year assets for 2007. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only \$.08 of receipts for each dollar of end-of-year assets. See Table 2.

Corporations classified as wholesalers accounted for 22.2 percent of the receipts for all FCDCs, a significant percentage, as is the 24.6 percent of total FCDC returns that they comprised. However, these companies reported only 5.0 percent of total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.6 percent of the assets and 0.8 percent of the receipts of all FCDCs. These percentages were both substantially less than the 19.4 percent of the FCDC returns that they filed.

Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.5 percent of the assets and 2.2 percent of the receipts of all FCDCs. Both of these percentages are significantly lower than the portion (13.1 percent) of total FCDC returns that this service sector represented. These service corporations were often small, with reported average amounts of assets and receipts of \$19.7 million and \$11.3 million, respectively.

Manufacturing corporations filed 10.3 percent of the FCDC returns for 2007. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (22.5 percent) and receipts (44.1 percent). These corporations were often large, with reported average amounts of assets and receipts of \$380.0 million and \$281.5 million, respectively.

Two additional sectors warrant discussion.

While corporations classified in the finance and insurance industrial sector composed only 4.8 percent of the total returns filed by FCDCs for 2007, they accounted for the largest share (49.7 percent) of the total assets reported for any of the industrial sectors. Additionally, finance and insurance companies accounted for 13.5 percent of the total FCDC receipts.

Management (or holding) companies contributed a significant portion (10.2 percent) of the FCDC total assets. However, this sector accounted for smaller portions of both the number of returns (2.6 percent) filed by FCDCs and the receipts (2.7 percent) reported by them.

While foreign-controlled domestic corporations accounted for 14.7 percent of the \$28.8 trillion of total receipts reported by all corporations that filed U.S. income tax returns for 2007, these companies played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (24.2 percent), manufacturing (23.7 percent), and mining (19.9 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 (3.2 percent), "other" services (2.7 percent), and health care and social assistance (1.8 percent). See Figure C.

FCDC industrial data at the sector level can be decomposed into more specific industrial classifications for analysis purposes. In general, sectors are composed of major groups, which, in turn, are composed of minor industries. For 2007, FCDCs in 16 minor industries each reported more than \$50 billion of total receipts. The largest minor industry was petroleum manufacturing refineries with \$614 billion of receipts. See Figure D.

### Country Characteristics

Persons (including individuals, corporations, and other entities) that reside 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, a country represents 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 foreign corporation, or a chain of related foreign corporations, is frequently the owner of a U.S. subsidiary corporation. Because a foreign corporation in the chain of related companies, which directly owns the stock of a U.S. subsidiary, may be located in a country different from that of the ultimate owner, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. (See the Data Sources and Limitations section of this article

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure C**

## Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2007

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
<b>All industries [1]</b>	<b>28,762,924</b>	<b>4,217,409</b>	<b>14.7</b>
Agriculture, forestry, fishing, and hunting	154,833	10,538	6.8
Mining	395,103	78,493	19.9
Utilities	714,001	45,480	6.4
Construction	1,611,668	51,738	3.2
Manufacturing	7,827,823	1,858,326	23.7
Wholesale and retail trade [2]	7,501,751	1,093,074	14.6
Wholesale trade	3,869,099	938,126	24.2
Retail trade	3,632,456	154,948	4.3
Transportation and warehousing	777,287	63,929	8.2
Information	1,162,900	111,475	9.6
Finance and insurance	4,134,554	568,706	13.8
Real estate and rental and leasing	391,559	31,919	8.2
Professional, scientific, and technical services	1,017,043	94,620	9.3
Management of companies (holding companies)	1,145,820	112,919	9.9
Administrative and support and waste management and remediation services	497,728	40,592	8.2
Educational services	41,686	1,822	4.4
Health care and social assistance	614,124	11,119	1.8
Arts, entertainment, and recreation	101,154	5,587	5.5
Accommodation and food services	461,358	31,321	6.8
Other services	212,453	5,745	2.7

[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.

for a brief discussion of the possible limitations of the data classified on a country basis.)

For 2007, residents of 41 countries accounted for nearly nine of every ten domestic corporations classified as 50-percent-or-more controlled by a foreign person. The 57,456 corporations controlled by persons resident in the 41 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, 99.2 percent of taxable income, and 99.2 percent of total income tax after credits.

From among these 41 countries, domestic corporations controlled by persons from just seven countries produced 78.6 percent of the total receipts of all FCDCs. These top seven countries, in decreasing size of receipts, are the United Kingdom, Japan, Germany, Canada, the Netherlands, France, and Switzerland.

Domestic corporations controlled by persons resident in the United Kingdom reported total receipts of \$965 billion for 2007, an amount larger than that for any other country. These receipts represented 22.9 percent of the total for all FCDCs. As shown in Figure E, the United Kingdom's share of 2007 FCDC receipts is substantially larger than its share of 1998 FCDC receipts (i.e., 12.9 percent).

For 2007, domestic corporations with owners resident in Japan (\$639 billion), Germany (\$484 billion), Canada (\$361 billion), the Netherlands (\$303 billion), France (\$284 billion), and Switzerland (\$277 billion) also accounted for significant amounts of receipts. Of these six countries, Switzerland's portion of total receipts increased the most between 1998 and 2007 (from 5.0 percent to 6.6 percent), while the portion for Japan decreased the most (from 23.7 percent to 15.1 percent). Significantly

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure D**

## Foreign-Controlled Domestic Corporations: Selected Items for the Largest Minor Industries, Tax Year 2007

[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)	14	638,409	614,229	26,113	26,122	25,928	5,563	0.9
Motor vehicles and parts (manufacturers)	448	500,049	269,824	-1,340	4,403	3,479	1,089	0.4
Stock life insurance companies	60	1,334,267	222,471	4,441	6,193	3,985	1,257	0.6
Motor vehicles and motor vehicle parts and supplies (wholesalers)	846	122,981	176,633	3,594	4,104	3,742	1,386	0.8
Electrical and electronic goods (wholesalers)	1,221	85,054	162,962	1,855	2,735	1,748	539	0.3
Securities brokerage	93	1,685,138	158,493	-17,294	2,371	1,919	711	0.4
Petroleum and petroleum products (wholesalers)	50	44,349	112,209	1,759	2,139	2,123	694	0.6
Pharmaceutical and medicine (manufacturers)	120	194,412	107,805	19,196	20,308	20,026	6,283	5.8
Offices of bank holding companies	34	1,052,475	105,442	9,352	9,756	9,653	2,970	2.8
Food and beverage stores (retailers)	123	40,330	85,340	2,105	2,264	1,520	525	0.6
Furniture, sports, toys, recycle, jewelry, and other durable goods (wholesalers)	2,212	35,965	79,618	1,750	2,349	2,137	691	0.9
Metal and mineral, except petroleum (wholesalers)	571	33,059	66,287	1,400	1,570	1,367	436	0.7
Professional and commercial equipment and supplies (wholesalers)	2,354	33,505	61,526	1,415	1,969	1,624	505	0.8
Basic chemicals (manufacturers)	110	85,171	60,537	1,810	2,336	1,974	702	1.2
Machinery, equipment, and supplies (wholesalers)	2,584	37,403	56,985	1,332	1,806	1,654	549	1.0
Investment banking and securities dealing	80	1,062,923	52,233	-3,341	353	339	133	0.3

NOTES: This figure includes minor industries with at least \$50 billion of total receipts. These industries are listed by decreasing size of total receipts (column 3). Percentages are computed using rounded data.

reduced portions during this 10-year period were also true for Germany (14.2 percent reduced to 11.5 percent) and the Netherlands (10.8 percent reduced to 7.2 percent). Figure E shows that the portion of FCDC total receipts accounted for by countries other than the largest seven increased in size during the 10-year period, from 17.7 percent to 21.4 percent. For 2007, the countries with the largest receipts included in this "other" grouping were: Bermuda (\$85 billion), South Korea (\$81 billion), Luxembourg (\$63 billion), Sweden (\$58 billion), Australia (\$54 billion), and Belgium (\$50 billion).

Domestic corporations controlled by persons resident in the United Kingdom accounted for \$2.7 trillion of assets, the largest portion held by any country. Corporations controlled by persons resident in Germany (\$1.6 trillion), Switzerland (\$1.3 trillion), Canada (\$1.2 trillion), France (\$1.1 trillion), the Netherlands (\$0.9 trillion),

and Japan (\$0.8 trillion) also accounted for significant amounts of assets.

Although U.K.-controlled domestic corporations accounted for the largest part of the total FCDC receipts and assets for 2007, the U.K. was not responsible for the largest number of returns filed for FCDCs. Canadian-controlled domestic corporations filed the most returns, 10,762. However, U.K.-controlled domestic corporations were second with 5,556 returns, followed by Japanese-controlled domestic corporations with 5,185 returns and German-controlled domestic corporations with 4,444 returns.

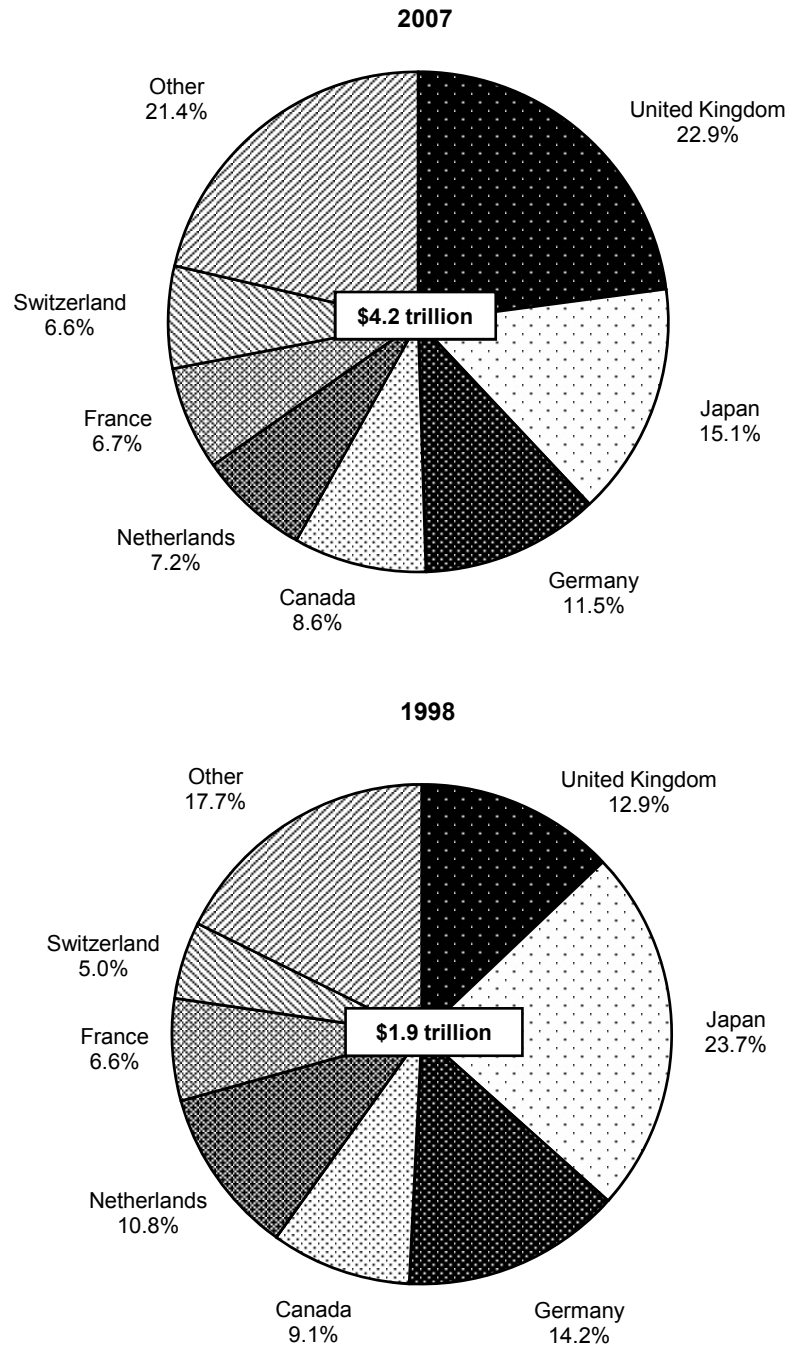
For 2007, the U.S. tax liability of all FCDCs was \$52.8 billion, or 1.3 percent of the \$4.2 trillion of receipts reported by all FCDCs. U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$13.4 billion). Japanese-controlled corporations, with \$7.3 billion of tax liability, followed. For the U.K.-controlled corporations, tax

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure E**

**Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 1998 and 2007**



NOTE: All amounts are in current dollars.



## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

liabilities were 1.4 percent of their \$1.0 trillion of receipts. Tax liabilities were somewhat lower at 1.1 percent of their \$0.6 trillion of receipts for the Japanese-controlled corporations. Many factors, including differences in industrial apportionments and age apportionments (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. Figure F shows the industries that accounted for at least 10 percent of the total receipts of each of these countries.

For the United Kingdom, manufacturing was the predominant industrial sector, accounting for 67.0 percent of its total \$965 billion of receipts. More specifically, petroleum and coal products manufacturers produced the most receipts of any major industrial group, accounting for \$505 billion, or 52.3 percent of the country total.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$639 billion of receipts: wholesale trade (52.1 percent of the total) and manufacturing (35.0 percent). Japan was the only country of the top seven in which wholesale trade was the leading industrial sector in producing receipts. More specifically, wholesale trade of durable goods was the leading major industrial group, producing 45.4 percent of the total receipts for this country. The second largest major industrial group was transportation equipment manufacturing with 21.7 percent of the receipts.

Like those in the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing, with 51.1 percent of the \$484 billion of receipts for that country coming from corporations in this industrial group. More specifically, transportation equipment manufacturers produced the most receipts of any major group, accounting for 21.0 percent of the total. Wholesale trade (15.2 percent) and finance and insurance (14.8 percent) were the other predominant industrial sectors.

Canadian-controlled corporations were primarily concentrated in manufacturing, which accounted for

33.1 percent of the \$361 billion of receipts for that country. This sector was followed by finance and insurance (21.5 percent) and wholesale trade (17.5 percent). Insurance carriers reported 15.9 percent of the total receipts and wholesalers of nondurable goods accounted for 10.9 percent of the receipts, the only major groups that produced at least 10 percent of the total Canadian receipts.

For the Netherlands, finance and insurance was the largest industrial sector with 32.3 percent of the total receipts (\$303 billion). This sector was followed by manufacturing (21.4 percent) and retail trade (15.2 percent). Insurance carriers reported 25.6 percent of the total receipts for this country, the largest portion for any major industrial group.

For France, manufacturers produced 41.6 percent of the \$284 billion of receipts for this country. This was followed by finance and insurance (24.9 percent) and wholesale trade (15.7 percent). More specifically, petroleum and coal products manufacturers and insurance carriers each produced 12.0 percent of the receipts for the country, the largest portion of any major industrial group. These two groups were followed closely by securities, commodity contracts, and other financial investments dealers with 11.1 percent of the total receipts.

For Switzerland, 36.3 percent of the \$277 billion of receipts came from the finance and insurance sector, followed by manufacturing with 32.2 percent and wholesale trade with 26.8 percent. More specifically, businesses that handled securities and commodity contracts and other financial investments were the leading major industry, accounting for 27.4 percent of the total receipts for the country. Other important major industries were wholesalers of nondurable goods (21.9 percent) and chemical manufacturers (15.5 percent).

