

Corporate Foreign Tax Credit, 1997

by Kathryn A. Green and Scott Luttrell

For 1997, U.S. corporations claiming a foreign tax credit earned \$157.9 billion in foreign-source taxable income and paid \$45.1 billion in income taxes to foreign governments. After limitations, these corporations reported \$42.2 billion in foreign tax credits, an increase of \$1.9 billion from 1996 [1]. Under the foreign tax credit provisions, these corporations reduced their U.S. tax liability 29.1 percent, from \$144.8 billion (U.S. income tax before credits) to \$102.6 billion. Other credits, including the U.S. possessions tax credit and the general business credit, further reduced their U.S. income tax liability to \$95.8 billion.

Overall, U.S. corporations claiming a foreign tax credit reported “worldwide taxable income” (i.e., both U.S. and foreign-source income) of \$410.1 billion. Approximately 38.5 percent of the “worldwide taxable income” was derived from foreign sources. Worldwide income taxes reported for these corporations totaled \$144.8 billion, with foreign sources accounting for 31.0 percent of the total.

As in recent years, most foreign-source income was earned by U.S. corporations in manufacturing. Manufacturers accounted for 65.1 percent of the total foreign-source taxable income and 71.9 percent of both the total current-year foreign taxes paid, accrued, or deemed paid, and the total foreign tax credit claimed for 1997. However, the 1990’s continued to shift from manufacturing toward corporations classified in the finance, insurance, and real estate industrial division (FIRE). This industrial division has rapidly increased its share of foreign-source taxable income and total foreign tax credit claimed. The share of the total foreign tax credit claimed by finance, insurance, and real estate corporations has more than doubled from 6.6 percent for 1990 to 15.8 percent for 1997.

As in prior years, the United Kingdom, Canada, Japan, Germany, and the Netherlands were the leading sources of foreign income for U.S. corporations claiming the foreign tax credit. With \$25.2 billion of the \$157.9 billion (or 15.9 percent) in for-

foreign-source taxable income, the United Kingdom provided the largest amount of income. Overall, the 15 nations of the European Union combined for 37.8 percent of foreign-source taxable income, 22.5 percent of current-year taxes paid or accrued, and 48.3 percent of the current-year tax deemed paid.

Background

Since the Income Tax Law of 1913, U.S. taxpayers have been taxed on their worldwide incomes. For U.S. corporations with multinational interests, income earned abroad may be taxed by the jurisdiction where the income is earned and also by the U.S. Government. This results in double taxation of the foreign income. The U.S. has adopted a tax credit method to alleviate this consequence. Under the tax credit method, the U.S. taxes the worldwide income but allows a credit against the U.S. tax liability for the income taxes paid to foreign countries.

The U.S. was the first country to provide a tax credit for income taxes paid to foreign countries. From 1913 through 1917, income and profit taxes paid to foreign countries or U.S. possessions were included in general deductions from gross worldwide income. The Revenue Act of 1918 introduced the foreign tax credit. This provision allowed taxpayers an unlimited credit against U.S. income taxes for any taxes paid to or accrued in a foreign country. In cases where the foreign tax rate exceeded the U.S. tax rate, some U.S. tax on domestic earned income was offset by the credit for taxes paid to a foreign jurisdiction. This loss of revenue from U.S. tax on domestic income led to the development of a foreign tax credit limitation.

The Revenue Act of 1921 introduced the “overall” limitation. This limitation restricts the foreign tax credit to the lesser of 1) the product of the U.S. income tax before credits multiplied by the ratio of foreign-source taxable income to worldwide taxable income, or 2) the actual foreign taxes paid. For various periods in U.S. tax history, this limitation has been a fundamental principal of the foreign tax credit provisions.

For 1997, the U.S. corporate income tax liability was reduced 29.1 percent by foreign tax credits.

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While the “overall” limitation restricted the aggregate tax credit, corporations could arrange their business activities in order to maximize the credit of taxes paid in highly-taxed foreign jurisdictions by moving U.S. income, such as investment income, to a foreign jurisdiction with little or no income tax. To prevent this averaging of income from highly taxed foreign jurisdictions with income from low or nontaxed foreign jurisdictions, Congress enacted a “per country” limitation. Under the per country limitation, the limitation on creditable foreign income taxes is computed separately for each country. The per country limitation was operational in various forms from 1932 until 1976. Historically, corporations were required to use: (1) the overall limitation (1921–1932); (2) the lesser of the per country limitation or overall limitation (1932–1954); (3) the per country limitation (1954–1961); or (4) an election of the overall or per-country limitation (1961–1976). The overall limitation remains in effect today.

Regardless of the limitation method required (per country or overall), prior to the enactment of the Revenue Act of 1962, corporations combined all types of foreign income for purposes of computing their foreign tax credit limitations. With the passage of the 1962 Act, corporations were required to compute a separate foreign tax credit limitation for non-business interest income. This legislation was directed toward U.S. corporations with foreign-source income taxed at a higher rate than the U.S. rate. The intent was to discourage these corporations from shifting non-business lower-taxed income overseas. These interest-bearing foreign investments could generate additional foreign income with very little tax, thereby, increasing the limitation on the foreign tax credit. By separating low-taxed non-business income from higher-taxed business income, U.S. corporations were limited in their ability to arrange foreign investments at the expense of U.S. tax revenue.

Subsequent legislation required additional separate foreign tax credit limitations with respect to certain types of foreign income, especially under the Tax Reform Act of 1986. The separation of income types continued to limit U.S. taxpayers’ ability to cross credit. The current structure of the statutory categories requires separate treatment for different types of income and income from different industries.

For 1997, taxpayers computed a separate foreign tax credit limitation for each of the following statutory

categories of foreign-source income (described in the Explanation of Selected Terms section):

- passive income,
- high withholding tax interest,
- financial services income,
- shipping income,
- income re-sourced by treaty,
- dividends from each “noncontrolled” foreign corporation as defined in Internal Revenue Code section 902,
- dividends from an Interest-Charge Domestic International Sales Corporation (IC-DISC’s) or former DISC,
- certain distributions from a Foreign Sales Corporation (FSC) or former FSC,
- taxable income attributable to foreign trade income [2],
- income from sanctioned countries per Internal Revenue Code section 901(j) [3], and
- all other income from outside the United States (commonly referred to as general limitation income or overall basket).

The foreign tax credit claimed is the sum of credits allowed in each separate category. In certain instances, the total foreign tax credit claimed was reduced for participation in or for cooperation with international boycotts [4].

The treatment of excess or “unused” credits has also varied as the foreign tax credit provisions have developed. From 1921 through 1931, the amount of income and profits taxes paid to foreign countries in excess of that deducted as a tax credit was included in deductions against the gross income. With the Internal Revenue Code of 1939, the foreign taxes in excess of those deducted as a tax credit were instead credited against the excess profits tax. Congress introduced a carryover of excess or “unused” foreign tax credits in the Technical Amendments Act of

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1958. These carryover provisions superceded the treatment of excess credits as defined in the Internal Revenue Code of 1939. They directed that any excess taxes that could not be credited because of the current-year limitation could be carried back 2 years (necessitating an amended return) or carried forward 5 years, subject always to the current-year foreign tax credit limitation. In other words, the total foreign taxes under each separate limitation for any given year includes current-year foreign taxes, plus taxes that were carried forward from prior years or, in the case of an amended return, any taxes that were carried back from future years

The foreign tax credit is elective. If the taxpayer elects to take the credit, no deduction for foreign taxes paid is available. In most circumstances, a taxpayer will elect to take the credit, which offsets the U.S. taxes dollar for dollar. Comparatively, the deduction may offset U.S. taxes by only 35 cents for every dollar deducted if the corporation's tax rate were 35.0 percent [5]. To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay foreign income tax on the foreign income, and have a U.S. income tax liability.

Certain types of foreign taxes or levies are not creditable under U.S. regulations. Common types of non-creditable taxes include soak-up taxes, levies that yield specific economic benefit, levies to certain

foreign governments deemed ineligible for the credit, and taxes generated by tax-motivated stock acquisitions. (See *Explanation of Selected Terms* for definitions.) These taxes can be deducted in calculating the worldwide taxable income, even when the foreign tax credit is elected for foreign income taxes.

Foreign Tax Credit, Tax Year 1993 Through Tax Year 1997

For the 5-year period, 1993–1997, the number of U.S. corporations that elected to credit foreign taxes against their U.S. tax liabilities varied considerably [6]. However, as shown in Figure A, the total worldwide taxable income, U.S. income tax before credits, foreign-source taxable income, current-year foreign taxes, and foreign tax credit claimed by these corporations have grown steadily. This growth is most apparent when comparing the income and taxes for 1993 and 1997. For 1993, some 6,322 corporations reported \$228.7 billion in worldwide taxable income (column 2), computed an \$81.9-billion U.S. tax liability, and credited nearly \$22.9 billion under the foreign tax credit provisions. The number of corporations for 1997 increased less than 4 percent to 6,569. Yet the income subject to U.S. tax, U.S. tax liability, and foreign tax credit amounts each increased by more than 75.0 percent.

Figure A

U.S. Corporation Returns with a Foreign Tax Credit: Income Subject to U.S. Tax, Foreign-Source Taxable Income, Current-Year Foreign Taxes, and Foreign Tax Credit, Tax Years 1993-1997

(Money amounts are in millions of dollars)

Tax year	Number of U.S. corporation returns	Income subject to U.S. tax ¹	U.S. income tax before credits		Foreign-source taxable income (less loss) ²		Current-year foreign taxes		Foreign tax credit claimed	
			Amount	As a percentage of income subject to U.S. tax	Amount	As a percentage of income subject to U.S. tax	Amount	As a percentage of foreign-source taxable income ³	Amount	As a percentage of U.S. income tax before credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
1993.....	6,322	228,688	81,913	35.8	94,687	41.4	23,716	25.0	22,895	28.0
1994.....	7,199	255,439	90,786	35.5	101,521	39.7	26,470	26.1	25,419	28.0
1995.....	6,710	303,308	107,996	35.6	120,518	39.7	30,930	25.7	30,416	28.2
1996.....	6,100	370,049	130,748	35.3	150,826	40.8	41,177	27.3	40,255	30.8
1997.....	6,569	410,126	144,779	35.3	157,989	38.5	45,080	28.5	42,223	29.2

¹ "Worldwide taxable income" is used interchangeably with "Income subject to U.S. tax."

² Before adjustments.

³ The percentages shown in this column are not effective tax rates. An effective tax rate would contain a measure of economic income in the denominator and taxes on that income in the numerator. The percentages shown here are simply a tool used to determine what factors contributed to the relatively constant proportion of foreign tax credits to U.S. tax liability over the 1993-1997 period.

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Because these U.S. corporations have maintained steady growth both in foreign and domestic source income over this 5-year period, the effect of the foreign tax credit provisions has remained relatively constant. Worldwide income for U.S. corporations increased 79.3 percent from 1993 to 1997. Domestic source income increased 88.2 percent during this period. The foreign-source taxable income as a percentage of income subject to U.S. tax (column 8) remained in the 38-41 percent range, with foreign-source taxable income increasing 66.8 percent overall. The percent of creditable taxes to the U.S. tax liability remained relatively constant during this period. Using the foreign tax credit provisions, U.S. corporations reduced their U.S. tax liabilities annually by nearly 30.0 percent.

Separate Limitation Categories, Tax Year 1997
For 1997, U.S. corporations claiming a foreign tax credit reported \$410.1 billion in worldwide taxable income. Over 38.5 percent, almost \$158.0 billion, was generated from foreign sources. Much of this foreign income was subject to foreign taxation. Over \$45.0 billion of income taxes were paid, accrued, or deemed paid to foreign countries. Under the foreign tax credit provisions, U.S. corporations credited 93.7 percent (\$42.2 billion) of their current-year foreign

taxes and were able to reduce their U.S. tax liabilities of \$144.8 billion by 29.1 percent.

U.S. corporations are required to compute a separate foreign tax credit for each of several statutory categories of income. As Figure B shows, over 70.0 percent of all foreign-sourced taxable income in 1997 was classified as general limitation income. Accordingly, \$35.5 billion, or nearly 80.0 percent, of the total current-year foreign taxes were paid on general limitation income. The second largest statutory group, financial service income, accounted for 20 percent of the foreign-sourced taxable income. About 15 percent (\$6.9 billion) of the current-year foreign taxes were paid on financial services income.

Current-year foreign taxes as a percentage of foreign-source taxable income, reported in column (3), vary according to the statutory group [7]. General limitation income has the largest percentage of current-year foreign taxes with respect to foreign-source taxable income at 31.4 percent. Shipping income and passive income, two statutory groups that isolate low-tax income, are significantly lower. For 1997, the current-year foreign taxes as a percentage of foreign-source taxable income for these categories were 5.5 percent and 13.7 percent, respectively.

U.S. corporations determine a limitation for each statutory group based on the ratio of foreign income

Figure B

U.S. Corporation Returns with a Foreign Tax Credit: Foreign-Source Taxable Income, Current-Year Foreign Taxes, Carryover and Foreign Tax Credit, by Selected Separate Limitation Category, Tax Year 1997

[Money amounts are in thousands of dollars]

Selected category	Foreign-source taxable income (less loss) ¹	Current-year foreign taxes	Current-year foreign taxes as a percentage of foreign-source taxable income ²	Carryover	Foreign tax credit claimed
	(1)	(2)	(3)	(4)	(5)
All separate limitation categories ³.....	157,989,290	45,079,798	28.5	7,416,008	42,222,743
Passive income.....	5,516,127	753,440	13.7	38,315	695,627
High withholding tax interest.....	1,049,945	248,216	23.6	105,625	211,666
Financial services income.....	32,390,150	6,948,651	21.5	658,425	6,927,742
Shipping income.....	1,763,587	96,940	5.5	37,507	124,862
General limitation income.....	113,077,355	35,481,821	31.4	6,072,479	32,948,387

¹ Before adjustments.

² The percentages shown in this column are not effective tax rates. An effective tax rate would contain a measure of economic income in the denominator and taxes on that income in the numerator.

³ Sum of detail does not equal total for these columns because only selected categories are shown.

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attributable to each income category to their worldwide incomes. For 1997, U.S. corporations were able to credit all of the current-year foreign taxes paid in only one statutory group, shipping income. In addition, 74.4 percent of the carryover in this statutory group was credited. In contrast, U.S. corporations credited 92.9 percent, or over \$32.9 billion, of their \$35.5 billion current-year foreign taxes paid on general limitation income. Only 85.3 percent of the current year foreign taxes paid on high withholding tax interest income was credited.