### Age Characteristics

Table 3 presents data for two groups of FCDCs based on the age of each corporation. A “new” corporation is one defined here as having been incorporated in 2005 or after, as reported on its income tax return. An “old” corporation is one incorporated in or prior to 2004, or with an unknown (i.e., unreported) date of incorporation.<sup>11</sup>

The year of incorporation may be somewhat unreliable as an indicator of the true age of a

<sup>11</sup> Dates of incorporation are reported on Form 1120, page 1, question C. This information is also reported on Forms 1120L, 1120-PC, 1120-REIT, and 1120-RIC, in different locations.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure F**

## Foreign-Controlled Domestic Corporations: Selected Items for Selected Countries and Selected Industries, Tax Year 2007

[Money amounts are in millions of dollars]

Country and 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)
<b>United Kingdom, total</b>	<b>5,556</b>	<b>2,717,756</b>	<b>965,257</b>	<b>45,420</b>	<b>51,101</b>	<b>47,584</b>	<b>13,366</b>	<b>1.4</b>
Manufacturing	430	835,339	646,403	27,227	28,035	26,966	6,834	1.1
Petroleum and coal products manufacturing	3	591,736	504,583	17,393	17,393	17,295	3,702	0.7
<b>Japan, total</b>	<b>5,185</b>	<b>752,738</b>	<b>638,586</b>	<b>19,984</b>	<b>26,319</b>	<b>22,900</b>	<b>7,300</b>	<b>1.1</b>
Manufacturing	817	210,011	223,332	5,519	7,192	5,973	1,899	0.9
Transportation equipment manufacturing	225	133,085	138,557	2,869	3,521	2,951	947	0.7
Wholesale trade	1,975	184,955	332,693	11,422	12,225	11,004	3,584	1.1
Wholesale trade, durable goods	1,443	152,718	289,677	7,753	8,477	7,659	2,451	0.8
<b>Germany, total</b>	<b>4,444</b>	<b>1,649,154</b>	<b>483,939</b>	<b>9,478</b>	<b>21,342</b>	<b>14,748</b>	<b>4,975</b>	<b>1.0</b>
Manufacturing	784	524,089	247,058	5,018	10,357	9,441	3,011	1.2
Chemical manufacturing	44	73,451	57,474	5,005	5,312	5,007	1,599	2.8
Transportation equipment manufacturing	62	340,606	101,622	-4,029	236	128	39	[1]
Wholesale trade	898	77,132	73,761	1,292	1,736	1,233	522	0.7
Wholesale trade, durable goods	669	69,565	61,577	1,039	1,374	921	426	0.7
Finance and insurance	96	904,716	71,534	-1,252	3,238	1,112	386	0.5
<b>Canada, total</b>	<b>10,762</b>	<b>1,169,813</b>	<b>360,757</b>	<b>14,795</b>	<b>21,766</b>	<b>13,433</b>	<b>4,288</b>	<b>1.2</b>
Manufacturing	1,026	107,124	119,273	2,941	5,166	4,207	1,284	1.1
Wholesale trade	2,202	47,418	63,111	2,774	3,228	2,565	861	1.4
Wholesale trade, nondurable goods	986	36,608	39,272	2,277	2,507	1,959	663	1.7
Finance and insurance	446	702,058	77,704	6,459	7,865	2,269	635	0.8
Insurance carriers and related activities	39	439,883	57,198	4	1,298	1,229	287	0.5
<b>Netherlands, total</b>	<b>2,021</b>	<b>931,142</b>	<b>303,480</b>	<b>14,630</b>	<b>17,445</b>	<b>14,277</b>	<b>2,772</b>	<b>0.9</b>
Manufacturing	187	103,080	64,936	5,928	6,369	5,920	333	0.5
Wholesale trade	252	16,476	35,214	617	776	596	207	0.6
Retail trade	276	21,255	46,177	895	998	167	65	0.1
Food, beverage and liquor stores	5	13,699	36,300	572	572	18	9	[1]
Finance and insurance	97	697,841	98,029	2,405	3,072	2,050	604	0.6
Insurance carriers and related activities	12	428,601	77,615	1,968	1,968	1,723	491	0.6
<b>France, total</b>	<b>2,159</b>	<b>1,145,786</b>	<b>284,453</b>	<b>16,653</b>	<b>19,623</b>	<b>13,724</b>	<b>4,120</b>	<b>1.4</b>
Manufacturing	281	167,675	118,384	5,007	6,307	5,619	1,487	1.3
Petroleum and coal products manufacturing	d	12,475	34,178	771	771	771	267	0.8
Wholesale trade	737	39,235	44,740	2,896	3,196	3,152	1,038	2.3
Finance and insurance	194	744,561	70,885	5,514	6,079	2,395	783	1.1
Securities, commodity contracts, and other financial investments and related activities	30	372,933	31,573	1,305	1,841	1,694	547	1.7
Insurance carriers and related activities	30	218,084	34,152	673	679	540	222	0.7
<b>Switzerland, total</b>	<b>1,462</b>	<b>1,271,975</b>	<b>277,184</b>	<b>-3,095</b>	<b>14,567</b>	<b>12,963</b>	<b>4,341</b>	<b>1.6</b>
Manufacturing	202	114,622	89,116	10,294	10,610	9,823	3,250	3.6
Chemical manufacturing	34	53,353	42,975	8,039	8,078	7,973	2,617	6.1
Wholesale trade	423	19,249	74,183	572	950	885	290	0.4
Wholesale trade, nondurable goods	29	12,426	60,729	238	505	487	159	0.3
Finance and insurance	107	1,126,246	100,724	-14,170	2,556	1,964	708	0.7
Securities, commodity contracts, and other financial investments and related activities	50	905,169	75,857	-15,489	293	308	120	0.2

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: This figure includes the 7 countries with the largest amounts of total receipts. For each of these countries, this table also includes industries that accounted for at least 10 percent of the total receipts of the country. Percentages are computed using rounded data.

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

corporation. 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 that the parent company was incorporated. Another example is the reorganization of an existing corporation into a new corporation, which results in 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, and recourse to other sources is not always practical. Thus, it is subject to higher levels of taxpayer reporting and data entry errors, as compared to statistical items that can be evaluated against other reported items.

For 2007, there were 14,582 FCDCs incorporated in 2005 or after. Real estate accounted for the greatest portion of these “new” corporations with 3,030 companies, followed closely by professional, scientific, and technical services with 3,027 companies and wholesalers with 2,863 companies.

More than three out of every four foreign-controlled domestic corporations were incorporated prior to 2005, i.e., considered to be “old” corporations. These corporations tended to be larger than the new corporations, accounting for 94.1 percent of the FCDC assets and 93.1 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 2007, old corporations reported \$151.0 billion of net profits on \$3.9 trillion of receipts, while new corporations reported \$1.2 billion of net profits on \$0.3 trillion of receipts. Thus, net profits (i.e., net income less deficit) as a percentage of total receipts were 3.8 percent for old corporations, versus 0.4 percent for new corporations.

As a result of reporting most of the profits, old corporations also accounted for most of U.S. taxable income (95.0 percent) and U.S. tax liabilities (94.5 percent) of all FCDCs. The old corporations had

\$49.9 billion of tax liabilities after credits, equaling 1.3 percent of their total receipts. The new corporations had \$2.9 billion of tax liabilities after credits, equaling 1.0 percent of their total receipts.

### Receipts, Deductions, and Profits

Total receipts comprises all of the income “actually” received by corporations. 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 total 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.<sup>12</sup>

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 receipts and deductions, as well as profits (i.e., net income

<sup>12</sup> For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Lowe, Mark R., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2006,” *Statistics of Income Bulletin*, Fall 2009, Volume 29, Number 2. 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.

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

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 unrelated enterprises and determined by market forces.

Nearly 85.3 percent of the \$4.2 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 \$4.1 trillion of total deductions. Cost of goods sold was 64.8 percent of that total. (See “business receipts” and “cost of goods sold” in the Explanation of Selected Terms section of this article.)

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, FCDCs reported \$.78 of cost of goods sold for every dollar of business receipts, while the amount was \$.73 for all other corporations classified in this sector. Thus, FCDCs had smaller gross profits than other corporations, \$.22 compared to \$.27 for every dollar of business receipts. In wholesale trade, all FCDCs reported \$.84 of cost of goods sold for every dollar of business receipts. The amount was slightly less (\$.82) for all other corporations classified in this sector. As a result, FCDCs had smaller gross profits than other corporations, \$.16 and \$.18, respectively, for every dollar of business receipts.

After cost of goods sold (and the “other deductions” category), interest paid was the next largest deduction item of FCDCs for Tax Year 2007. Interest paid by FCDCs for that year amounted to

\$360.4 billion, 8.9 percent of their total deductions. Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2007, Corporation Income Tax Returns*.

Total receipts less total deductions for FCDCs equaled \$145.5 billion for 2007. By comparison, net income (less deficit) amounted to \$152.3 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.<sup>13</sup> 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 of this article.) For 2007, FCDCs reported \$7.9 billion of constructive taxable income, and received \$1.1 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) for foreign-controlled domestic corporations decreased from \$172.6 billion for 2006, to \$152.3 billion for 2007. This was an 11.8-percent decrease. In comparison, net income (less deficit) reported on all corporation income tax returns decreased by 5.0 percent between 2006 and 2007, to \$1.8 trillion.

The \$152.3 billion of total FCDC net income (less deficit) were the result of 30,929 corporations collectively reporting \$226.4 billion of positive net income and 33,097 companies reporting \$74.2 billion of deficits.<sup>14</sup> Thus, less than one out of every two (48.3 percent) domestic corporations with foreign owners reported a positive net income for 2007.

<sup>13</sup> 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)

<sup>14</sup> The 33,097 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

In comparison, 57.4 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 10.4 percent for educational services, to a high of 83.8 percent for transportation and warehousing. For the more predominant sectors of FCDCs, the percentages of profitable companies were 54.2 percent for manufacturing and 48.5 percent for wholesale trade.

The \$74.2 billion of deficits for 2007 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” (NOL) in the Explanation of Selected Terms section of this article). Net operating losses carried back to Tax Year 2007 from 2008 and beyond, reported on Forms 1120X and 1139, are not included in the statistics shown in this article.<sup>15</sup> However, NOLs carried forward to Tax Year 2007 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.<sup>16</sup> 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 2007, the difference between the \$226.4 billion of positive net income and \$183.8 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$32.5 billion and accounted for 68.6 percent of the \$47.4 billion of total statutory special deductions. In calculating taxable income for 2007, FCDCs reduced their positive net incomes by 14.4 percent using NOLs carried over from prior years.

For 2007, foreign-controlled domestic corporations reported \$183.8 billion of taxable income. This

was the base on which \$64.2 billion of income tax were computed. The \$65.1 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 \$0.9 billion, and the remaining taxes comprised a very small part of the total.

Tax credits totaling \$12.2 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from \$65.1 billion to \$52.8 billion for 2007. The largest credits claimed were \$10.1 billion of foreign tax credits, \$1.5 billion of general business credits, and \$0.6 billion of prior-year minimum tax credits. The \$52.8 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 2007. The originally reported tax liability does not take into account either: (1) amended or superseded 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 2007 was 34.7 percent, slightly less than the 35.3 percent for 2006. However, the amount of tax liability reported by FCDCs increased to \$52.8 billion for 2007 from \$50.0 billion for 2006, a 5.8-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, total receipts were used in place of business receipts for selecting the largest companies.

<sup>15</sup> When a company carried back a deficit to a previous tax year, it could file Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*.

<sup>16</sup> 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.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

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 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 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 G through I. 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 G through I, and Table 4.<sup>17</sup> These corporations are identified from Schedule K of Form 1120 during Statistics of Income processing. However, they are neither FCDCs nor ODCs, as defined.

Table 4 shows that there were a total of 19,607 large domestic corporations for 2007. Of this total, foreign persons controlled 4,287 corporations, or 21.9 percent. This percentage is remarkably larger than the 1.1 percent that FCDCs accounted for of all corporations, regardless of size.

The 4,287 large foreign-controlled domestic corporations comprised just 6.7 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 94.5 percent of the total assets, 95.0 percent of the total receipts, 93.9 percent of the taxable income, and 93.0 percent of the total income tax after credits, of all FCDCs.

There were 15,320 large domestic corporations that did not have controlling foreign owners for 2007. 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 comprised a significant portion of the key financial items reported for these filers.

The largest domestic corporations are primarily “old” corporations, with incorporation dates prior to 2005. Of the 4,287 large FCDCs contained in the Tax Year 2007 study, 88.7 percent were old corporations. Other large domestic corporations were similar to the FCDCs in this respect, with old corporations accounting for 90.5 percent of this group of 15,320 corporations.

Collectively, the largest companies reported lower profits as a percentage of receipts than did their smaller counterparts. For 2007, the largest FCDCs reported net profits of \$142.7 billion, 3.6 percent of the companies’ receipts. The smaller FCDCs reported net profits of \$9.5 billion, 4.5 percent of the companies’ receipts.

## Industry Characteristics

The industrial makeup of the largest foreign-controlled domestic companies is somewhat different from that of other domestic corporations. For 2007, 36.2 percent of the largest FCDCs were classified as manufacturers, while manufacturers made up just 21.0 percent of the largest domestic companies that were not foreign-controlled. Similarly, wholesalers were a larger share of the FCDCs (28.0 percent) than of the other large domestic corporations (14.8 percent). Conversely, 12.7 percent of the largest ODCs were classified in finance and insurance, while this sector made up just 8.2 percent of the largest FCDCs. Retailers accounted for 10.5 percent of the largest domestic companies that were not foreign-controlled, while only 2.6 percent of the largest FCDCs were similarly classified. See Figure G for other differences in the industrial makeup of these two groups of corporations.

Table 4 presents industrial sector-level data for the largest domestic corporations, both foreign- and nonforeign-controlled. Column 43 of this table

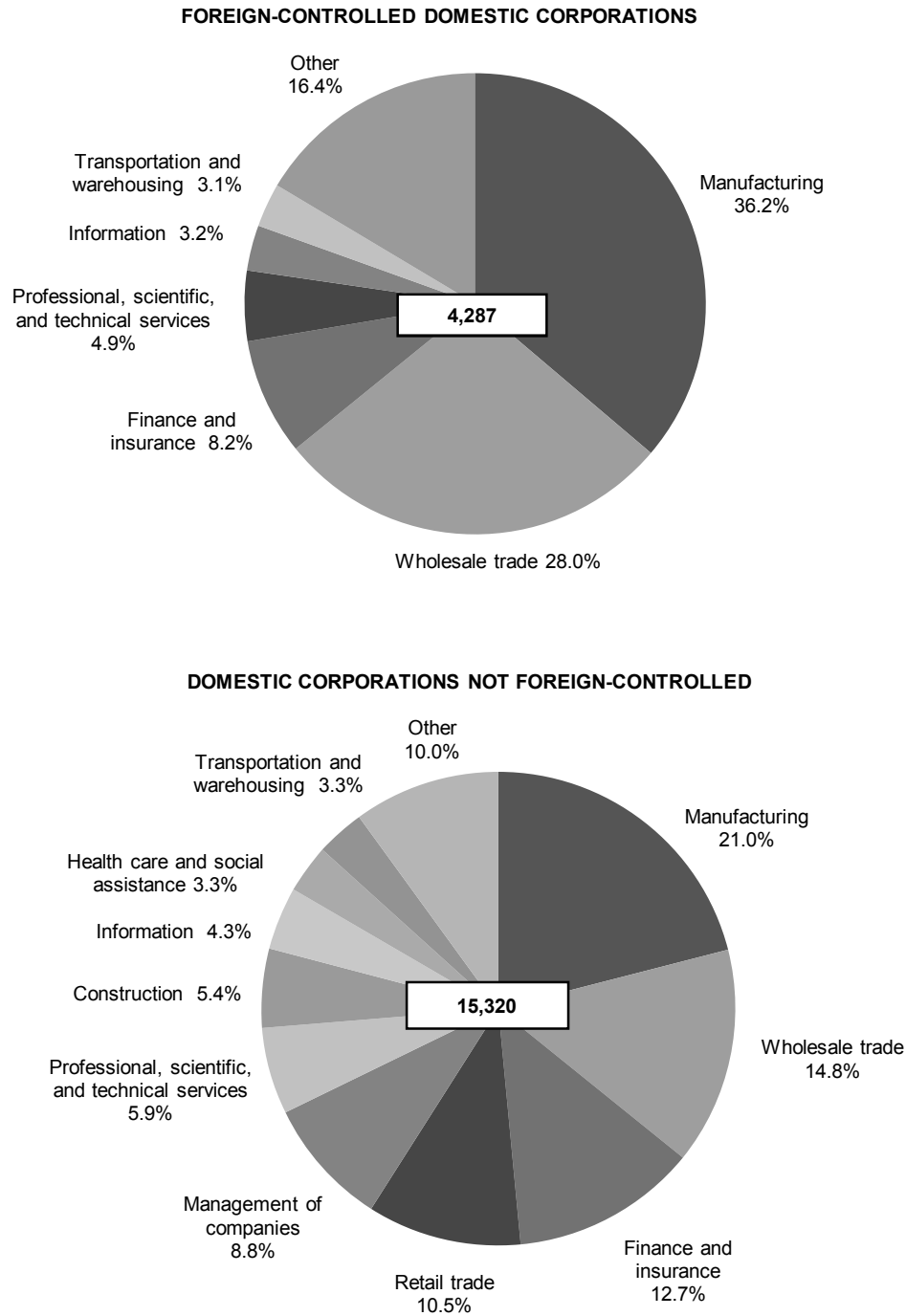
<sup>17</sup> Data for domestic corporations that filed Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations) are excluded from the comparisons between large FCDCs and other large domestic corporations shown in Figures G through I, and 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.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure G**

**Distribution of Returns by Industry for "Large" Foreign-Controlled and Other Domestic Corporations, Tax Year 2007**



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.