Industry Composition

Similar to recent years, manufacturing corporations continued to account for the majority of foreign-source taxable income, current-year taxes, and foreign tax credits (Figure C). U.S. manufacturers were responsible for 65.1 percent of the total \$157.9 billion in foreign-source taxable income and nearly 71.9 percent of the total \$45.1 billion in current-year foreign taxes. As a result, U.S. manufacturers were able to claim \$30.3 billion in foreign tax credits. Figure D shows the foreign tax credit claimed by

specific industry groups as a percentage of the total foreign tax credit reported for selected years in the 1990's; manufacturing was the leader in 1997 with 71.8 percent. Within manufacturing, the most significant of the specific industries in terms of foreign-source taxable income, current-year foreign taxes, and foreign tax credits, continued to be producers of petroleum (including those integrated with extraction) and coal products. This minor industry accounted for 16 percent of the total foreign tax credit claimed.

Finance, insurance, and real estate (FIRE) accounts for the second largest source of total foreign-source taxable income (20.2 percent) and generated 14.6 percent of total current-year foreign taxes. Figure D shows that FIRE was the fastest growing industry in terms of foreign tax credits claimed during the 1990's, as its share of the total foreign tax credit increased from 6.6 percent in 1990 to 15.8 percent in 1997.

Using the foreign tax credit as a measurement of industry activity actually understates the growing importance of finance, insurance, and real estate

Figure C

U.S. Corporation Returns with a Foreign Tax Credit: Foreign-Source Taxable Income, Current-Year Foreign Taxes, and Foreign Tax Credit, by Selected Industrial Group, Tax Year 1997

(Money amounts are in millions of dollars)

Selected industrial group	Number of returns	Foreign-source taxable income (less loss) ¹	Current-year foreign taxes	Foreign tax credit claimed
	(1)	(2)	(3)	(4)
All industries	6,569	157,989	45,080	42,223
Agriculture, forestry, and fishing	134	140	34	35
Mining	133	3,159	1,298	907
Construction	183	155	48	44
Manufacturing	1,763	102,821	32,401	30,299
Food and kindred products.....	83	9,057	2,913	2,801
Petroleum (including integrated) and coal products.....	28	19,801	7,387	6,748
Electrical and electronic equipment.....	327	13,430	3,205	2,963
Motor vehicles and equipment.....	27	7,730	2,397	2,381
Transportation and public utilities	159	5,373	872	803
Wholesale and retail trade	1,193	5,778	1,657	1,383
Finance, insurance, and real estate	1,676	31,905	6,573	6,655
Banking.....	92	13,226	3,281	3,337
Insurance.....	297	9,722	1,484	1,553
Services	1,329	8,658	2,196	2,097

¹ Before adjustments.

NOTE: Industrial group detail may not add to the total for "All industries" because of rounding.

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Figure D

Selected Industry Shares of Total Foreign Tax Credit Claimed, Selected Tax Years

Selected industrial group	Industry's percentage share of foreign tax credit				
	1990	1992	1994	1996	1997
	(1)	(2)	(3)	(4)	(5)
All industries.....	100.0	100.0	100.0	100.0	100.0
Agriculture, forestry, and fishing.....	0.1	0.2	0.2	0.2	0.1
Mining.....	3.2	2.8	2.6	2.3	2.1
Construction.....	0.4	0.4	0.3	0.5	0.1
Manufacturing.....	83.1	71.4	70.0	72.5	71.8
Food and kindred products.....	3.7	6.0	5.5	5.7	6.6
Petroleum (including integrated) and coal products.....	21.5	20.3	17.1	19.0	16.0
Electrical and electronic equipment.....	4.8	4.1	5.2	5.6	7.0
Motor vehicles and equipment.....	6.9	1.2	6.7	5.7	5.6
Transportation and public utilities.....	0.6	2.2	3.8	1.1	1.9
Wholesale and retail trade.....	3.7	5.8	4.3	3.2	3.3
Finance, insurance, and real estate.....	6.6	14.7	14.5	15.5	15.8
Banking.....	2.1	8.1	7.6	6.7	7.9
Insurance.....	2.5	3.5	4.0	3.6	3.7
Services.....	2.4	2.6	4.3	4.7	5.0

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

corporations to U.S. businesses, since income in those industries is usually taxed at a much lower rate than manufacturing income and, thus, would generate lower values of creditable foreign taxes. Foreign-source taxable income is a better indication of the relative importance of an industry to U.S. businesses. Since 1990, it has increased 125.8 percent for corporations in finance, insurance, and real estate, compared to an increase of only 47.5 percent for all other industries.

While finance, insurance, and real estate companies became more prominent from 1990 to 1997, it is notable that manufacturing corporations saw an equally steady decline during this period. At the beginning of the decade, manufacturing accounted for 83.1 percent of the total foreign tax credit, but, by 1997, their share had decreased to 71.8 percent. Likewise, manufacturing's share of total foreign-source income declined from 73.9 percent in 1990 to 65.1 percent in 1997.

Oil and Gas Extraction Income

Oil and gas extraction income, deductions, and taxes are reported separately from all other foreign-source income by U.S. corporations claiming a foreign tax credit related to that income. Section 907 of the Internal Revenue Code details how separate rules related to oil and gas extraction income affect the

amount of foreign taxes available for corporations to credit. These provisions disallow certain foreign taxes and require another limitation calculation specifically for foreign oil and gas extraction income (FOGEI). Foreign taxes are excluded from the foreign tax credit calculation if they were paid, accrued, or deemed paid at a rate in excess of the applicable U.S. tax rate. Taxes can also be excluded if they were not, in effect, income taxes, but rather royalty payments. Under the foreign tax credit provisions, only income taxes, as viewed through U.S. tax principles, are creditable. This excludes voluntary payments and payments for specific rights (such as the right to extract a natural resource) or services.

Figure E shows gross income from foreign oil and gas extraction by both selected industry groups and selected countries for 1997. Most FOGEI was reported by U.S. corporations classified as manufacturers of petroleum (including integrated) and coal products. For 1997, the oil and gas extraction industry accounted for 9.7 percent of the total oil and gas extraction-related gross income reported. Figure E also lists the countries generating the greatest amounts of gross income associated with foreign oil and gas extraction for 1997. For the fourth year in a row, corporations reported the most gross income from the United Kingdom and Indonesia. Eight

Figure E

U.S. Corporation Returns with a Foreign Tax Credit: Foreign Oil and Gas Extraction Gross Income by Selected Industrial Group and Selected Country, Tax Year 1997

[Money amounts are in millions of dollars]

Selected industrial group, country	Gross income (less loss)	Percentage of total
Selected industrial group:		
All industries.....	21,014	100.0
Petroleum (including integrated) and coal products manufacturing.....	17,349	82.6
Oil and gas extraction.....	2,037	9.7
Industrial plastics and synthetic materials manufacturing.....	1,395	6.6
All other industries.....	233	1.1
Selected country:		
All countries.....	21,014	100.0
United Kingdom.....	4,571	21.8
Indonesia.....	1,749	8.3
Norway.....	1,467	7.0
Australia.....	1,438	6.8
Netherlands.....	1,175	5.6
Malaysia.....	*751	*3.6
Canada.....	*725	*3.5
Nigeria.....	*668	*3.2
Thailand.....	*570	*2.7
Saudi Arabia.....	*524	*2.5
Trinidad and Tobago.....	*509	*2.4
Colombia.....	*469	*2.2
Former Soviet Union.....	*408	*1.9
All other countries.....	5,990	28.5

* Data should be used with caution because of the small number of returns on which they are based.

countries, the United Kingdom, Indonesia, Norway, Australia, the Netherlands, Malaysia, Canada, and Nigeria, together accounted for 59.7 percent of all gross income from foreign oil and gas extraction activities.