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

shows the percentage of returns that reported profits (i.e., positive net income). While 73.5 percent of large FCDCs reported profits, 74.9 percent of other large domestic corporations were profitable. There are 19 different industrial sectors shown in the table, treating wholesale trade and retail trade as separate sectors. However, column 43 shows FCDC data for only 17 of the sectors because two FCDC sectors were suppressed for disclosure purposes. Other domestic corporations (ODCs) had higher percentages of profitable companies in 10 sectors; FCDCs had higher percentages in the other 7 sectors. For a given sector, the difference in the percentages for FCDCs and ODCs might be large or small. 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.<sup>18</sup> Overall, net income (less deficit) as a percentage of receipts for large FCDCs (3.6 percent) was considerably smaller than for ODCs (6.2 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 12 out of 19 industrial sectors.

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 6.5 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 (excluding two sectors for disclosure reasons), ODCs had higher taxable income as a percentage of receipts in 11 sectors.

Table 4 also includes the ratio of total U.S. income tax after credits to total receipts (column 64).<sup>19</sup> The total income tax after credits reported by both FCDCs (\$49.2 billion) and ODCs (\$253.9 billion) represents the tax liability of these companies as reported on their originally filed U.S. income tax returns (see column 42).

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, which are beyond the scope of this article, would be required to examine the worldwide tax liabilities of the corporations.<sup>20</sup>

Figures H1 and H2 present 12 categories of U.S. tax liability as a percentage of total receipts, shown separately for large FCDCs and for large ODCs. For 2007, Figure H1 shows that large FCDCs reported \$49.2 billion of total income tax after credits, 1.2 percent of their total receipts. Column 3 of Figure H1 shows that 28.9 percent of FCDCs had no U.S. tax liabilities, 64.2 percent of the companies had tax liabilities of less than 1.0 percent of their receipts, and 89.5 percent of the companies had tax liabilities of less than 4.0 percent of their receipts. By comparison, Figure H2 shows that large domestic corporations not foreign-controlled reported \$253.9 billion of total income tax after credits, 1.7 percent of their total receipts. For these companies, 27.1 percent had no tax liabilities, 62.3 percent had tax liabilities

<sup>18</sup> 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—2007, 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 2007, the largest FCDCs reported \$59.7 billion of total retained earnings, while other large domestic corporations reported \$4.1 trillion of 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.

<sup>19</sup> 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 over 99 percent of the total income tax for both FCDCs and ODCs.

<sup>20</sup> 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 Costa, Melissa, “Corporate Foreign Tax Credit, 2005,” in the Summer 2009 issue of the *Statistics of Income Bulletin* (Volume 29, Number 1). In addition, foreign tax credit data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats/International/Corporate Foreign Tax Credits.



# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure H1**

## "Large" Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2007

[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)
<b>Total</b>	<b>4,287</b>	<b>100.0</b>	<b>N/A</b>	<b>3,802</b>	<b>88.7</b>	<b>10,547,214</b>	<b>2,461</b>	<b>4,007,058</b>	<b>935</b>
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	3	0.1	0.1	d	d	5,176	1,725	0	0
Zero percent	1,240	28.9	29.0	1,037	83.6	1,782,522	1,438	730,060	589
Greater than zero and under 0.5 percent	1,128	26.3	55.3	1,039	92.1	4,593,786	4,073	1,516,583	1,344
0.5 percent under 1.0 percent	381	8.9	64.2	345	90.6	1,140,560	2,994	444,174	1,166
1.0 percent under 1.5 percent	320	7.5	71.7	289	90.3	694,808	2,171	351,994	1,100
1.5 percent under 2.0 percent	254	5.9	77.6	231	90.9	323,744	1,275	311,239	1,225
2.0 percent under 3.0 percent	332	7.7	85.3	304	91.6	419,474	1,263	266,372	802
3.0 percent under 4.0 percent	180	4.2	89.5	158	87.8	233,488	1,297	82,503	458
4.0 percent under 5.0 percent	118	2.8	92.3	106	89.8	156,857	1,329	69,684	591
5.0 percent under 7.5 percent	168	3.9	96.2	159	94.6	736,899	4,386	116,808	695
7.5 percent under 10.0 percent	53	1.2	97.4	d	d	115,362	2,177	49,135	927
10.0 percent or more	108	2.5	100.0	88	81.5	344,539	3,190	68,507	634

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)	
<b>Total</b>	<b>3,870,956</b>	<b>136,103</b>	<b>142,729</b>	<b>201,100</b>	<b>-58,371</b>	<b>172,571</b>	<b>61,208</b>	<b>49,157</b>	<b>11</b>
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	0	0	20	20	0	20	7	6	2
Zero percent	761,523	-31,462	-30,075	4,238	-34,313	1,947	657	0	0
Greater than zero and under 0.5 percent	1,508,276	8,307	10,292	34,160	-23,868	18,820	7,170	2,645	2
0.5 percent under 1.0 percent	429,404	14,769	16,230	16,381	-150	14,263	5,129	3,397	9
1.0 percent under 1.5 percent	331,100	20,894	21,125	21,125	0	18,379	6,484	4,482	14
1.5 percent under 2.0 percent	295,358	15,881	16,047	16,047	0	15,189	5,316	4,995	20
2.0 percent under 3.0 percent	243,904	22,468	22,560	22,560	0	21,558	7,553	6,806	21
3.0 percent under 4.0 percent	73,093	9,411	9,494	9,495	-1	8,562	2,991	2,861	16
4.0 percent under 5.0 percent	57,719	11,965	12,363	12,363	0	10,389	3,693	3,192	27
5.0 percent under 7.5 percent	95,013	21,794	22,330	22,330	0	22,038	7,715	6,957	41
7.5 percent under 10.0 percent	37,049	12,086	12,136	12,136	0	12,040	4,214	3,827	72
10.0 percent or more	38,517	29,990	30,208	30,246	-37	29,368	10,280	9,990	93

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

N/A—Not applicable.

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 are those with dates of incorporation prior to 2005, 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.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure H2**

## "Large" Domestic Corporations Not Foreign Controlled: Selected Items and Percentages, by Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2007

[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)
<b>Total</b>	<b>15,320</b>	<b>100.0</b>	<b>N/A</b>	<b>13,868</b>	<b>90.5</b>	<b>49,309,871</b>	<b>3,219</b>	<b>15,156,658</b>	<b>989</b>
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	7	[1]	[1]	d	d	13,680	1,954	0	0
Zero percent	4,148	27.1	27.1	3,465	83.5	6,302,874	1,519	2,155,923	520
Greater than zero and under 0.5 percent	3,983	26.0	53.1	3,731	93.7	13,005,701	3,265	3,359,345	843
0.5 percent under 1.0 percent	1,415	9.2	62.3	1,305	92.2	3,745,849	2,647	2,280,379	1,612
1.0 percent under 1.5 percent	929	6.1	68.4	869	93.5	4,376,721	4,711	1,253,943	1,350
1.5 percent under 2.0 percent	766	5.0	73.4	697	91.0	3,266,512	4,264	1,385,079	1,808
2.0 percent under 3.0 percent	1,110	7.2	80.6	1,033	93.1	7,076,884	6,376	2,034,830	1,833
3.0 percent under 4.0 percent	737	4.8	85.4	692	93.9	3,321,338	4,507	927,557	1,259
4.0 percent under 5.0 percent	602	3.9	89.3	569	94.5	3,991,348	6,630	851,415	1,414
5.0 percent under 7.5 percent	869	5.7	95.0	823	94.7	2,214,999	2,549	564,395	649
7.5 percent under 10.0 percent	400	2.6	97.6	376	94.0	1,176,880	2,942	202,055	505
10.0 percent or more	354	2.3	100.0	d	d	817,086	2,308	141,739	400

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)	
<b>Total</b>	<b>14,302,189</b>	<b>854,469</b>	<b>935,296</b>	<b>1,060,275</b>	<b>-124,979</b>	<b>983,310</b>	<b>346,060</b>	<b>253,863</b>	<b>17</b>
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	259	-259	-254	4	-259	0	0	0	0
Zero percent	2,252,327	-96,404	-80,504	25,192	-105,696	18,718	6,366	0	0
Greater than zero and under 0.5 percent	3,317,982	41,363	62,215	78,480	-16,264	43,262	16,025	5,080	1
0.5 percent under 1.0 percent	2,164,110	116,269	129,350	130,866	-1,516	122,624	43,306	18,319	13
1.0 percent under 1.5 percent	1,190,953	62,990	68,317	68,795	-478	63,600	22,685	15,525	17
1.5 percent under 2.0 percent	1,300,945	84,133	88,134	88,138	-5	85,238	29,837	23,969	31
2.0 percent under 3.0 percent	1,853,953	180,877	192,955	193,101	-145	187,419	65,779	50,037	45
3.0 percent under 4.0 percent	822,172	105,385	108,958	108,958	0	105,834	37,027	31,615	43
4.0 percent under 5.0 percent	720,823	130,592	133,807	133,807	0	129,220	45,223	37,739	63
5.0 percent under 7.5 percent	450,937	113,458	116,119	116,132	-13	114,039	40,166	34,390	40
7.5 percent under 10.0 percent	148,164	53,891	54,201	54,201	0	53,138	18,586	16,867	42
10.0 percent or more	79,565	62,174	61,998	62,602	-604	60,218	21,059	20,321	57

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

N/A—Not applicable.

[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 are those with dates of incorporation prior to 2005, 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.

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

of less than 1.0 percent of their receipts, and 85.4 percent had tax liabilities of less than 4.0 percent of their receipts.

FCDCs claimed smaller amounts of tax credits than ODCs in relative terms. For 2007, large FCDCs claimed \$12.1 billion of credits, equaling 19.7 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$92.2 billion of credits for the same tax year, equaling 26.6 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$10.0 billion by large FCDCs (16.3 percent of their tax liabilities) and \$75.7 billion by other large domestic corporations (21.9 percent of their tax liabilities).

Overall, while large FCDCs reported average tax liabilities after credits of \$1.23 per \$100 of receipts (or 1.23 percent), other domestic corporations reported tax liabilities after credits of \$1.67 per \$100 of receipts (or 1.67 percent). Of the 17 different industrial sectors shown in Table 4 (excluding two sectors for disclosure reasons), ODCs had higher tax to receipts ratios in 11 sectors.

Table 4 highlights, once again, the differences in financial characteristics of corporations in different industries. For instance, looking at large FCDCs, column 49 shows that retailers had receipts equal to 171.6 percent of their assets, while holding companies had receipts of only 10.0 percent of their assets. Because the percentages of companies allocated by principal industrial activities are not the same for the largest FCDCs as they are for ODCs, this, again, illustrates the importance of comparing the two groups of corporations on an industry 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 45.3 percent of the total receipts of the group of corporations. Large manufacturing FCDCs, as well as ODCs, were primarily “old” corporations; 89.9 percent of FCDCs and 88.4 percent of ODCs were incorporated before 2005.

The percentage of large FCDCs in the manufacturing industrial sector that reported positive profits was similar to that for the ODCs, 70.7 percent and 70.5 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, 7.2 percent, than it was for FCDCs, 4.2 percent (see column 57 of Table 4). Net income (less deficit) as a percentage of total receipts for Tax Years 1998–2007 is shown in Figure I. The difference in the percentages for large FCDCs and large ODCs for Tax Year 2007 is similar to the differences for most of the 9 previous tax years.

Large manufacturing ODCs reported taxable incomes of 7.2 percent of their receipts, while the percentage for large FCDCs was smaller at 4.6 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 relative 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 45.7 percent of their precredit income tax liabilities. For FCDCs, the percentage was substantially less, at 24.2 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 21.6 percent of the total receipts of the group of corporations. Most large FCDCs (92.4 percent), as well as ODCs (94.2 percent), in this sector were “old” corporations, incorporated before 2005.

The percentage of large ODCs in the wholesale trade industrial sector that reported positive profits was higher, but similar to that for the FCDCs, 81.5 percent and 80.9 percent, respectively. Looking at the amounts of both profits and losses across the entire sector, the percentage of net income (less deficit) to total receipts was higher for ODCs (3.8 percent) than it was for FCDCs (2.7 percent). Figure I shows that the difference in percentages (of net income (less deficit) as a percentage of total receipts) between ODCs and FCDCs was often small for each of the 10 Tax Years 1998–2007.

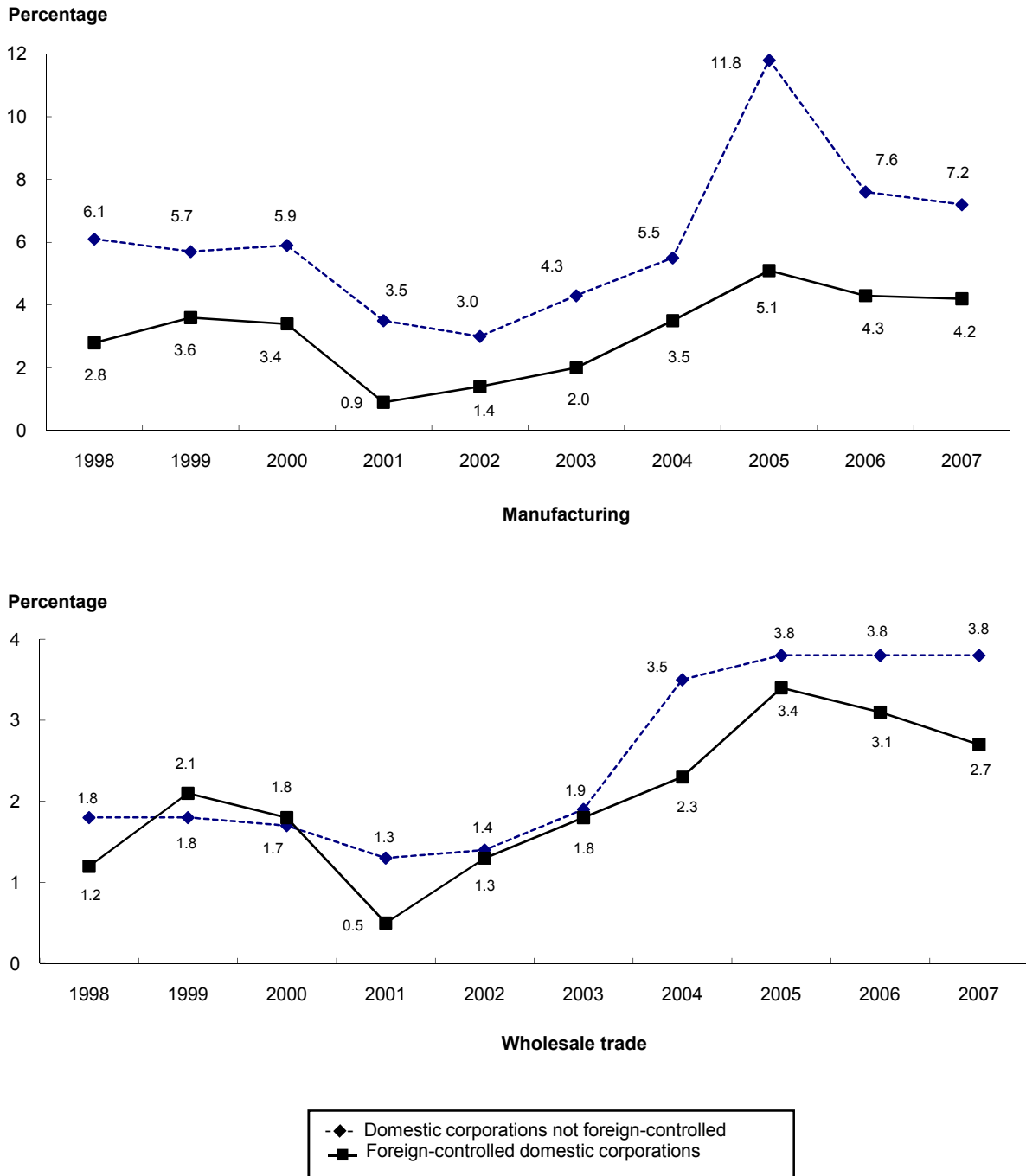
Large wholesale ODCs reported taxable incomes of 3.8 percent of their receipts, while the percentage was 2.6 for FCDCs. The ratio of total income tax after credits to total receipts was also higher for ODCs (1.3 percent) than that of FCDCs (0.9 percent). These latter percentages are, once again, impacted by the amount of credits claimed by both groups of corporations. ODCs and FCDCs claimed credits that

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure I**

**"Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts for Selected Industries, by Control Status, Tax Years 1998–2007**



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. Data exclude Forms 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

each equaled 6.6 percent of their precredit income tax liabilities. For both groups of corporations, the foreign tax credit was the largest credit.

## Summary

FCDCs accounted for only 1.1 percent of all corporation income tax returns filed for Tax Year 2007. This percentage is much smaller than the percentages of receipts (14.7 percent) and assets (13.7 percent) that those FCDCs produced.

FCDC assets grew for 2007, as did the assets for all corporations. FCDC assets totaled \$11.2 trillion for 2007, a 14.6-percent increase from the previous year. By comparison, all corporations reported a total of \$81.5 trillion of assets for 2007, a 11.5-percent increase since the previous year. FCDCs accounted for 13.7 percent of total corporate assets for 2007, up from 13.3 percent for the previous year.

Foreign business activity in the United States through FCDCs grew for Tax Year 2007. FCDCs reported \$4.2 trillion of total receipts for the year, a 9.8-percent increase from the 2006 level. Total receipts reported on all U.S. corporation income tax returns increased comparatively less, by 5.0 percent from the previous year. As a result, the share of total corporate receipts accounted for by FCDCs increased from 14.0 percent to 14.7 percent.

Two industrial sectors, manufacturing and wholesale trade, generated two-thirds of the \$4.2 trillion of total FCDC receipts. Manufacturers produced \$1.9 trillion of receipts, while wholesalers accounted for an additional \$0.9 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of \$1.0 trillion, 22.9 percent of the FCDC total. In addition, FCDCs owned by persons in Japan (15.1 percent), Germany (11.5 percent), Canada (8.6 percent), the Netherlands (7.2 percent), France (6.7 percent), and Switzerland (6.6 percent) accounted for significant portions of receipts.

FCDC “net” profits dropped by 11.8 percent from those of the previous year. The collective net income (less deficit) reported by foreign-controlled domestic corporations decreased from \$172.6 billion

for 2006 to \$152.3 billion for 2007. To place the performance of FCDCs in context, total corporate profits also decreased, by 5.0 percent, totaling \$1.8 trillion for 2007.

FCDC “positive” profits (i.e., net income) increased by 5.4 percent for 2007. The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did positive profits, increasing from \$50.0 billion for 2006 to \$52.8 billion for 2007, or by 5.8 percent. To place this in perspective, the 2007 U.S. tax liabilities of all corporations were 6.1 percent lower than the previous year. Thus, FCDCs share of total corporate post-credit U.S. tax liabilities increased from 14.2 percent for 2006 to 16.0 percent for 2007.

Of the 64,026 foreign-controlled domestic corporations, the 4,287 “largest” companies accounted for most of the total amounts of key financial items (e.g., 94.5 percent of the total assets, 95.0 percent of the total receipts, 93.9 percent of the taxable income, and 93.0 percent of the total income tax after credits).

This article compared the 4,287 large foreign-controlled domestic corporations to the 15,320 other large domestic companies on the basis of industry, using 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. The results varied by industry, with FCDC performance being greater in some industries and ODC performance being greater in other industries.<sup>21</sup>

## 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—2007, Corporation Income Tax Returns*, IRS Publication 16.

*Alternative minimum tax*—This tax was designed to ensure that a taxpayer with substantial economic income would have at least a minimum amount of income tax liability in spite of the legitimate use of exclusions, deductions, and credits. In effect, it provided a second tax system that curtailed or elimi-

<sup>21</sup> 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. For additional information on this subject, see “Tax Administration: Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1998–2005,” U.S. Government Accountability Office, GAO-08-957, July 2008. 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.

nated 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. Thus, the statistics for balance sheets contained more reporting variability than those for income statement and tax computation items. Since balance sheet data were from the taxpayer’s books, they were normally governed by generally accepted 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 include 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 other 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.<sup>22</sup> Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, even if 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 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. Constructive taxable income from related foreign corporations is not included in the statistics for total receipts.

<sup>22</sup> For the most recent statistics covering CFCs, see Mahony, Lee and Miller, Randy, “Controlled Foreign Corporations, 2004,” *Statistics of Income Bulletin*, Summer 2008, Volume 28, Number 1. In addition, CFC data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats/International/Controlled Foreign Corporations.

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

*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. For insurance companies, benefits paid (e.g., the death benefits paid by life insurance companies) were included in the cost of goods sold. In general, finance corporations did not have any cost of goods sold.

*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 shareholders, 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 shareholders; 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.

*Dividends received from domestic corporations*—These dividends represented most distributions from the earnings and profits of companies incorporated in the United States. They were generally used in computing the special deduction from net income for dividends received. Dividend distributions

among member corporations electing to file a consolidated return were eliminated from the statistics as part of the consolidated reporting of tax accounts.

*Dividends received from foreign corporations*—These were dividends paid from the earnings and profits of companies incorporated in foreign countries. This item does not include constructive taxable income from related foreign corporations (discussed above) because it was not an actual receipt. Dividends received from foreign corporations out of U.S. source earnings and profits or from Foreign Sales Corporations were usually eligible for the dividends received deduction. Not eligible were dividends out of foreign-source earnings and profits.

*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 foreign 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 insurance companies, based on changes in

## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

their reserve accounts. Also, S corporations, regulated investment companies, and real estate investment trusts generally passed their net income on to be taxed at the shareholder level. They had limited tax liabilities (based on capital gains for S corporations and undistributed income for RICs and REITs) and, thus, small amounts of taxable income.

*Income tax*—This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates. (However, there were certain exceptions for members of controlled groups and personal service corporations.) It is included in the amounts reported for both total income tax before (and after) credits. A small number of corporations without net income had an income tax liability under special life insurance rules.

*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 "constructive" receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend "gross-up"). Tax-exempt interest on State and local government obligations is excluded from this item, but is included in "total receipts." 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 (2007) tax year. Losses incurred after Tax Year 2007 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 2007 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 represents the shareholders' 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. Capital stock includes amounts of outstanding shares of both common and preferred stock. Additional paid-in capital comprises additions to the corporation's capital from sources other than earnings, including receipts from the sale of capital stock in excess of the stated value and stock redemptions or conversions. Retained earnings and profits of corporations can be appropriated (i.e., set aside for specific purposes such as for plant expansions or bond retirements) or unappropriated (dividends and distributions to shareholders are paid from these funds). Adjustments to shareholders' equity can be either positive or negative, and includes 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 by "active" corporations (i.e., those reporting at least one item of



## Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

income or deductions) for Tax Year 2007. 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.<sup>23</sup> 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 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.<sup>23</sup> 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.<sup>23</sup>

*Statutory special deductions*—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. In general, net income less statutory special deductions equals income subject to tax.

*Total assets*—This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net

<sup>23</sup> Shown in Appendix A of this article are Tax Year 2007 data for all REITs, RICs, and S corporations, regardless of size, filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the reserve for bad debts.

*Total income tax before and after credits*—For 2007, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.6 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 2007, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (82.8 percent of the \$12.2 billion of total credits), the general business credit (12.5 percent), and the prior-year minimum tax credit (4.7 percent), as well as a small amount for 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 tax return. It includes gross taxable receipts (i.e., business receipts, taxable interest, rents, royalties, most net capital gains, net noncapital gains, dividends received, and other 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 2007 are based on returns with accounting periods that ended between July 2007 and June 2008. 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 2007, that span was from August 2006 through June 2008. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2007. Of the 64,026 FCDC returns filed for Tax Year 2007, 43,632 had accounting periods that ended in December 2007, 68 percent of the total. These returns accounted for 77 percent of both the receipts and deductions reported by all FCDCs, as well as 85 percent of the FCDC assets.

The sampling frame for the 2007 statistics consisted, in general, of tax returns with accounting periods that ended between July 2007 and June 2008, and that posted to the IRS Business Master File between July 2007 and June 2009. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2008. Second, while corporation returns must be filed within 2 ½ months

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

after the close of the accounting period, many corporations requested and received filing extensions of 6 months. Third, normal administrative processing time lags required that the sampling process remained open until June 2009.

## 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. 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 more than 8,900 unaudited tax returns selected from over 64,000 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2007. 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 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 2007, FCDCs filed only 48 Forms 1120L, 321

Forms 1120-RIC, 104 Forms 1120-REIT, and 44 Forms 1120-PC.<sup>24</sup> FCDCs could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDCs shown in Figures G through I, 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 2007, 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—2007, 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 J shows CVs for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of sampling procedures and CVs, see “SOI Sampling Methodology and Data Limitations” in 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

<sup>24</sup> The count of 48 Forms 1120L does not include returns of life insurance companies 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 2007, there were 147 section 1504(c) returns of foreign-controlled domestic corporations. Of this number, 68 returns had a property/casualty insurance company as the largest subsidiary, another 67 returns had a noninsurance company as the largest subsidiary, and 12 returns had a life insurance company as the largest subsidiary.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Figure J**

**Figure J**  
**Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sector and Selected Country of Foreign Owner, Tax Year 2007**

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)
<b>Total</b>	<b>3.89</b>	<b>0.02</b>	<b>0.15</b>	<b>0.16</b>	<b>0.40</b>	<b>0.13</b>	<b>0.15</b>
<b>Selected industrial sector:</b>							
Construction	27.76	0.90	1.43	3.02	2.14	3.21	2.81
Finance and insurance	10.40	0.01	0.18	0.74	0.28	0.33	0.34
Information	21.59	0.12	0.83	0.39	2.61	0.41	0.39
Management of companies (holding companies)	22.70	0.05	0.08	0.50	2.63	0.44	0.48
Manufacturing	9.87	0.05	0.11	0.13	0.66	0.13	0.17
Professional, scientific, and technical services	13.06	0.45	1.45	1.46	3.41	1.60	2.15
Real estate and rental and leasing	8.62	0.60	1.54	1.73	4.59	2.42	2.31
Retail trade	18.63	0.55	0.69	1.12	5.67	1.29	1.28
Wholesale trade	7.28	0.23	0.50	0.49	2.59	0.49	0.49
<b>Selected country of foreign owner:</b>							
Bermuda	10.21	0.13	1.02	0.36	3.17	0.36	0.43
Canada	10.70	0.09	0.72	1.21	1.53	0.71	0.73
France	18.74	0.04	0.27	0.34	2.13	0.42	0.47
Germany	13.59	0.05	0.30	0.46	0.69	0.56	0.56
Japan	11.24	0.13	0.41	0.39	1.34	0.40	0.42
Netherlands	23.10	0.06	0.26	0.30	2.06	0.30	0.52
South Korea, Republic of	25.62	1.07	1.57	3.94	6.18	7.60	8.39
Sweden	26.77	0.37	0.87	1.23	2.61	1.50	1.47
Switzerland	19.65	0.04	0.64	0.44	0.27	0.43	0.43
United Kingdom	14.95	0.03	0.15	0.18	1.52	0.15	0.18
Venezuela	42.10	0.94	1.24	0.65	57.59	0.48	0.46

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.<sup>25</sup> 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.<sup>26</sup> However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 2006 and 2007, 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 adminis-

<sup>25</sup> 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."

<sup>26</sup> The FCDC statistics include data from returns in which the first question (see footnote 25) was answered "Yes," and the second question covering percentage owned was not answered. There were 1,051 returns for Tax Year 2007 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$26.5 billion of assets and \$15.8 billion of receipts.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

trative 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 coun-

try 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.

## Appendix A

### REITs, RICs, and S Corporations Filed by Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs), Tax Year 2007

(Money amounts are in millions of dollars)

Type of corporation and item	FCDCs	ODCs
<b>Real estate investment trusts (REITs):</b>		
Number of returns	104	1,537
Total assets	59,577	1,451,352
Total receipts	3,965	135,560
Net income (less deficit)	1,990	74,389
Income subject to tax	0	35
Total income tax after credits	1	60
<b>Regulated investment companies (RICs):</b>		
Number of returns	321	11,762
Total assets	288,057	14,358,028
Total receipts	10,152	526,416
Net income (less deficit)	8,285	404,129
Income subject to tax	0	5
Total income tax after credits	0	76
<b>S corporations:</b>		
Number of returns	0	3,989,893
Total assets	0	3,324,337
Total receipts	0	6,092,468
Net income (less deficit)	0	400,730
Net income (less deficit) from a trade or business	0	287,198
Total income tax after credits	0	925