Geographic Focus

For 1997, European countries accounted for a considerable portion of the foreign-source taxable income and current-year taxes (Figures F, G, H, I, and Table 3) reported by U.S. corporations claiming a foreign tax credit. Europe was the source of \$66.7 billion (42.2 percent) in taxable income and \$20.0 billion (44.4 percent) of the current-year taxes. Specifically, more than one-third of the foreign-sourced taxable income and current-year taxes were reported by U.S. corporations with operations in the

European Union (E.U.). Collectively, the E.U. accounted for nearly twice as much foreign-sourced taxable income as the next largest region, Asia.

Further analysis yields that a small number of countries account for a significant share of foreign-source taxable income as presented in Figure F. Consistently, for the past 5 years, the United Kingdom, Canada, Japan, the Netherlands, and Germany have accounted for approximately 42.2 percent of the total foreign-source taxable income. In 1997, these five countries accounted for over \$70.2 billion of the nearly \$158.0 billion foreign-source taxable income (44.5 percent). The United Kingdom and Canada combined account for over one-fourth of the foreign-source income at \$25.2 billion (16.0 percent) and nearly \$16.0 billion (10.0 percent), respectively.

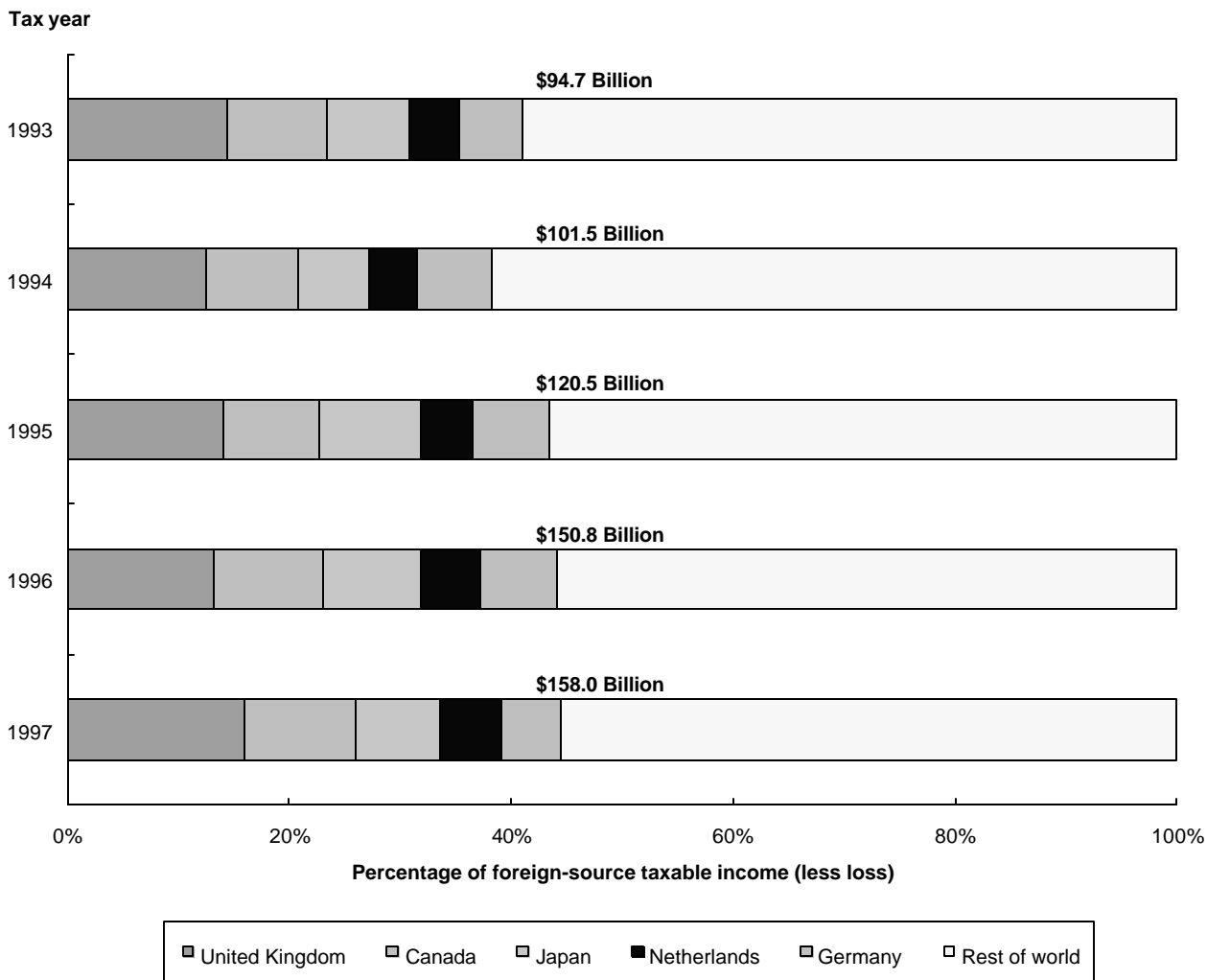
The industry composition of these five countries is presented in Figure G. The largest portion of foreign-source taxable income reported in these countries was from manufacturers. U.S. manufacturers in Canada, the Netherlands, and Germany each accounted for more than 70.5 percent of the foreign-source taxable income reported for those countries. Petroleum and coal product manufacturers with operations in the Netherlands and the United Kingdom were the largest single source of the manufacturing income for these countries, accounting for 27.9 percent and 30.9 percent of the aggregate manufacturing income, respectively. Similarly, 69.2 percent of the nearly \$12.0-billion Japan-source taxable income was from manufacturers (\$8.3 billion). However, the most significant sources of income for U.S. manufacturers operating in Japan were from office, computing, and accounting equipment operations (\$2.2 billion) and electrical and electronic equipment operations (\$1.9 billion).

Four of the five largest (in terms of taxable income) countries reported that the majority of non-manufacturing foreign-source taxable income (less loss) was from finance, insurance, and real estate (FIRE) corporations--the United Kingdom, Canada, Japan, and Germany [8]. More than one-fourth of the foreign-source taxable income within this industry grouping was from corporations with operations in the United Kingdom. Half of the \$8.4 billion U.K.-sourced taxable income for this industry group was from banking. In fact, nearly one-third of all foreign-source taxable income from banking was from the

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Figure F

Percentage of Foreign-Source Taxable Income, by Selected Country, Tax Years 1993-1997



United Kingdom. FIRE corporations with operations in Canada and Japan reported the majority of their foreign-source taxable incomes from insurance operations, 83.5 percent and 68.3 percent, respectively. Nearly one-fourth of all foreign-source taxable income from insurance operations was from Canada.