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2007**

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

Item	1971	1990	1998	2000	2004	2005	2006	2007
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>ALL CORPORATIONS</b>								
Number of returns, total	1,733,332	3,716,650	4,848,888	5,045,274	5,557,965	5,671,257	5,840,799	5,868,849
Number with net income	1,063,940	1,910,670	2,760,814	2,819,153	3,116,468	3,324,260	3,367,313	3,367,720
Total assets	2,889,221	18,190,058	37,347,353	47,026,872	60,117,759	66,445,430	73,080,647	81,486,346
Total receipts	1,906,008	11,409,520	17,323,955	20,605,808	22,711,864	25,504,789	27,401,874	28,762,924
Business receipts	1,763,760	9,860,442	15,010,265	17,636,551	19,975,876	21,800,290	23,310,310	24,217,396
Interest received [1]	65,596	942,238	1,227,640	1,576,101	1,337,626	1,712,271	2,242,464	2,569,844
Total deductions	1,824,063	11,032,575	16,489,425	19,691,592	21,636,156	23,612,766	25,501,558	26,974,257
Cost of goods sold	1,241,282	6,610,770	9,362,392	11,135,288	12,497,905	13,816,464	14,799,599	15,513,227
Interest paid	64,697	825,372	966,659	1,271,679	938,790	1,287,098	1,787,104	2,085,113
Total receipts less total deductions	81,945	376,945	834,530	914,216	1,075,708	1,892,024	1,900,316	1,788,667
Net income (less deficit)	79,700	370,633	838,224	927,526	1,111,693	1,948,655	1,933,374	1,836,783
Net income	96,688	552,527	1,091,150	1,336,620	1,455,797	2,234,882	2,239,614	2,252,874
Deficit	-16,988	-181,894	-252,926	-409,094	-344,104	-286,227	-306,240	-416,091
Income subject to tax	83,165	366,353	663,386	760,404	857,392	1,201,325	1,291,431	1,248,285
Total income tax before credits	37,510	128,186	231,400	266,282	299,555	419,209	453,082	437,076
Income tax	37,143	119,434	228,022	262,233	296,200	416,324	450,168	433,493
Total income tax after credits	30,220	96,403	181,545	204,044	224,435	312,086	353,084	331,374
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>								
Number of returns, total	5,154	44,113	61,658	60,609	57,935	61,820	63,951	64,026
Number with net income	2,575	17,360	29,172	26,519	29,233	30,870	30,318	30,929
Total assets	36,674	1,652,255	3,917,687	6,071,994	7,971,399	9,218,983	9,743,225	11,161,430
Total receipts	39,181	1,060,295	1,890,493	2,612,072	3,056,503	3,505,629	3,839,754	4,217,409
Business receipts	38,043	950,083	1,662,560	2,253,215	2,733,472	3,058,260	3,323,274	3,597,435
Interest received [1]	420	67,315	129,040	180,006	154,954	235,304	304,577	387,460
Total deductions	38,050	1,056,921	1,851,059	2,549,986	2,969,718	3,345,178	3,671,102	4,071,891
Cost of goods sold	28,804	709,052	1,177,416	1,584,513	1,964,224	2,239,966	2,425,660	2,638,722
Interest paid	733	77,562	128,845	186,835	129,530	199,877	286,668	360,439
Total receipts less total deductions	1,132	3,374	39,434	62,085	86,785	160,450	168,652	145,518
Net income (less deficit)	1,111	3,966	40,615	66,312	90,846	165,188	172,560	152,261
Net income	1,496	29,410	75,409	118,598	138,010	201,597	214,812	226,419
Deficit	-384	-25,444	-34,794	-52,287	-47,165	-36,409	-42,252	-74,158
Income subject to tax	1,344	23,704	59,352	97,515	104,740	153,007	171,251	183,840
Total income tax before credits	650	8,719	21,262	34,650	37,058	53,820	60,313	65,071
Income tax	631	8,008	20,599	33,950	36,451	53,137	59,693	64,192
Total income tax after credits	610	7,438	18,273	28,073	29,932	42,415	49,953	52,845
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS</b>								
Number of returns, total	0.30	1.19	1.27	1.20	1.04	1.09	1.09	1.09
Number with net income	0.24	0.91	1.06	0.94	0.94	0.93	0.90	0.92
Total assets	1.27	9.08	10.49	12.91	13.26	13.87	13.33	13.70
Total receipts	2.06	9.29	10.91	12.68	13.46	13.74	14.01	14.66
Business receipts	2.16	9.64	11.08	12.78	13.68	14.03	14.26	14.85
Interest received [1]	0.64	7.14	10.51	11.42	11.58	13.74	13.58	15.08
Total deductions	2.09	9.58	11.23	12.95	13.73	14.17	14.40	15.10
Cost of goods sold	2.32	10.73	12.58	14.23	15.72	16.21	16.39	17.01
Interest paid	1.13	9.40	13.33	14.69	13.80	15.53	16.04	17.29
Total receipts less total deductions	1.38	0.90	4.73	6.79	8.07	8.48	8.87	8.14
Net income (less deficit)	1.39	1.07	4.85	7.15	8.17	8.48	8.93	8.29
Net income	1.55	5.32	6.91	8.87	9.48	9.02	9.59	10.05
Deficit	2.26	13.99	13.76	12.78	13.71	12.72	13.80	17.82
Income subject to tax	1.62	6.47	8.95	12.82	12.22	12.74	13.26	14.73
Total income tax before credits	1.73	6.80	9.19	13.01	12.37	12.84	13.31	14.89
Income tax	1.70	6.70	9.03	12.95	12.31	12.76	13.26	14.81
Total income tax after credits	2.02	7.72	10.07	13.76	13.34	13.59	14.15	15.95

[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.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2007**

[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)
<b>All industries</b>	<b>64,026</b>	<b>30,929</b>	<b>22,207</b>	<b>11,161,430</b>	<b>2,318,484</b>	<b>4,217,409</b>	<b>3,597,435</b>	<b>4,071,891</b>
Agriculture, forestry, fishing, and hunting	906	403	128	8,663	4,844	10,538	10,169	10,603
Agricultural production	583	169	125	7,875	4,643	10,127	9,885	10,192
Forestry and logging	*5	d	d	*460	*286	*158	*116	*140
Support activities and fishing, hunting, and trapping	*319	d	d	*329	*-85	*253	*168	*270
Mining	1,125	359	242	158,447	71,791	78,493	70,774	66,707
Utilities	230	180	143	115,480	30,699	45,480	43,867	44,409
Construction	1,835	996	548	46,910	12,990	51,738	50,170	51,841
Construction of buildings	126	81	55	24,076	6,086	31,537	30,930	32,315
Heavy and civil engineering construction	1,092	364	107	17,194	5,488	13,885	13,056	13,309
Specialty trade contractors	618	551	386	5,641	1,416	6,316	6,185	6,217
Manufacturing	6,601	3,577	3,053	2,508,531	736,019	1,858,326	1,759,769	1,786,247
Food manufacturing	464	376	130	69,273	12,984	66,529	65,110	65,281
Beverage and tobacco product manufacturing	83	65	40	43,001	10,654	29,043	27,044	26,698
Textile mills and textile product mills	220	98	97	6,090	2,823	6,670	6,512	6,679
Apparel manufacturing	60	39	39	1,239	761	1,616	1,582	1,577
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	107	75	74	6,097	1,080	6,941	6,837	7,449
Paper manufacturing	127	79	79	21,639	7,469	23,926	23,289	23,631
Printing and related support activities	89	21	21	4,106	-664	6,207	6,087	6,160
Petroleum and coal products manufacturing	29	20	19	640,584	119,268	616,175	598,078	591,052
Chemical manufacturing	446	269	264	386,187	144,770	243,437	221,124	219,880
Plastics and rubber products manufacturing	403	172	143	49,539	19,947	51,496	50,472	50,837
Nonmetallic mineral product manufacturing	150	98	98	114,625	25,938	58,366	56,020	56,236
Primary metal manufacturing	142	103	102	72,969	25,113	81,572	79,016	75,965
Fabricated metal product manufacturing	738	280	250	39,491	15,546	40,119	38,904	38,394
Machinery manufacturing	717	544	523	128,655	50,305	91,570	85,247	86,713
Computer and electronic product manufacturing	1,568	678	598	212,637	93,005	126,132	119,973	126,265
Electrical equipment, appliance, and component manufacturing	295	136	107	72,640	23,074	37,555	35,902	35,801
Transportation equipment manufacturing	525	312	284	537,605	142,200	300,177	275,295	300,969
Furniture and related product manufacturing	41	6	6	1,768	-316	3,646	3,613	3,608
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	19,633	9,795	6,715	654,814	188,299	1,093,074	1,065,093	1,066,602
Wholesale trade	15,780	7,647	5,588	563,553	161,405	938,126	914,627	915,232
Wholesale trade, durable goods	10,656	5,554	4,015	366,976	102,351	632,772	618,662	621,332
Wholesale trade, nondurable goods	5,118	d	d	195,667	59,030	305,310	295,961	293,862
Wholesale electronic markets and agents and brokers	*6	d	d	*910	*25	*44	*4	*37
Retail trade	3,853	2,148	1,127	91,261	26,894	154,948	150,466	151,370
Motor vehicle dealers and parts dealers	353	321	303	2,761	703	7,145	6,904	7,135
Furniture and home furnishings stores	429	15	15	4,994	611	5,665	5,469	5,544
Electronics and appliance stores	270	154	42	861	21	2,922	2,860	2,777
Building material and garden equipment and supplies dealers	72	d	d	661	215	1,215	1,206	1,205
Food, beverage and liquor stores	176	99	94	40,358	12,841	85,357	83,378	83,264
Health and personal care stores	137	36	27	7,212	1,455	5,778	5,636	5,488
Gasoline stations	*396	*393	*150	*3,441	*934	*13,660	*13,442	*13,564
Clothing and clothing accessories stores	471	277	248	18,078	8,845	16,340	15,398	15,648
Sporting goods, hobby, book, and music stores	*386	*67	*67	*699	*401	*1,073	*1,051	*1,080
General merchandise stores	*13	d	d	*946	*363	*1,168	*1,133	*1,166
Miscellaneous store retailers	355	292	33	6,084	-1,149	7,982	7,591	7,745
Nonstore retailers	796	425	81	5,167	1,655	6,644	6,399	6,755

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2007—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)
Transportation and warehousing	2,112	1,770	1,339	77,206	22,415	63,929	61,235	64,016
Air, rail, and water transportation	148	d	d	20,996	5,699	13,209	12,275	12,808
Truck transportation	634	577	301	946	234	3,147	3,105	3,157
Transit and ground passenger transportation	*274	*271	*271	*9,972	*2,318	*4,474	*4,230	*4,599
Pipeline transportation	*9	d	d	*3,058	*1,101	*3,724	*3,674	*3,730
Other transportation and support activities	704	495	419	32,838	8,172	35,875	34,889	36,497
Warehousing and storage	343	314	297	9,396	4,891	3,499	3,061	3,224
Information	2,583	1,020	861	392,798	190,685	111,475	89,838	101,711
Publishing industries	1,005	375	257	90,758	11,734	51,500	41,451	47,100
Motion picture and sound recording industries	478	402	375	54,889	17,710	10,532	7,194	10,033
Broadcasting (except internet)	74	15	7	3,325	1,405	941	860	1,133
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	523	165	164	222,999	155,371	39,125	32,240	34,377
Data processing, hosting, and related services	132	16	16	8,876	1,626	2,826	2,460	2,802
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	371	47	42	11,950	2,839	6,550	5,633	6,266
Finance and insurance	3,100	1,754	1,309	5,550,187	742,624	568,706	238,533	564,842
Credit intermediation	619	228	196	320,721	22,558	24,808	10,906	24,960
Depository credit intermediation	56	34	32	113,103	7,534	7,022	677	6,449
Nondepository credit intermediation	563	194	164	207,618	15,025	17,786	10,229	18,511
Securities, commodity contracts, and other financial investments and related activities	1,206	660	604	3,079,103	96,444	245,969	37,578	263,502
Insurance carriers and related activities	324	253	236	1,799,216	329,525	283,220	190,042	272,179
Funds, trusts, and other financial vehicles	951	612	273	351,148	294,097	14,709	7	4,202
Real estate and rental and leasing	12,407	5,143	3,699	175,388	58,307	31,919	20,258	27,609
Real estate	12,164	4,989	3,547	134,109	50,205	18,493	8,982	14,849
Rental and leasing services	238	d	d	38,724	6,917	12,848	10,753	12,209
Lessors of nonfinancial intangible assets (except copyrighted works)	*6	d	d	*2,555	*1,186	*578	*523	*551
Professional, scientific, and technical services	8,387	3,966	2,622	165,193	68,362	94,620	85,982	92,712
Management of companies (holding companies)	1,685	714	657	1,133,164	133,732	112,919	15,994	101,261
Administrative and support and waste management and remediation services	1,417	d	d	44,884	15,211	40,592	38,113	39,892
Administrative and support services	1,408	d	d	36,421	12,083	36,097	34,102	35,712
Waste management and remediation services	*10	d	d	*8,463	*3,127	*4,495	*4,011	*4,180
Educational services	106	11	11	5,250	822	1,822	1,649	1,754
Health care and social assistance	33	19	19	34,340	11,553	11,119	10,475	10,450
Offices of health practitioners and outpatient care centers	5	d	d	27,135	9,608	6,522	6,274	5,907
Miscellaneous health care and social assistance	20	11	10	4,197	1,089	1,979	1,903	1,989
Hospitals, nursing, and residential care facilities	8	d	d	3,008	856	2,619	2,298	2,554
Arts, entertainment, and recreation	590	285	227	13,396	1,991	5,587	4,592	5,700
Amusement, gambling, and recreation industries	96	34	33	10,377	1,721	2,701	2,282	2,910
Other arts, entertainment, and recreation	494	252	194	3,019	270	2,886	2,310	2,790
Accommodation and food services	852	276	145	71,182	27,534	31,321	25,530	30,089
Accommodation	283	157	121	56,171	27,751	9,626	5,333	8,749
Food services and drinking places	569	119	24	15,011	-217	21,695	20,198	21,340
Other services	368	146	51	5,558	582	5,745	5,389	5,440
Repair and maintenance	86	42	43	3,145	1,049	3,750	3,568	3,658
Personal and laundry services	281	104	7	2,413	-467	1,994	1,820	1,782
Not allocable	*54	*0	*0	*41	*24	*5	*5	*7

Footnotes at end of table.



# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2007—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)
<b>All industries</b>	<b>2,638,722</b>	<b>145,518</b>	<b>152,261</b>	<b>226,419</b>	<b>-74,158</b>	<b>183,840</b>	<b>65,071</b>	<b>52,845</b>
Agriculture, forestry, fishing, and hunting	8,183	-65	-54	253	-308	184	66	54
Agricultural production	7,998	-66	-55	223	-279	164	59	48
Forestry and logging	*86	*18	*18	d	d	d	d	d
Support activities and fishing, hunting, and trapping	*98	*-17	*-17	d	d	d	d	d
Mining	35,403	11,786	12,148	15,138	-2,990	12,824	4,585	2,413
Utilities	27,389	1,071	1,067	1,448	-381	1,094	410	378
Construction	43,606	-102	-100	1,478	-1,579	1,034	370	357
Construction of buildings	28,840	-778	-776	446	-1,222	290	103	101
Heavy and civil engineering construction	10,136	576	575	741	-165	509	187	178
Specialty trade contractors	4,630	100	100	292	-191	235	79	78
Manufacturing	1,375,760	72,080	76,013	93,969	-17,956	85,574	30,121	22,961
Food manufacturing	43,733	1,248	1,269	1,997	-728	1,702	602	581
Beverage and tobacco product manufacturing	13,592	2,345	2,375	2,515	-140	2,188	766	721
Textile mills and textile product mills	5,025	-9	-8	214	-222	182	63	61
Apparel manufacturing	1,076	39	39	86	-47	73	25	22
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	5,716	-507	-505	72	-577	57	19	19
Paper manufacturing	18,917	295	295	626	-331	201	75	71
Printing and related support activities	4,670	47	48	105	-57	95	33	33
Petroleum and coal products manufacturing	542,262	25,122	26,128	26,188	-60	25,993	9,097	5,584
Chemical manufacturing	129,504	23,557	24,722	27,115	-2,394	25,953	9,164	7,730
Plastics and rubber products manufacturing	37,413	658	727	1,446	-719	798	280	236
Nonmetallic mineral product manufacturing	37,225	2,130	2,182	2,775	-593	2,581	916	853
Primary metal manufacturing	65,243	5,607	6,079	6,697	-618	6,451	2,293	1,125
Fabricated metal product manufacturing	28,275	1,725	1,737	2,115	-378	1,787	623	605
Machinery manufacturing	63,071	4,857	5,042	5,652	-610	4,659	1,630	1,451
Computer and electronic product manufacturing	87,403	-133	150	2,987	-2,837	2,015	717	631
Electrical equipment, appliance, and component manufacturing	25,122	1,755	2,000	2,450	-449	1,543	552	375
Transportation equipment manufacturing	222,609	-792	-610	5,545	-6,155	4,432	1,561	1,395
Furniture and related product manufacturing	2,628	38	38	82	-45	82	29	27
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	871,031	26,472	26,921	33,474	-6,552	27,692	9,841	9,256
Wholesale trade	764,232	22,895	23,314	28,690	-5,376	24,551	8,725	8,175
Wholesale trade, durable goods	519,300	11,439	11,777	15,299	-3,522	13,005	4,655	4,357
Wholesale trade, nondurable goods	244,931	11,448	11,530	d	d	d	d	d
Wholesale electronic markets and agents and brokers	*0	*7	*7	d	d	d	d	d
Retail trade	106,799	3,577	3,608	4,784	-1,177	3,141	1,116	1,081
Motor vehicle dealers and parts dealers	5,870	9	9	85	-76	68	23	23
Furniture and home furnishings stores	3,015	121	119	194	-74	184	64	64
Electronics and appliance stores	2,025	144	142	188	-46	27	9	9
Building material and garden equipment and supplies dealers	909	10	14	d	d	d	d	d
Food, beverage and liquor stores	62,068	2,093	2,101	2,264	-163	1,520	539	525
Health and personal care stores	2,329	291	299	395	-97	378	132	126
Gasoline stations	*11,848	*96	*96	*99	*-3	*95	*32	*25
Clothing and clothing accessories stores	7,434	692	693	948	-256	529	191	189
Sporting goods, hobby, book, and music stores	*766	*-7	*-5	*46	*-51	*43	*15	*13
General merchandise stores	*679	*2	*2	d	d	d	d	d
Miscellaneous store retailers	5,036	237	236	374	-137	152	57	57
Nonstore retailers	4,821	-111	-99	145	-244	99	38	36

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2007—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)
Transportation and warehousing	26,061	-87	-68	2,223	-2,291	1,905	665	631
Air, rail, and water transportation	4,716	401	413	d	d	d	d	d
Truck transportation	1,980	-10	-10	37	-47	26	9	9
Transit and ground passenger transportation	*707	*-125	*-125	*15	*-139	*1	*1	*1
Pipeline transportation	*3,409	*-7	*-7	d	d	d	d	d
Other transportation and support activities	14,559	-622	-618	1,055	-1,673	923	320	313
Warehousing and storage	690	275	278	362	-84	245	85	83
Information	32,905	9,764	9,985	13,276	-3,291	9,073	3,226	3,122
Publishing industries	16,313	4,400	4,505	6,269	-1,764	5,383	1,888	1,848
Motion picture and sound recording industries	2,818	499	592	833	-241	133	48	46
Broadcasting (except internet)	435	-192	-192	42	-234	36	12	10
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	11,871	4,747	4,766	5,459	-693	2,976	1,086	1,070
Data processing, hosting, and related services	517	24	25	212	-187	206	72	71
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	951	284	289	461	-172	339	120	77
Finance and insurance	144,745	3,864	4,165	34,084	-29,919	18,921	6,831	6,054
Credit intermediation	277	-152	-169	1,363	-1,532	1,168	409	377
Depository credit intermediation	0	574	564	573	-10	503	176	174
Nondepository credit intermediation	277	-725	-733	790	-1,522	665	233	202
Securities, commodity contracts, and other financial investments and related activities	206	-17,533	-17,056	7,352	-24,407	6,431	2,335	2,225
Insurance carriers and related activities	144,262	11,041	10,880	14,509	-3,629	10,244	3,713	3,184
Funds, trusts, and other financial vehicles	0	10,507	10,510	10,860	-351	1,078	374	268
Real estate and rental and leasing	4,660	4,310	4,282	5,938	-1,655	3,643	1,287	1,275
Real estate	1,698	3,644	3,622	5,047	-1,425	3,305	1,147	1,139
Rental and leasing services	2,957	639	633	d	d	d	d	d
Lessors of nonfinancial intangible assets (except copyrighted works)	*5	*27	*27	d	d	d	d	d
Professional, scientific, and technical services	30,326	1,908	2,451	6,167	-3,716	4,635	1,611	1,108
Management of companies (holding companies)	1,268	11,658	12,224	14,172	-1,947	13,529	4,738	4,130
Administrative and support and waste management and remediation services	17,145	700	745	d	d	d	d	d
Administrative and support services	16,741	386	431	d	d	d	d	d
Waste management and remediation services	*404	*314	*315	d	d	d	d	d
Educational services	637	68	70	106	-36	99	34	24
Health care and social assistance	3,792	669	669	817	-148	763	268	263
Offices of health practitioners and outpatient care centers	3,069	615	614	d	d	d	d	d
Miscellaneous health care and social assistance	645	-11	-9	65	-74	21	8	7
Hospitals, nursing, and residential care facilities	78	65	65	d	d	d	d	d
Arts, entertainment, and recreation	1,994	-113	70	426	-356	233	81	59
Amusement, gambling, and recreation industries	1,174	-209	-34	236	-270	89	32	12
Other arts, entertainment, and recreation	820	96	104	190	-86	144	49	47
Accommodation and food services	10,922	1,232	1,348	1,694	-346	1,516	539	435
Accommodation	602	877	981	1,081	-100	918	331	262
Food services and drinking places	10,320	355	367	613	-246	598	209	173
Other services	2,896	305	327	379	-53	359	125	101
Repair and maintenance	2,473	93	93	109	-16	95	33	33
Personal and laundry services	423	212	234	270	-36	264	92	69
Not allocable	*1	*-2	*-2	*0	*-2	*0	*0	*0

\* 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.

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

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2007**

[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)
<b>All foreign-controlled domestic corporations</b>	<b>64,026</b>	<b>30,929</b>	<b>22,207</b>	<b>11,161,430</b>	<b>2,318,484</b>	<b>4,217,409</b>	<b>3,597,435</b>	<b>4,071,891</b>
<b>AGE OF CORPORATION</b>								
Old corporations:								
Number or amount	49,444	26,542	18,558	10,503,230	2,088,346	3,927,950	3,329,911	3,783,148
Percentage of all corporations	77.22	85.82	83.57	94.10	90.07	93.14	92.56	92.91
New corporations:								
Number or amount	14,582	4,387	3,649	658,200	230,139	289,459	267,524	288,743
Percentage of all corporations	22.78	14.18	16.43	5.90	9.93	6.86	7.44	7.09
<b>SELECTED COUNTRY OF FOREIGN OWNER</b>								
Selected countries, total	57,456	27,825	19,979	11,102,271	2,302,067	4,173,127	3,556,433	4,026,806
Percentage of all countries	89.74	89.96	89.97	99.47	99.29	98.95	98.86	98.89
Selected countries:								
Australia	1,008	400	298	136,372	39,209	54,108	48,864	48,868
Austria	748	275	257	10,929	3,707	13,811	13,490	13,468
Belgium	337	182	153	114,188	15,254	50,008	43,085	48,354
Bermuda	280	149	119	240,522	76,737	84,897	72,425	79,315
Brazil	832	453	131	9,484	1,969	11,464	10,696	11,515
British Virgin Islands [1]	2,947	1,032	703	25,093	6,768	17,878	16,298	17,822
Canada	10,762	6,096	4,978	1,169,813	346,210	360,757	301,855	346,002
Cayman Islands	1,426	451	412	119,515	56,643	28,034	23,166	25,828
China	1,249	225	151	7,229	2,252	9,110	8,760	8,876
China (Taiwan)	1,371	317	203	16,210	3,802	26,550	25,986	26,341
Colombia	844	135	30	1,476	303	1,021	1,006	1,045
Denmark	571	186	149	15,948	6,252	19,416	18,854	18,743
Finland	67	37	32	18,812	7,347	23,121	22,266	22,810
Former Soviet Union [2]	352	287	32	3,371	1,243	8,316	8,116	8,482
France	2,159	1,083	656	1,145,786	287,500	284,453	222,664	268,610
Germany	4,444	2,514	1,765	1,649,154	302,380	483,939	398,837	475,289
Gibraltar	84	21	22	28,204	2,577	7,972	6,546	8,073
Hong Kong	1,296	677	553	10,226	2,413	13,070	12,541	12,938
Hungary	83	26	26	9,143	-309	10,855	10,077	9,833
India	1,844	1,045	590	15,004	2,774	19,403	19,182	19,468
Ireland	657	510	204	43,551	10,955	24,705	23,200	24,063
Israel	753	569	494	33,879	6,878	21,211	19,571	20,657
Italy	1,396	419	366	56,377	16,140	31,658	29,778	30,131
Japan	5,185	2,356	1,854	752,738	215,523	638,586	601,014	619,110
Luxembourg	390	260	220	114,371	49,168	63,320	58,565	61,282
Mexico	1,251	605	544	46,141	10,246	40,406	36,517	35,848
Netherlands	2,021	757	514	931,142	147,628	303,480	232,320	290,355
Netherlands Antilles	305	167	162	15,096	7,703	11,881	10,405	9,928
Norway	370	121	120	17,196	4,356	17,098	16,482	16,956
Panama	877	452	154	12,380	4,639	8,041	7,667	7,779
Portugal	74	7	6	10,055	1,998	1,847	1,505	1,711
Puerto Rico	25	15	4	19,543	1,390	1,843	244	2,211
Saudi Arabia	140	39	11	16,541	6,154	14,116	12,592	13,130
Singapore	190	141	55	39,323	22,839	17,133	16,111	17,474
South Africa, Republic of	140	34	34	4,163	793	6,381	6,179	6,372
South Korea, Republic of	1,608	681	645	40,652	8,896	80,557	79,144	80,536
Spain	1,065	431	161	111,079	30,813	18,604	14,077	18,258
Sweden	430	214	135	79,107	22,911	58,018	54,578	57,131
Switzerland	1,462	776	517	1,271,975	66,046	277,184	193,245	280,362
United Kingdom	5,556	3,137	2,279	2,717,756	497,207	965,257	817,420	921,278
Venezuela	857	543	240	22,727	4,753	43,618	41,105	40,554

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2007—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)
<b>All foreign-controlled domestic corporations</b>	<b>2,638,722</b>	<b>145,518</b>	<b>152,261</b>	<b>226,419</b>	<b>-74,158</b>	<b>183,840</b>	<b>65,071</b>	<b>52,845</b>
<b>AGE OF CORPORATION</b>								
Old corporations:								
Number or amount	2,447,641	144,802	151,032	214,849	-63,817	174,569	61,825	49,931
Percentage of all corporations	92.76	99.51	99.19	94.89	86.06	94.96	95.01	94.49
New corporations:								
Number or amount	191,081	715	1,229	11,570	-10,341	9,271	3,246	2,914
Percentage of all corporations	7.24	0.49	0.81	5.11	13.94	5.04	4.99	5.51
<b>SELECTED COUNTRY OF FOREIGN OWNER</b>								
Selected countries, total	2,607,131	146,330	153,040	224,411	-71,377	182,366	64,565	52,420
Percentage of all countries	98.80	100.56	100.51	99.11	96.25	99.20	99.22	99.20
Selected countries:								
Australia	29,667	5,239	5,317	6,669	-1,352	5,674	1,990	443
Austria	10,204	344	343	471	-128	417	144	142
Belgium	29,220	1,655	1,718	1,900	-182	1,820	643	568
Bermuda	46,145	5,581	5,981	7,598	-1,617	6,695	2,354	1,912
Brazil	9,946	-51	-51	302	-352	147	58	58
British Virgin Islands [1]	11,913	57	70	862	-792	591	207	203
Canada	227,016	14,756	14,795	21,766	-6,971	13,433	4,792	4,288
Cayman Islands	11,719	2,207	2,388	4,008	-1,620	2,992	1,059	899
China	6,828	234	232	450	-218	408	142	101
China (Taiwan)	23,571	210	209	580	-370	454	158	156
Colombia	786	-24	-24	24	-48	16	5	5
Denmark	12,544	674	684	1,079	-396	919	323	281
Finland	17,385	312	317	554	-237	284	100	86
Former Soviet Union [2]	7,580	-166	-166	135	-301	132	46	34
France	152,431	15,843	16,653	19,623	-2,971	13,724	4,875	4,120
Germany	276,088	8,651	9,478	21,342	-11,864	14,748	5,386	4,975
Gibraltar	5,853	-101	-98	50	-149	40	90	89
Hong Kong	10,706	132	132	308	-176	218	75	66
Hungary	6,838	1,022	1,035	1,073	-38	1,067	373	308
India	13,008	-65	-65	411	-477	339	117	115
Ireland	14,737	642	640	1,008	-368	841	295	288
Israel	14,818	553	535	986	-451	754	261	233
Italy	17,072	1,527	1,794	2,247	-453	1,769	619	509
Japan	463,796	19,476	19,984	26,319	-6,336	22,900	8,026	7,300
Luxembourg	41,261	2,038	2,114	3,201	-1,088	2,100	769	652
Mexico	25,913	4,559	4,948	5,856	-909	4,212	1,493	466
Netherlands	168,902	13,125	14,630	17,445	-2,816	14,277	5,041	2,772
Netherlands Antilles	4,558	1,953	1,961	2,047	-85	1,962	685	645
Norway	13,528	142	144	652	-508	556	194	186
Panama	6,120	262	263	369	-106	229	81	81
Portugal	545	136	157	253	-95	253	89	65
Puerto Rico	11	-368	-371	30	-401	28	10	10
Saudi Arabia	11,256	985	983	1,081	-98	1,073	376	375
Singapore	11,486	-340	-339	380	-719	307	107	91
South Africa, Republic of	5,190	9	9	160	-150	93	34	33
South Korea, Republic of	71,639	21	26	1,026	-1,001	507	176	156
Spain	10,014	346	335	1,436	-1,102	1,205	422	412
Sweden	42,223	887	893	1,941	-1,049	1,567	551	518
Switzerland	120,425	-3,177	-3,095	14,567	-17,662	12,963	4,572	4,341
United Kingdom	615,773	43,979	45,420	51,101	-5,681	47,584	16,755	13,366
Venezuela	38,416	3,065	3,061	3,101	-40	3,068	1,072	1,072

[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 2005 and 2008; "old" corporations were those with dates of incorporation prior to 2005, 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 750 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, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007**

[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 shareholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b>	<b>4,287</b>	<b>3,151</b>	<b>3,044</b>	<b>10,547,214</b>	<b>5,010,198</b>	<b>5,537,016</b>	<b>48,575</b>
Agriculture, forestry, fishing, and hunting	15	12	12	5,878	1,994	3,884	2
Mining	97	63	64	148,485	40,551	107,934	21
Utilities	32	21	21	113,354	21,178	92,176	14
Construction	76	56	56	39,607	20,583	19,024	186
Manufacturing	1,552	1,097	1,069	2,465,196	1,071,524	1,393,672	3,513
Wholesale and retail trade	1,314	1,051	1,012	605,834	329,303	276,531	2,925
Wholesale trade	1,201	972	936	520,703	301,843	218,860	2,608
Retail trade	113	79	76	85,132	27,460	57,671	318
Transportation and warehousing	132	88	77	72,276	15,963	56,313	3,046
Information	136	92	86	383,633	57,473	326,160	3,513
Finance and insurance	350	269	266	5,210,216	2,599,947	2,610,269	23,604
Real estate and rental and leasing	77	55	55	84,022	25,499	58,523	114
Professional, scientific, and technical services	212	144	138	146,904	41,051	105,853	206
Management of companies (holding companies)	98	77	71	1,110,861	760,149	350,711	282
Administrative and support and waste management and remediation services	90	57	55	41,281	10,181	31,100	24
Educational services	8	d	d	5,085	2,213	2,873	0
Health care and social assistance	20	12	11	33,817	2,712	31,106	10,925
Arts, entertainment, and recreation	11	d	d	10,905	3,384	7,521	164
Accommodation and food services	44	31	24	66,051	5,502	60,549	15
Other services	23	13	13	3,809	991	2,819	21
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b>	<b>15,320</b>	<b>11,472</b>	<b>11,166</b>	<b>49,309,871</b>	<b>20,160,161</b>	<b>29,149,710</b>	<b>414,688</b>
Agriculture, forestry, fishing, and hunting	109	84	84	27,983	9,487	18,495	75
Mining	242	158	168	553,931	103,634	450,297	1,522
Utilities	169	134	135	1,374,331	252,307	1,122,024	217
Construction	827	698	704	195,686	111,116	84,570	405
Manufacturing	3,214	2,267	2,120	7,247,643	2,491,913	4,755,731	52,765
Wholesale and retail trade	3,875	2,965	2,914	2,041,457	734,196	1,307,261	986
Wholesale trade	2,266	1,846	1,809	968,184	349,049	619,135	300
Retail trade	1,608	1,119	1,105	1,073,273	385,146	688,126	686
Transportation and warehousing	502	318	310	511,486	108,480	403,006	2,522
Information	658	410	381	2,587,296	394,451	2,192,844	928
Finance and insurance	1,953	1,562	1,563	17,999,559	6,957,470	11,042,090	6,973
Real estate and rental and leasing	201	109	115	215,239	47,638	167,601	35
Professional, scientific, and technical services	908	676	650	384,991	176,621	208,370	492
Management of companies (holding companies)	1,346	1,232	1,236	15,430,110	8,631,445	6,798,665	347,594
Administrative and support and waste management and remediation services	323	232	213	149,670	37,505	112,164	44
Educational services	66	45	44	21,593	5,766	15,827	0
Health care and social assistance	512	313	286	198,589	46,170	152,419	31
Arts, entertainment, and recreation	67	44	39	43,168	8,053	35,115	5
Accommodation and food services	254	158	139	300,622	38,800	261,822	80
Other services	94	67	63	26,515	5,107	21,408	14