EntityFocus

U.S. corporations may establish a worldwide presence via several types of entities. For example, the U.S. corporation may invest in an existing corporation, form a wholly-owned subsidiary corporation or create a partnership under the laws of a foreign

jurisdiction, form a joint venture with a foreign entity, or operate through an unincorporated branch. For 1997, more than one-third (\$56.3 billion) of the foreign-sourced taxable income (\$158.0 billion) from U.S. corporations claiming a foreign tax credit is from foreign branch operations. Due to reporting limitations on Form 1118, *Foreign Tax Credit – Corporations*, the remaining two-thirds cannot be classified by entity type.

Foreign-Source Gross Income and Taxes (Excluding Foreign Branch Income)

The composition of current-year taxes and foreign-sourced gross income, excluding foreign branch

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Figure G

U.S. Corporation Returns with a Foreign Tax Credit: Foreign-Source Taxable Income (Less Loss), by Selected Industrial Group and Selected Country, Tax Year 1997

[Money amounts in thousands of dollars]

Selected industrial group	All countries	United Kingdom	Canada	Japan	Netherlands	Germany	Rest of world
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All industries.....	157,989,290	25,205,763	15,906,555	11,976,713	8,607,060	8,553,809	87,739,390
Mining.....	3,159,297	450,420	190,264	*2,156	107,892	*5,458	2,403,107
Manufacturing.....	102,821,437	14,471,963	11,217,218	8,290,499	6,773,893	6,246,336	55,821,528
Food and kindred products.....	9,057,195	3,302,888	491,866	764,959	512,180	523,013	3,462,289
Industrial plastics and synthetic materials.....	5,807,726	870,459	627,733	389,755	544,675	770,802	2,604,302
Drugs.....	7,792,900	781,170	278,818	615,808	694,541	777,938	4,644,625
Petroleum (including integrated) and coal products..	19,801,407	4,471,913	1,291,767	435,419	1,891,428	131,167	11,579,713
Office, computing, and accounting equipment.....	10,424,085	558,679	1,851,630	2,150,304	933,701	456,220	4,473,551
Electrical and electronic equipment.....	13,430,204	1,901,263	789,225	1,917,387	630,498	566,404	7,625,427
Motor vehicles and equipment.....	7,730,127	390,522	2,485,579	394,126	133,366	622,613	3,703,921
Transportation and public utilities.....	5,372,629	390,968	508,782	17,095	51,451	63,716	4,340,617
Wholesale and retail trade.....	5,777,769	719,951	646,716	611,128	159,045	874,539	2,766,390
Finance, insurance, and real estate.....	31,905,032	8,422,474	2,649,727	1,584,750	403,484	919,917	17,924,680
Banking.....	13,225,653	4,286,312	198,576	417,785	118,289	359,955	7,844,736
Insurance.....	9,722,081	1,206,669	2,213,080	1,082,238	182,532	145,437	4,892,125
Services.....	8,657,696	739,088	648,697	1,465,464	1,106,764	435,114	4,262,569
Other.....	295,430	10,899	45,151	5,621	4,531	8,729	220,499

* Data should be used with caution because of the small number of returns on which they were based.

income, by country or area is presented in Figure H. By definition, current-year taxes consist of two parts: (1) taxes paid or accrued and (2) taxes deemed paid [9]. For 1997, current-year taxes totaled \$45.1 billion, with nearly two-thirds (\$29.0 billion) from taxes deemed paid. The largest share of total tax and the largest share of taxes deemed paid were collected by countries in the European Union (E.U.). The E.U. reported \$17.6 billion of the \$45.1 billion in foreign taxes paid, accrued, or deemed paid. Nearly 80.0 percent of the E.U. taxes (\$14.0 billion) was tax deemed paid. In fact, almost half (48.3 percent) of the foreign taxes deemed paid by all U.S. corporations claiming a foreign tax credit were paid to countries in the E.U. The second highest amount of foreign taxes paid, accrued, or deemed paid (\$10.2 billion) was paid to Asian countries. The Asian taxes were distributed evenly between taxes paid or accrued and taxes deemed paid. The \$5.1 billion Asian taxes paid or accrued represented almost one-third of the \$16.0 billion reported by all U.S. corporations claiming a foreign tax credit.

U.S. corporations reported nearly \$360.0 billion in gross foreign-sourced income. Three-fourths of the gross income were generated by entities other than

foreign branches. Of the more than \$271.2 billion of foreign-sourced gross income (excluding foreign branch income), \$97.5 billion were dividend income and related gross-up. Interest income accounted for nearly one-fourth, or \$61.5 billion. Rents, royalties, and license fees generated \$48.6 million, or 17.9 percent. Income related to service accounted for only 11.6 percent, with a remaining 11.9 percent undefined.

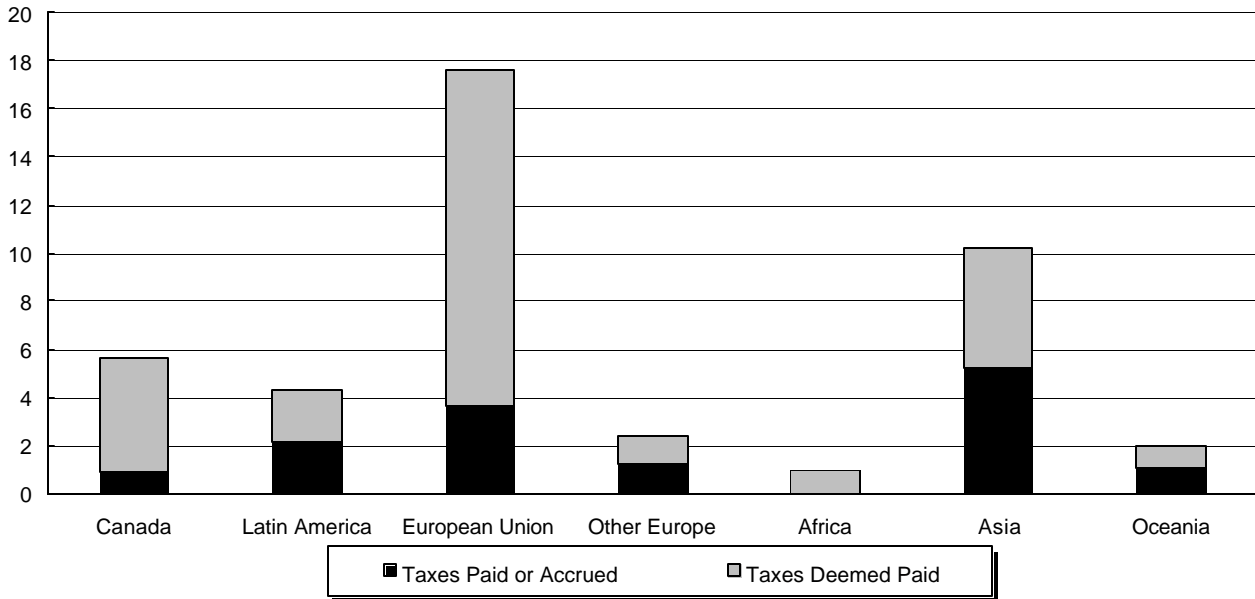
One-third of the gross foreign-sourced income (excluding foreign branch income), \$90.1 billion, was generated in the European Union (E.U.). The largest share of this E.U.-sourced gross income, 47.5 percent, was from dividends and related gross-up. In fact, U.S. corporations received 42.0 percent of their dividend income from countries in the E.U., \$28.8 billion of \$68.4 billion. Interest income generated in the E.U. totaled nearly \$23.0 billion, or one-fourth of the total E.U.-sourced gross income (excluding foreign branch income). Rents, royalties, and license fees accounted for nearly 22.0 percent of the E.U.-sourced gross income. Both E.U.-sourced interest income and E.U.-sourced rental income accounted for a significant share of the total foreign-sourced income reported by U.S. corporations claiming a