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sector	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from shareholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b>	<b>4,894,852</b>	<b>3,712,311</b>	<b>199,301</b>	<b>1,940,050</b>	<b>59,729</b>	<b>15,874</b>	<b>43,854</b>
Agriculture, forestry, fishing, and hunting	931	1,204	48	3,743	416	13	403
Mining	31,925	46,345	3,922	70,214	13,972	0	13,972
Utilities	20,846	62,474	1,684	30,034	-9,859	1	-9,860
Construction	17,058	11,472	1,765	11,077	-47	16	-63
Manufacturing	919,115	821,542	72,055	724,539	3,704	522	3,182
Wholesale and retail trade	254,307	173,808	5,576	177,720	20,559	14	20,545
Wholesale trade	227,210	141,849	5,329	151,644	20,611	11	20,600
Retail trade	27,097	31,959	246	26,076	-52	3	-55
Transportation and warehousing	13,988	37,358	6,359	20,930	-3,070	6	-3,076
Information	70,320	122,529	44,236	190,784	-16,098	42	-16,140
Finance and insurance	2,665,392	2,096,777	38,363	448,047	51,800	14,527	37,273
Real estate and rental and leasing	16,895	42,225	2,808	24,902	1,464	0	1,464
Professional, scientific, and technical services	43,754	39,410	4,368	63,739	-13,727	25	-13,752
Management of companies (holding companies)	815,334	175,682	2,448	119,844	24,235	708	23,527
Administrative and support and waste management and remediation services	10,788	16,380	2,159	14,112	-16,598	0	-16,599
Educational services	1,462	2,827	25	797	-101	0	-101
Health care and social assistance	2,892	19,455	11,286	11,470	559	0	559
Arts, entertainment, and recreation	2,246	7,132	1,482	1,527	-718	1	-719
Accommodation and food services	6,069	33,431	663	26,551	2,783	0	2,783
Other services	1,532	2,259	56	19	454	0	454
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b>	<b>24,087,587</b>	<b>14,742,659</b>	<b>283,202</b>	<b>10,479,625</b>	<b>4,106,514</b>	<b>139,606</b>	<b>3,966,908</b>
Agriculture, forestry, fishing, and hunting	5,814	15,991	839	6,177	1,412	1	1,411
Mining	100,087	207,420	284	246,424	116,575	84	116,491
Utilities	237,858	796,847	1,873	339,626	49,195	1,321	47,874
Construction	59,196	64,212	616	72,277	45,542	338	45,204
Manufacturing	2,253,700	2,370,640	40,555	2,623,304	1,288,566	5,522	1,283,043
Wholesale and retail trade	633,872	582,403	4,100	825,182	502,150	2,892	499,257
Wholesale trade	265,743	248,881	1,504	453,560	288,248	2,719	285,528
Retail trade	368,129	333,522	2,596	371,621	213,902	173	213,729
Transportation and warehousing	121,301	232,644	2,985	157,541	62,195	118	62,077
Information	501,520	1,039,131	890	1,046,644	-112,328	155	-112,483
Finance and insurance	9,331,079	6,165,773	6,550	2,502,707	1,288,264	118,037	1,170,227
Real estate and rental and leasing	52,128	108,096	2,079	55,016	10,385	102	10,283
Professional, scientific, and technical services	132,978	118,789	939	133,224	-25,963	80	-26,043
Management of companies (holding companies)	10,521,462	2,623,534	220,163	2,285,115	849,069	6,989	842,079
Administrative and support and waste management and remediation services	39,057	62,270	109	48,342	15,801	82	15,719
Educational services	4,819	8,011	19	8,763	2,817	0	2,817
Health care and social assistance	36,692	121,762	441	40,135	-37,226	84	-37,310
Arts, entertainment, and recreation	7,939	25,149	420	10,080	-2,838	15	-2,853
Accommodation and food services	43,747	185,351	290	71,524	49,840	3,785	46,055
Other services	4,337	14,634	50	7,544	3,059	1	3,059

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sector	Receipts						
	Total	Business receipts	Interest [1]	Rents	Royalties	Dividends received from:	
						Domestic corporations	Foreign corporations
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b>	<b>4,007,058</b>	<b>3,419,162</b>	<b>379,991</b>	<b>14,297</b>	<b>15,597</b>	<b>5,577</b>	<b>8,425</b>
Agriculture, forestry, fishing, and hunting	9,408	9,339	24	5	1	1	2
Mining	75,329	68,015	1,484	69	354	1,509	190
Utilities	44,797	43,277	740	85	0	55	6
Construction	47,674	46,540	451	101	46	58	2
Manufacturing	1,813,352	1,716,333	27,308	8,289	6,410	824	5,383
Wholesale and retail trade	1,013,426	987,386	7,211	1,354	2,751	634	654
Wholesale trade	867,373	845,560	6,586	967	1,978	609	441
Retail trade	146,053	141,826	625	388	774	25	213
Transportation and warehousing	55,983	53,546	613	245	13	10	37
Information	103,524	82,623	3,059	164	4,028	41	172
Finance and insurance	550,075	234,432	252,515	1,699	31	2,014	364
Real estate and rental and leasing	20,763	16,086	1,241	481	10	43	2
Professional, scientific, and technical services	76,411	69,192	2,484	93	1,057	154	1,100
Management of companies (holding companies)	110,786	15,896	81,370	1,504	27	182	293
Administrative and support and waste management and remediation services	36,811	34,436	436	28	18	42	60
Educational services	1,681	1,514	94	1	57	2	3
Health care and social assistance	10,530	10,185	54	5	5	0	0
Arts, entertainment, and recreation	3,962	3,209	167	82	91	0	20
Accommodation and food services	28,235	23,020	723	91	621	8	100
Other services	4,310	4,134	15	1	77	0	37
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b>	<b>15,156,658</b>	<b>12,245,852</b>	<b>1,752,810</b>	<b>81,085</b>	<b>146,496</b>	<b>27,453</b>	<b>79,249</b>
Agriculture, forestry, fishing, and hunting	21,360	20,154	369	110	37	4	1
Mining	245,237	216,261	3,569	700	900	257	6,167
Utilities	654,090	607,536	9,989	2,463	101	393	838
Construction	248,956	239,600	2,061	656	120	42	523
Manufacturing	4,864,773	4,335,145	172,746	29,140	90,137	3,023	52,476
Wholesale and retail trade	3,153,315	3,057,239	18,629	5,567	10,142	1,816	2,417
Wholesale trade	1,341,109	1,296,983	10,386	2,596	3,939	1,494	1,450
Retail trade	1,812,205	1,760,256	8,243	2,971	6,203	322	967
Transportation and warehousing	433,446	413,140	4,667	1,157	1,471	73	534
Information	921,496	759,249	47,541	11,476	28,961	1,009	2,665
Finance and insurance	2,652,477	1,528,386	795,840	6,109	1,220	17,208	4,226
Real estate and rental and leasing	102,967	86,121	2,642	550	2,849	64	24
Professional, scientific, and technical services	280,691	263,631	5,501	241	3,612	59	725
Management of companies (holding companies)	978,162	170,278	681,588	21,127	311	3,409	7,307
Administrative and support and waste management and remediation services	152,336	145,186	1,448	129	605	43	327
Educational services	16,854	16,259	175	27	88	1	0
Health care and social assistance	191,783	179,466	2,123	498	46	13	47
Arts, entertainment, and recreation	25,591	23,121	599	102	146	7	42
Accommodation and food services	190,527	163,630	3,194	1,004	5,637	12	879
Other services	22,598	21,450	128	32	114	21	49

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b>	<b>3,870,956</b>	<b>2,525,672</b>	<b>12,917</b>	<b>233,479</b>	<b>354,663</b>	<b>46,061</b>	<b>90,206</b>
Agriculture, forestry, fishing, and hunting	9,359	7,710	26	332	184	47	224
Mining	62,710	34,293	240	3,494	2,813	1,208	3,297
Utilities	43,725	27,128	167	1,334	2,348	1,117	1,988
Construction	47,725	41,017	196	1,405	768	307	391
Manufacturing	1,740,900	1,344,136	4,552	77,546	51,763	19,177	45,634
Wholesale and retail trade	986,820	811,384	2,100	44,125	12,226	7,506	16,292
Wholesale trade	844,568	710,204	1,891	29,935	9,972	5,423	13,922
Retail trade	142,252	101,180	209	14,190	2,254	2,083	2,370
Transportation and warehousing	56,036	22,378	223	9,023	1,494	1,517	1,956
Information	93,074	30,126	548	13,865	9,203	1,791	4,875
Finance and insurance	556,315	143,968	2,793	35,636	210,567	4,870	7,315
Real estate and rental and leasing	18,560	3,890	257	3,108	2,364	492	3,473
Professional, scientific, and technical services	73,852	24,627	952	16,473	4,350	3,046	1,223
Management of companies (holding companies)	99,012	1,235	375	9,477	52,470	1,109	1,957
Administrative and support and waste management and remediation services	36,092	15,636	212	8,604	1,259	1,498	545
Educational services	1,596	571	50	318	196	38	20
Health care and social assistance	9,852	3,693	40	1,686	568	432	278
Arts, entertainment, and recreation	4,051	1,639	67	470	492	291	283
Accommodation and food services	27,243	10,112	90	6,000	1,401	1,518	418
Other services	4,033	2,128	30	583	198	97	37
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b>	<b>14,302,189</b>	<b>7,782,737</b>	<b>78,979</b>	<b>1,379,143</b>	<b>1,479,254</b>	<b>267,373</b>	<b>363,164</b>
Agriculture, forestry, fishing, and hunting	20,861	16,385	149	844	852	296	379
Mining	217,041	111,491	2,031	10,173	10,377	7,619	13,156
Utilities	612,649	375,076	2,300	24,058	33,947	20,168	33,841
Construction	248,236	196,204	2,252	11,080	3,174	3,378	2,570
Manufacturing	4,583,426	3,225,534	18,337	279,748	235,376	76,566	108,178
Wholesale and retail trade	3,031,440	2,352,282	10,775	251,962	35,895	40,589	40,783
Wholesale trade	1,292,194	1,083,535	6,226	67,971	16,207	12,781	12,743
Retail trade	1,739,246	1,268,748	4,549	183,991	19,688	27,809	28,039
Transportation and warehousing	424,094	118,387	1,932	79,914	11,394	13,444	22,538
Information	839,379	147,478	7,069	138,366	79,164	21,239	55,174
Finance and insurance	2,498,066	980,485	13,322	219,799	562,431	34,187	21,801
Real estate and rental and leasing	99,978	18,886	845	18,205	7,767	2,895	18,398
Professional, scientific, and technical services	273,299	88,959	6,054	74,201	8,454	7,451	4,825
Management of companies (holding companies)	880,650	1,939	7,726	119,192	465,438	13,657	24,064
Administrative and support and waste management and remediation services	144,938	62,403	1,397	30,911	4,577	7,124	3,441
Educational services	15,631	1,348	259	5,469	568	465	444
Health care and social assistance	186,729	20,145	1,573	65,135	8,347	6,577	4,579
Arts, entertainment, and recreation	24,990	4,920	304	4,970	1,769	2,205	1,403
Accommodation and food services	179,397	50,591	2,448	41,299	9,114	8,725	6,927
Other services	21,385	10,223	207	3,817	609	787	663

Footnotes at end of table.



# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b>	<b>136,103</b>	<b>7,722</b>	<b>142,729</b>	<b>201,100</b>	<b>-58,371</b>	<b>33,192</b>	<b>29,076</b>
Agriculture, forestry, fishing, and hunting	50	13	61	166	-105	29	28
Mining	12,619	362	12,981	14,821	-1,840	2,236	1,030
Utilities	1,072	0	1,068	1,344	-276	320	276
Construction	-51	6	-47	1,219	-1,265	335	278
Manufacturing	72,451	4,022	76,362	91,570	-15,208	8,135	7,380
Wholesale and retail trade	26,606	508	27,044	30,609	-3,565	4,991	4,474
Wholesale trade	22,805	477	23,214	26,191	-2,976	3,473	2,976
Retail trade	3,801	31	3,830	4,418	-588	1,518	1,498
Transportation and warehousing	-53	23	-30	1,845	-1,875	284	276
Information	10,450	230	10,668	12,747	-2,079	3,999	3,967
Finance and insurance	-6,240	830	-5,983	22,654	-28,638	9,434	8,273
Real estate and rental and leasing	2,203	10	2,190	2,513	-323	1,026	993
Professional, scientific, and technical services	2,558	542	3,099	4,951	-1,852	1,133	998
Management of companies (holding companies)	11,774	842	12,328	12,827	-499	389	264
Administrative and support and waste management and remediation services	719	50	764	1,172	-408	564	532
Educational services	85	2	87	d	d	d	d
Health care and social assistance	678	1	679	778	-99	37	37
Arts, entertainment, and recreation	-89	185	94	d	d	d	d
Accommodation and food services	993	73	1,066	1,196	-130	132	125
Other services	277	22	299	308	-10	10	10
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b>	<b>854,469</b>	<b>109,381</b>	<b>935,296</b>	<b>1,060,275</b>	<b>-124,979</b>	<b>91,141</b>	<b>73,150</b>
Agriculture, forestry, fishing, and hunting	500	52	538	1,150	-612	87	84
Mining	28,196	4,015	32,146	35,843	-3,697	1,922	1,722
Utilities	41,441	676	41,906	45,969	-4,063	6,003	5,596
Construction	720	385	1,034	9,927	-8,893	351	323
Manufacturing	281,347	67,781	347,652	376,519	-28,867	23,993	21,048
Wholesale and retail trade	121,874	4,102	125,101	133,134	-8,033	5,233	3,882
Wholesale trade	48,915	1,910	50,486	53,726	-3,240	2,542	1,475
Retail trade	72,959	2,192	74,615	79,408	-4,793	2,691	2,407
Transportation and warehousing	9,352	439	9,655	17,876	-8,222	2,915	2,859
Information	82,117	4,402	85,961	99,003	-13,042	21,208	20,417
Finance and insurance	154,411	15,979	152,503	180,416	-27,913	17,555	8,545
Real estate and rental and leasing	2,989	117	3,081	7,025	-3,944	1,579	1,519
Professional, scientific, and technical services	7,392	1,234	8,463	14,846	-6,383	3,475	3,425
Management of companies (holding companies)	97,512	8,195	98,900	102,619	-3,719	3,728	710
Administrative and support and waste management and remediation services	7,398	480	7,788	8,946	-1,158	1,164	1,132
Educational services	1,223	16	1,168	1,523	-355	27	27
Health care and social assistance	5,054	16	5,005	7,644	-2,639	707	698
Arts, entertainment, and recreation	601	37	623	1,493	-870	290	285
Accommodation and food services	11,130	1,438	12,546	14,977	-2,431	537	528
Other services	1,213	18	1,228	1,365	-137	367	349