Corporate Foreign Tax Credit, 1997

Figure H

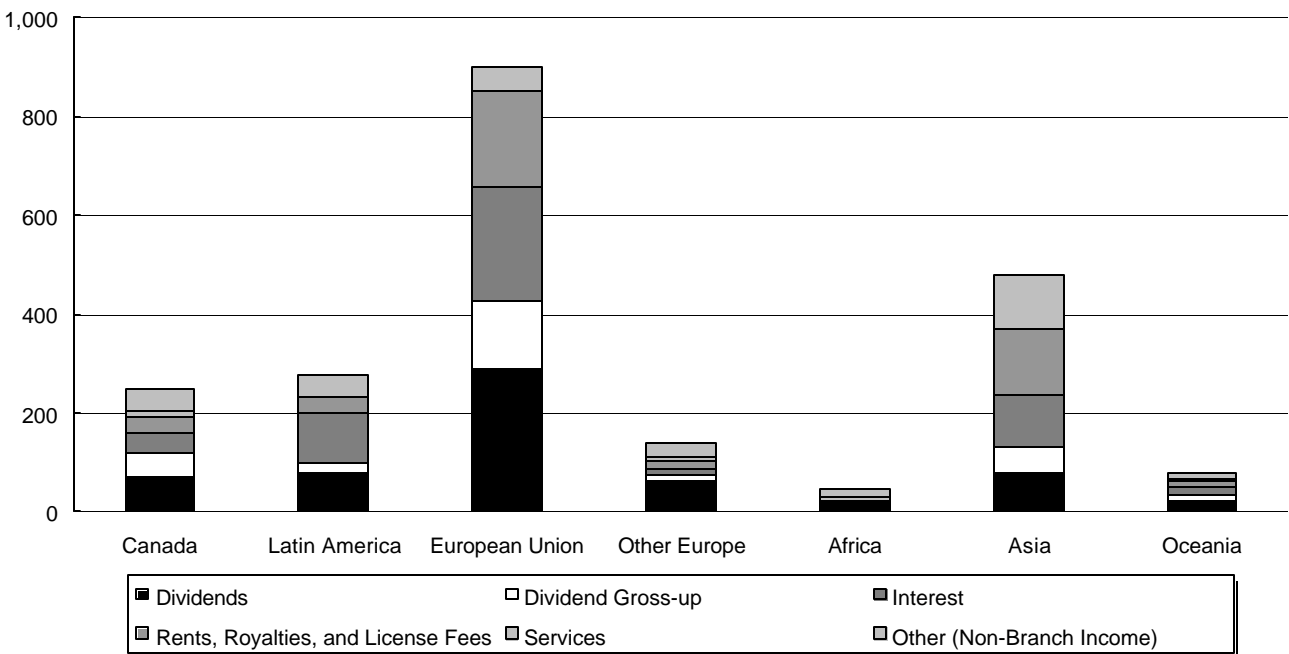
Foreign-Source Taxes Paid or Accrued and Taxes Deemed Paid, by Selected Country or Geographic Area, Tax Year 1997

Billions of dollars



Foreign-Source Gross Income (Excluding Branch Income), by Country or Geographic Area, Tax Year 1997

Billions of dollars



Corporate Foreign Tax Credit, 1997

foreign tax credit. Over 37.0 percent of the \$61.5 billion total interest from foreign sources was generated in E.U. countries. Similarly, 40.1 percent of the total rental, royalty, and licensing fee income from foreign sources was generated in E.U. countries.

Asian-sourced gross income totaled \$47.7 billion (excluding foreign branch income) and represented the second-largest income source by region. More than half of the Asian-sourced gross income was generated from two sources nearly equally: (1) rents, royalties, and license fees and (2) dividend income and related gross-up. Rents, royalties, and license fees generated \$13.5 billion, 28.3 percent of the total foreign-sourced rental, royalty, and licensing income reported by U.S. corporations claiming a foreign tax credit. Asian-sourced dividend income and gross-up combined equaled \$13.0 billion. Asian-sourced gross service income and interest income were similarly split, generating over \$10.0 billion each. This region generated more than one-third of the total foreign-sourced service income reported by U.S. corporations claiming a foreign tax credit.

Foreign Branch Income

An unincorporated foreign branch is not a separate legal entity, but an extension of the domestic corporation. The foreign branch is subject to the tax laws of the country in which it operates. Taxable income of a foreign branch is determined separately, as if it were independent of the domestic corporation.

Direct costs, such as cost of goods sold, are allocated against the branch income, and certain indirect expenses may be charged but are subject to the limitation of the foreign country's regulations. Foreign branch gross income and expenses are reported separately on Form 1118, Schedule F, and included in the taxable income computations for the related basket.

From the U.S. tax perspective, foreign branch income represents foreign-source income earned directly by the domestic corporation. Foreign branch profits or losses are included directly in the taxable income of the domestic corporation and are not a separate taxable event for U.S. purposes. In contrast, the income from a foreign subsidiary, in general, is not included in the taxable income of the domestic corporation until the earnings are distributed to the U.S. parent corporation as a dividend. Branch income is taxed by the U.S. at the regular corporate rates. Therefore, a taxpayer will owe a residual U.S. tax on the income from a branch operating in a low-tax jurisdiction, whereas a branch operating in a high-tax foreign jurisdiction may create excess foreign tax credits.

Figure I presents the distribution of foreign branch income by selected country and industry for 1997. More than \$35.1 billion (62.5 percent) of total foreign branch taxable income was connected with operations in ten countries, three of which were members of the E.U.: Australia, Bahamas, Brazil,

Figure I

U.S. Corporation Returns with a Foreign Tax Credit: Taxable Income (Less Loss) from Foreign Branches, by Selected Country, Tax Year 1997

[Money amounts in thousands of dollars]

Selected country	All industries	Manufacturing		Banking	Insurance	All other
		Petroleum	All other			
	(1)	(2)	(3)	(4)	(5)	(6)
All countries.....	56,299,939	9,596,777	6,992,156	29,214,315	5,828,794	4,667,897
Australia.....	1,946,472	1,259,683	322,296	277,141	25,500	61,852
Bahamas.....	1,289,206	144,147	354	1,144,666	--	39
Brazil.....	1,312,350	38,401	10,328	1,226,944	-64	36,741
Germany.....	1,291,197	81,159	878,999	217,077	11,037	102,925
Hong Kong.....	2,722,824	14,091	174,407	2,253,983	60,828	219,515
Japan.....	6,588,763	12,118	200,752	1,273,599	4,993,482	108,812
Mexico.....	1,390,768	2,607	837,991	422,352	12,706	115,112
Netherlands.....	2,383,480	1,659,538	543,369	81,325	12,641	86,607
Singapore.....	1,685,507	11,545	4,390	1,558,983	689	109,900
United Kingdom.....	14,557,160	3,206,181	187,186	9,696,359	213,015	1,254,419

Germany, Hong Kong, Japan, Mexico, Netherlands, Singapore, and the United Kingdom [10]. In fact, corporations with branch operations in the United Kingdom reported one-fourth, or \$14.6 billion, of the total taxable branch income. Corporations classified in three industrial groups reported most of this income: banking (51.9 percent), manufacturing (29.5 percent), and insurance (10.4 percent).

U.S. banks reported more than half of all foreign branch taxable income. More than one-third of the U.S. bank-related taxable branch income was reported by operations in the United Kingdom, \$9.7 billion. The U.K.-sourced taxable branch income from banking accounted for nearly two-thirds of all income from UK branch operations. In addition, U.S. banks with branch operations in the Bahamas, Brazil, Hong Kong, and Singapore contributed most of the total taxable branch income for these countries (88.8 percent, 93.5 percent, 82.8 percent, and 92.5 percent, respectively).

U.S. manufacturers accounted for \$16.5 billion of the \$56.3 billion foreign-sourced taxable branch income, nearly 30.0 percent. Over \$9.5 billion was contributed by petroleum and coal-product manufacturers. Specifically, U.S. petroleum and coal-product manufacturers operating in the United Kingdom accounted for more than one-third of the branch income reported by all U.S. petroleum and coal-product manufacturers. U.S. petroleum and coal-product manufacturers operating in Australia and the Netherlands accounted for an additional 30 percent (\$1.2 billion and \$1.6 billion, respectively). U.S. petroleum and coal product manufacturers reported nearly 70.0 percent of the \$2.4 billion Netherlands-sourced branch income and nearly 65.0 percent of the \$1.9 billion Australia-sourced branch income. U.S. manufacturers in the non-petroleum industries reported 68.1 percent of the \$1.3 billion German-sourced branch income and 60.3 percent of the \$1.4 billion Mexican-sourced branch income.

U.S. insurers were the third highest group in terms of taxable branch income. Although U.S. insurers reported only 10.4 percent of the total taxable branch income, they reported more than three-fourths (\$4.9 billion) of the \$6.5 billion Japan-sourced branch income. In fact, U.S. insurers with operations in Japan accounted for more than 85.0 percent of the \$5.8 billion foreign-sourced branch taxable income for this industry.

Summary

U.S. corporations claimed a record high foreign tax credit of \$42.2 billion for 1997, as income and taxes increased across most industrial classifications and countries. European countries, specifically those in the European Union, continued as the largest single source of foreign-source taxable income and current-year taxes. One recent change, though, has been in the relative share of foreign income and taxes claimed by various industries. Corporations in the finance, insurance, and real estate industries have been rapidly increasing their shares of aggregate foreign income and foreign tax credits since 1990. U.S. corporations with foreign tax credits can no longer be primarily characterized as manufacturers involved in foreign oil and gas extraction or in the foreign production of goods. Banking and services companies are gradually becoming more significant abroad and reporting an increasing share of the foreign tax credit.

Data Sources and Limitations

The statistics in this article were derived from corporation income tax returns with a foreign tax credit that were included in the 1997 Statistics of Income corporate sample. To be included in the sample, returns had to have accounting periods ending between July 1997 and June 1998. These returns were selected prior to any audit examination. The 1997 corporation income tax return sample included approximately 94,000 returns chosen from over 4.7 million returns filed for this period.

The foreign tax credit is claimed under section 901 of the Internal Revenue Code. Corporations report the foreign income and taxes related to the credit on Form 1118, *Computation of Foreign Tax Credit--Corporations*, filed with their corporate tax returns. The statistics in this article are based on information reported on Forms 1118 and related corporate returns. Corporations with "alternative minimum tax" (AMT) must compute a separate "alternative minimum foreign tax credit." Data for the AMT foreign tax credit computation were excluded from these statistics, even if the corporation reported both the foreign tax credit and the AMT computation. If the corporation reported only the AMT computation, it had no regular tax and would not be included in the foreign tax credit study.

There are slight differences between the more

complete foreign tax credit data in this article and those published in *Statistics of Income--1997, Corporation Income Tax Returns* [11]. These differences can be attributed to several factors, including but not limited to the following reasons. Some of the corporate returns selected for the SOI sample, reporting a foreign tax credit, were received too late to be included in the regular corporate statistics (although estimates for these returns were included). Some corporations reported preliminary data on their originally filed returns because information on their overseas operations were not available at the time of filing. Amended returns were not used for these statistics. However, as necessary, additional information was obtained directly from the taxpayer.

Foreign income and taxes are understated in this article to the extent that they either were not or did not have to be reported on Form 1118. Because of the carryback provisions of the law, the 1997 foreign tax credit statistics presented in this article do not represent the final amounts credited that year. Such an amount would have to reflect, in addition to the results of subsequent audit, the carryback of some foreign taxes from 1998 and 1999. The foreign taxes available for the credit shown in this article include only those carried forward to 1997 from previous years. In addition to the carryback limitations, some corporations did not file Form 1118 because they had no U.S. income tax liability and, consequently, were unable to credit any foreign taxes paid or accrued for 1997. Other corporations may have elected to deduct their foreign taxes from their gross incomes instead of claiming the foreign tax credit.

Because the estimates are based on a sample, they are subject to sampling error. Coefficients of variation (CV's) are used to measure the magnitude of this sampling error. The CV is defined in the section on sampling variability in the SOI Sampling Methodology and Data Limitations appendix of this publication. Figure J presents CV's for foreign tax credits by selected industrial groups. The smaller the CV, the more reliable the estimate is judged to be.

The industry classification used in this article conforms to the former Enterprise Standard Industrial Classification (ESIC) authorized by the Office of Information and Regulatory Affairs in the Office of Management and Budget (OMB). The structure of this classification follows closely along the underlying

Figure J

Coefficients of Variation for Foreign Tax Credit, by Selected Industrial Group, Tax Year 1997

Selected industrial group	Coefficients of variation for foreign tax credit (percentages)
All industries.....	0.04
Agriculture, forestry, and fishing.....	0.77
Mining.....	0.53
Construction.....	8.14
Manufacturing.....	0.02
Food and kindred products.....	0.01
Industrial, plastics, and synthetic materials.....	0.05
Drugs.....	0.05
Petroleum (included integrated) and coal products.....	0.02
Office, computing and accounting equipment.....	0.01
Electrical and electronic equipment.....	0.05
Motor vehicles and equipment.....	(¹)
Transportation and public utilities.....	0.52
Wholesale and retail trade.....	0.50
Finance, insurance, and real estate.....	0.13
Banking.....	(¹)
Insurance.....	0.15
Services.....	0.37

¹ Less than .005 percent.

Standard Industrial Classification (SIC) Manual, also authorized by OMB. For Tax Year 1998, the industry classification will conform to the new North American Industry Classification System (NAICS), which has recently been adopted.

Tables 1 - 3

Table 1, columns 2 through 15, presents statistics on assets, receipts, income, and taxes reported on Form 1120, *Corporation Income Tax Return*, for those corporations claiming a foreign tax credit. Columns 16 through 52 present statistics from Form 1118, *Foreign Tax Credit--Corporations*. Schedule references indicate the parts of Form 1118 from which the data were obtained. Columns 16 through 36 present statistics on foreign income (i.e., income from sources outside the United States) and deductions, reported primarily on Form 1118, Schedule A, *Income or Loss Before Adjustments*.