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b>	<b>172,571</b>	<b>61,208</b>	<b>60,385</b>	<b>812</b>	<b>12,051</b>	<b>10,007</b>	<b>49,157</b>
Agriculture, forestry, fishing, and hunting	138	49	48	1	10	9	39
Mining	12,586	4,502	4,403	99	2,163	1,945	2,339
Utilities	1,024	386	358	28	28	0	358
Construction	884	314	308	6	10	7	304
Manufacturing	83,723	29,482	29,248	232	7,135	6,192	22,347
Wholesale and retail trade	25,630	9,148	8,946	202	568	354	8,579
Wholesale trade	22,729	8,114	7,932	182	535	334	7,579
Retail trade	2,901	1,034	1,014	20	33	20	1,001
Transportation and warehousing	1,584	558	553	4	34	32	523
Information	8,726	3,108	3,053	55	91	57	3,017
Finance and insurance	17,506	6,342	6,207	132	739	524	5,603
Real estate and rental and leasing	1,544	566	539	26	4	1	562
Professional, scientific, and technical services	3,821	1,342	1,334	8	475	409	867
Management of companies (holding companies)	12,441	4,361	4,354	5	591	335	3,770
Administrative and support and waste management and remediation services	618	224	215	9	43	20	181
Educational services	d	d	d	d	d	d	d
Health care and social assistance	741	259	259	0	5	1	255
Arts, entertainment, and recreation	d	d	d	d	d	d	d
Accommodation and food services	1,067	377	373	4	99	68	278
Other services	299	104	104	0	24	24	81
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b>	<b>983,310</b>	<b>346,060</b>	<b>343,822</b>	<b>2,137</b>	<b>92,197</b>	<b>75,721</b>	<b>253,863</b>
Agriculture, forestry, fishing, and hunting	1,064	372	371	1	13	8	359
Mining	33,923	12,108	11,870	234	4,857	4,754	7,251
Utilities	40,435	14,265	14,185	75	2,042	251	12,223
Construction	9,578	3,353	3,335	4	228	170	3,124
Manufacturing	351,178	123,543	122,937	551	56,411	50,838	67,133
Wholesale and retail trade	127,896	44,820	44,691	152	2,919	2,175	41,901
Wholesale trade	51,176	17,929	17,857	80	1,187	858	16,742
Retail trade	76,720	26,891	26,834	72	1,732	1,317	25,159
Transportation and warehousing	14,972	5,297	5,234	63	644	475	4,653
Information	83,421	29,390	29,180	197	5,290	3,649	24,100
Finance and insurance	171,364	60,568	59,920	626	8,599	6,341	51,969
Real estate and rental and leasing	5,545	1,997	1,901	90	92	48	1,904
Professional, scientific, and technical services	11,373	4,056	3,999	56	856	695	3,200
Management of companies (holding companies)	99,496	34,813	34,776	41	8,059	4,815	26,755
Administrative and support and waste management and remediation services	8,074	2,830	2,817	13	425	295	2,405
Educational services	1,495	522	522	0	2	1	521
Health care and social assistance	6,861	2,288	2,269	16	47	10	2,241
Arts, entertainment, and recreation	1,203	425	420	5	38	32	387
Accommodation and food services	14,436	5,064	5,049	12	1,638	1,146	3,426
Other services	996	348	347	1	37	19	310

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries</b>	<b>73.50</b>	<b>71.01</b>	<b>46.41</b>	<b>35.20</b>	<b>18.39</b>	<b>443.66</b>
Agriculture, forestry, fishing, and hunting	80.00	80.00	15.84	20.48	63.68	57.04
Mining	64.95	65.98	21.50	31.21	47.29	111.47
Utilities	65.63	65.63	18.39	55.11	26.50	277.42
Construction	73.68	73.68	43.07	28.96	27.97	257.56
Manufacturing	70.68	68.88	37.28	33.33	29.39	240.24
Wholesale and retail trade	79.98	77.02	41.98	28.69	29.33	240.89
Wholesale trade	80.93	77.94	43.64	27.24	29.12	243.37
Retail trade	69.91	67.26	31.83	37.54	30.63	226.48
Transportation and warehousing	66.67	58.33	19.35	51.69	28.96	245.32
Information	67.65	63.24	18.33	31.94	49.73	101.08
Finance and insurance	76.86	76.00	51.16	40.24	8.60	1,062.87
Real estate and rental and leasing	71.43	71.43	20.11	50.25	29.64	237.41
Professional, scientific, and technical services	67.92	65.09	29.78	26.83	43.39	130.48
Management of companies (holding companies)	78.57	72.45	73.40	15.81	10.79	826.92
Administrative and support and waste management and remediation services	63.33	61.11	26.13	39.68	34.19	192.52
Educational services	d	d	28.75	55.59	15.67	538.14
Health care and social assistance	60.00	55.00	8.55	57.53	33.92	194.83
Arts, entertainment, and recreation	d	d	20.60	65.40	14.00	614.15
Accommodation and food services	70.45	54.55	9.19	50.61	40.20	148.77
Other services	56.52	56.52	40.22	59.31	0.50	19,952.63
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries</b>	<b>74.88</b>	<b>72.89</b>	<b>48.85</b>	<b>29.90</b>	<b>21.25</b>	<b>370.53</b>
Agriculture, forestry, fishing, and hunting	77.06	77.06	20.78	57.15	22.07	353.00
Mining	65.29	69.42	18.07	37.45	44.49	124.79
Utilities	79.29	79.88	17.31	57.98	24.71	304.66
Construction	84.40	85.13	30.25	32.81	36.94	170.74
Manufacturing	70.54	65.96	31.10	32.71	36.20	176.28
Wholesale and retail trade	76.52	75.20	31.05	28.53	40.42	147.39
Wholesale trade	81.47	79.83	27.45	25.71	46.85	113.46
Retail trade	69.59	68.72	34.30	31.08	34.63	188.81
Transportation and warehousing	63.35	61.75	23.72	45.48	30.80	224.67
Information	62.31	57.90	19.38	40.16	40.45	147.20
Finance and insurance	79.98	80.03	51.84	34.26	13.90	619.20
Real estate and rental and leasing	54.23	57.21	24.22	50.22	25.56	291.23
Professional, scientific, and technical services	74.45	71.59	34.54	30.86	34.60	188.98
Management of companies (holding companies)	91.53	91.83	68.19	17.00	14.81	575.24
Administrative and support and waste management and remediation services	71.83	65.94	26.10	41.60	32.30	209.60
Educational services	68.18	66.67	22.32	37.10	40.58	146.41
Health care and social assistance	61.13	55.86	18.48	61.31	20.21	394.80
Arts, entertainment, and recreation	65.67	58.21	18.39	58.26	23.35	328.25
Accommodation and food services	62.20	54.72	14.55	61.66	23.79	320.31
Other services	71.28	67.02	16.36	55.19	28.45	251.47

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries</b>	<b>37.99</b>	<b>73.87</b>	<b>8.85</b>	<b>1.29</b>	<b>7.02</b>	<b>3.40</b>
Agriculture, forestry, fishing, and hunting	160.05	82.56	1.96	0.85	1.34	0.53
Mining	50.73	50.42	3.73	8.50	17.97	16.75
Utilities	39.52	62.68	5.24	0.95	3.57	2.39
Construction	120.37	88.13	1.61	-0.13	-0.46	-0.11
Manufacturing	73.56	78.31	2.85	2.94	10.00	4.00
Wholesale and retail trade	167.28	82.17	1.21	4.39	14.97	2.63
Wholesale trade	166.58	83.99	1.15	4.38	15.04	2.63
Retail trade	171.56	71.34	1.54	4.46	14.58	2.60
Transportation and warehousing	77.46	41.79	2.67	-0.07	-0.25	-0.09
Information	26.99	36.46	8.89	2.72	5.48	10.09
Finance and insurance	10.56	61.41	38.28	-0.12	-1.39	-1.13
Real estate and rental and leasing	24.71	24.18	11.39	2.62	8.85	10.61
Professional, scientific, and technical services	52.01	35.59	5.69	1.74	4.01	3.35
Management of companies (holding companies)	9.97	7.77	47.36	1.06	9.82	10.63
Administrative and support and waste management and remediation services	89.17	45.41	3.42	1.74	5.09	1.95
Educational services	33.06	37.71	11.66	1.67	10.66	5.06
Health care and social assistance	31.14	36.26	5.39	2.00	5.91	6.44
Arts, entertainment, and recreation	36.33	51.08	12.42	-0.82	-5.83	-2.25
Accommodation and food services	42.75	43.93	4.96	1.50	3.74	3.52
Other services	113.15	51.48	4.59	7.27	1,457.89	6.43
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries</b>	<b>30.74</b>	<b>63.55</b>	<b>9.76</b>	<b>1.73</b>	<b>8.15</b>	<b>5.64</b>
Agriculture, forestry, fishing, and hunting	76.33	81.30	3.99	1.79	8.09	2.34
Mining	44.27	51.55	4.23	5.09	11.44	11.50
Utilities	47.59	61.74	5.19	3.02	12.20	6.34
Construction	127.22	81.89	1.27	0.37	1.00	0.29
Manufacturing	67.12	74.40	4.84	3.88	10.72	5.78
Wholesale and retail trade	154.46	76.94	1.14	5.97	14.77	3.86
Wholesale trade	138.52	83.54	1.21	5.05	10.78	3.65
Retail trade	168.85	72.08	1.09	6.80	19.63	4.03
Transportation and warehousing	84.74	28.66	2.63	1.83	5.94	2.16
Information	35.62	19.42	8.59	3.17	7.85	8.91
Finance and insurance	14.74	64.15	21.20	0.86	6.17	5.82
Real estate and rental and leasing	47.84	21.93	7.54	1.39	5.43	2.90
Professional, scientific, and technical services	72.91	33.74	3.01	1.92	5.55	2.63
Management of companies (holding companies)	6.34	1.14	47.58	0.63	4.27	9.97
Administrative and support and waste management and remediation services	101.78	42.98	3.00	4.94	15.30	4.86
Educational services	78.05	8.29	3.37	5.66	13.96	7.26
Health care and social assistance	96.57	11.22	4.35	2.54	12.59	2.64
Arts, entertainment, and recreation	59.28	21.28	6.91	1.39	5.96	2.35
Accommodation and food services	63.38	30.92	4.78	3.70	15.56	5.84
Other services	85.23	47.66	2.69	4.57	16.08	5.37

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>				
<b>All industries</b>	<b>1.35</b>	<b>7.36</b>	<b>3.56</b>	<b>14.46</b>
Agriculture, forestry, fishing, and hunting	1.04	1.63	0.65	16.87
Mining	8.74	18.49	17.23	6.95
Utilities	0.94	3.56	2.38	20.54
Construction	-0.12	-0.42	-0.10	22.81
Manufacturing	3.10	10.54	4.21	8.06
Wholesale and retail trade	4.46	15.22	2.67	14.62
Wholesale trade	4.46	15.31	2.68	11.36
Retail trade	4.50	14.69	2.62	33.91
Transportation and warehousing	-0.04	-0.14	-0.05	14.96
Information	2.78	5.59	10.30	31.12
Finance and insurance	-0.11	-1.34	-1.09	36.52
Real estate and rental and leasing	2.61	8.79	10.55	39.51
Professional, scientific, and technical services	2.11	4.86	4.06	20.16
Management of companies (holding companies)	1.11	10.29	11.13	2.06
Administrative and support and waste management and remediation services	1.85	5.41	2.08	45.39
Educational services	1.71	10.92	5.18	d
Health care and social assistance	2.01	5.92	6.45	4.76
Arts, entertainment, and recreation	0.86	6.16	2.37	d
Accommodation and food services	1.61	4.01	3.78	10.45
Other services	7.85	1,573.68	6.94	3.25
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>				
<b>All industries</b>	<b>1.90</b>	<b>8.92</b>	<b>6.17</b>	<b>6.90</b>
Agriculture, forestry, fishing, and hunting	1.92	8.71	2.52	7.30
Mining	5.80	13.04	13.11	4.80
Utilities	3.05	12.34	6.41	12.17
Construction	0.53	1.43	0.42	3.25
Manufacturing	4.80	13.25	7.15	5.59
Wholesale and retail trade	6.13	15.16	3.97	2.92
Wholesale trade	5.21	11.13	3.76	2.75
Retail trade	6.95	20.08	4.12	3.03
Transportation and warehousing	1.89	6.13	2.23	15.99
Information	3.32	8.21	9.33	20.62
Finance and insurance	0.85	6.09	5.75	4.74
Real estate and rental and leasing	1.43	5.60	2.99	21.62
Professional, scientific, and technical services	2.20	6.35	3.02	23.07
Management of companies (holding companies)	0.64	4.33	10.11	0.69
Administrative and support and waste management and remediation services	5.20	16.11	5.11	12.65
Educational services	5.41	13.33	6.93	1.77
Health care and social assistance	2.52	12.47	2.61	9.13
Arts, entertainment, and recreation	1.44	6.18	2.43	19.09
Accommodation and food services	4.17	17.54	6.58	3.53
Other services	4.63	16.28	5.43	25.57

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2007

Statistics of Income Bulletin | Summer 2010

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2007—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)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries</b>	<b>1.64</b>	<b>8.90</b>	<b>4.31</b>	<b>0.47</b>	<b>2.53</b>	<b>1.23</b>
Agriculture, forestry, fishing, and hunting	2.35	3.69	1.47	0.66	1.04	0.41
Mining	8.48	17.93	16.71	1.58	3.33	3.11
Utilities	0.90	3.41	2.29	0.32	1.19	0.80
Construction	2.23	7.98	1.85	0.77	2.74	0.64
Manufacturing	3.40	11.56	4.62	0.91	3.08	1.23
Wholesale and retail trade	4.23	14.42	2.53	1.42	4.83	0.85
Wholesale trade	4.37	14.99	2.62	1.46	5.00	0.87
Retail trade	3.41	11.13	1.99	1.18	3.84	0.69
Transportation and warehousing	2.19	7.57	2.83	0.72	2.50	0.93
Information	2.27	4.57	8.43	0.79	1.58	2.91
Finance and insurance	0.34	3.91	3.18	0.11	1.25	1.02
Real estate and rental and leasing	1.84	6.20	7.44	0.67	2.26	2.71
Professional, scientific, and technical services	2.60	5.99	5.00	0.59	1.36	1.13
Management of companies (holding companies)	1.12	10.38	11.23	0.34	3.15	3.40
Administrative and support and waste management and remediation services	1.50	4.38	1.68	0.44	1.28	0.49
Educational services	d	d	d	d	d	d
Health care and social assistance	2.19	6.46	7.04	0.75	2.22	2.42
Arts, entertainment, and recreation	d	d	d	d	d	d
Accommodation and food services	1.62	4.02	3.78	0.42	1.05	0.98
Other services	7.85	1,573.68	6.94	2.13	426.32	1.88
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries</b>	<b>1.99</b>	<b>9.38</b>	<b>6.49</b>	<b>0.51</b>	<b>2.42</b>	<b>1.67</b>
Agriculture, forestry, fishing, and hunting	3.80	17.23	4.98	1.28	5.81	1.68
Mining	6.12	13.77	13.83	1.31	2.94	2.96
Utilities	2.94	11.91	6.18	0.89	3.60	1.87
Construction	4.89	13.25	3.85	1.60	4.32	1.25
Manufacturing	4.85	13.39	7.22	0.93	2.56	1.38
Wholesale and retail trade	6.26	15.50	4.06	2.05	5.08	1.33
Wholesale trade	5.29	11.28	3.82	1.73	3.69	1.25
Retail trade	7.15	20.64	4.23	2.34	6.77	1.39
Transportation and warehousing	2.93	9.50	3.45	0.91	2.95	1.07
Information	3.22	7.97	9.05	0.93	2.30	2.62
Finance and insurance	0.95	6.85	6.46	0.29	2.08	1.96
Real estate and rental and leasing	2.58	10.08	5.39	0.88	3.46	1.85
Professional, scientific, and technical services	2.95	8.54	4.05	0.83	2.40	1.14
Management of companies (holding companies)	0.64	4.35	10.17	0.17	1.17	2.74
Administrative and support and waste management and remediation services	5.39	16.70	5.30	1.61	4.97	1.58
Educational services	6.92	17.06	8.87	2.41	5.95	3.09
Health care and social assistance	3.45	17.09	3.58	1.13	5.58	1.17
Arts, entertainment, and recreation	2.79	11.93	4.70	0.90	3.84	1.51
Accommodation and food services	4.80	20.18	7.58	1.14	4.79	1.80
Other services	3.76	13.20	4.41	1.17	4.11	1.37

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 \$28.6 billion for large domestic corporations not foreign-controlled, and \$1.1 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.