Although the amounts of oil and gas income and deductions (columns 23 and 36, respectively) are included in the summary columns (i.e., columns 16 through 22 and 26 through 35), these amounts are also reported separately (on Form 1118, Schedule I,

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Reduction of Oil and Gas Extraction Taxes) because oil and gas extraction income is subject to special rules under Internal Revenue Code section 907, which effectively requires a separate limitation calculation for taxes related to oil and gas extraction income. This may result in a reduction of foreign taxes available for credit. Reductions in creditable oil and gas extraction income taxes are included with several other types of reductions in column 41 of Table 1 and column 27 of Table 2.

Internal Revenue Code section 863(b) income (income partly within and partly without the United States) and foreign branch income are also included in the summary amounts reported in columns 16 through 22 of Table 1, and are also reported separately (on Form 1118, Schedule F, *Gross Income and Definitely Allocable Deductions From Sources Outside the U.S. Under Section 863(b) and for Foreign Branches*) in columns 24 and 25 of Table 1.

Total deductions not definitely allocable to specific types of income (column 32) are equal to the sum of Table 1, columns 33 through 35, relating to research and development, interest, and any other not definitely allocable expenses (any differences are due to taxpayer reporting variations). Total foreign-source gross income (Table 1, column 16) less total foreign deductions (Table 1, column 26) is equal to foreign-source taxable income before adjustments (Table 1, column 37).

Adjustments to foreign-source taxable income (reported in column 38 of Table 1) include the allocation of: (1) current-year foreign-source losses, (2) overall foreign losses, and (3) current-year U.S.-source losses, as well as the recapture of prior-year overall foreign losses and recharacterization of prior-year foreign-source losses. These adjustments (reported on Schedule J, *Separate Limitation Loss Allocations and Other Adjustments Necessary To Determine Numerators of Limitation Fractions, Year-End Recharacterization Balances, and Overall Foreign Loss Account Balances*) affect the numerator of the limitation fraction used to compute the foreign tax credit. The income after adjustments (the numerator of the limitation fraction) is reported in column 39 of Table 1. The limitation fraction, foreign-source taxable divided by total taxable income from all sources, is applied to the total U.S. tax against which the credit is allowed to determine any limitation on the foreign tax credit. Taxpay-

ers are required to calculate this limitation for each statutory income category.

Statistics on foreign taxes are reported in columns 40 through 52 of Table 1. Data on foreign taxes paid, accrued, and deemed paid (through related foreign corporations or their subsidiaries) from Form 1118, Schedule B, *Foreign Tax Credit—Corporation*, are reported in columns 43 through 52 of Table 1. Total foreign taxes paid or accrued (Table 1, column 44) are the sum of columns 45 through 51 (any differences are due to taxpayer reporting variations). Table 1, column 42 shows carryovers of excess or “unused” taxes from prior years, which can be added to the 1996 pool of creditable foreign taxes. Total foreign taxes paid, accrued, and deemed paid, plus carryover, are then adjusted for certain items (e.g., reductions of foreign taxes related to oil and gas extraction income under Internal Revenue code section 907, reductions of foreign taxes related to income earned in sanctioned countries under Internal Revenue code section 901(j), and other reductions of creditable taxes) in column 41. Thus, total foreign taxes available for credit (Table 1, column 40) are equal to total foreign taxes paid, accrued, and deemed paid (column 43), plus any carryover of prior-year excess or “unused” foreign taxes (column 42), less any reduction in foreign taxes (column 41).

Tables 2 and 3 are similar in column format to Table 1 except that they do not provide data from Form 1120--*U.S. Corporation Income Tax Return*. Table 2 presents data reported by industrial grouping and separate statutory limitation income category, while Table 3 presents data by selected geographic region and country.

Explanation of Selected Terms

Adjustments to taxable income.--This includes several types of adjustments reported on Schedule J of Form 1118, *Computation of Foreign Tax Credit--Corporations*. These adjustments include the allocation of current-year foreign losses, overall foreign losses, and current-year domestic-source losses. In addition, adjustments due to prior-year loss allocations are made including the recapture of foreign-source losses, and the recharacterization of foreign-source income. The net results of these adjustments are reported in column 38 of Table 1 and column 24 of Table 2.

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Carryover of foreign taxes.--Under Internal Revenue Code section 904, U.S. persons are allowed a 2-year carryback and 5-year carryforward of "excess" or "unused" foreign taxes for purposes of computing the foreign tax credit for those years. Such taxes were included in the computation of the current-year foreign tax credit to the extent that they did not exceed the credit limitation for the current year. For 1997, "carryover" includes only those foreign taxes that have been carried forward from previous years. See column 42 of Table 1 and column 28 of Table 2.

Controlled Foreign Corporation.--Under Internal Revenue Code section 957, a foreign corporation is a "Controlled Foreign Corporation" if more than 50 percent of its outstanding voting stock, or more than 50 percent of the value of all its outstanding stock, is owned (directly, indirectly, or constructively) by "U.S. shareholders" on any day during the foreign corporation's tax year. A "U.S. shareholder," as defined in Internal Revenue Code section 951(b), is a U.S. person who owns 10 percent or more of the foreign corporation's total combined voting stock. Ownership attribution rules are provided in Internal Revenue Code section 958.

Current-year foreign taxes.--The current-year foreign taxes include foreign taxes paid, accrued, or deemed paid and are reported in column 43 of Table 1, column 29 of Table 2, and column 15 of Table 3. Current-year foreign taxes do not include any carryback or carryforward of foreign taxes from future or prior tax years.

European Union (E.U.).--The European Union (E.U.) is a union of fifteen independent states based on the former European Communities and founded to enhance political, economic, and social cooperation. Formerly known as European Community (E.C.) or European Economic Community (E.E.C.), the member states include Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom.

Financial services income.--This separate limitation category applies to income from a specific industry--financial services (such as banking). Financial services income includes all income (including "passive income") that is produced in the active conduct of a banking, insurance, financing, or similar business, and from certain types of insurance invest-

ments. Financial services income does not include high withholding tax interest, dividends from non-controlled foreign corporations as defined in Internal Revenue Code section 902, or certain types of export financing interest. Congress required a separate limitation category for financial service corporations because of a concern that the income generated could be easily shifted to low-tax jurisdictions. This separate limitation category is included in Table 2.

Foreign oil and gas extraction income.--Generally, no foreign tax credit or deduction is allowed for foreign taxes paid or accrued in connection with the purchase or sale of oil or gas extracted in a foreign country if the taxpayer has no economic interest in the oil and gas and the purchase or sale price differs from the fair market value.

Foreign Sales Corporations (FSC).--A foreign sales corporation is a company incorporated abroad, created to promote U.S. exports, and usually controlled by a U.S. person (defined below). A portion of the FSC's "foreign trade income" is exempt from U.S. taxation. These statistics do not include FSC returns. However, FSC dividends reported by corporations claiming a foreign tax credit are included. Dividends and interest from a FSC compose a separate limitation category. In July 1999, the World Trade Organization deemed that the FSC provisions constituted an illegal export subsidy. Congress repealed the FSC provisions and introduced the Extraterritorial Income Exclusion in November 2000. Under this legislation, U.S. corporations may continue to operate FSCs until December 2001.

Foreign-source taxable income.--Foreign-source taxable income is equal to gross income (less loss) less deductions from sources outside the U.S.

Foreign trade income.--Foreign trade income is the foreign trading gross receipts earned by a Foreign Sales Corporation (FSC) from 1) the sale of export property, 2) leasing of export property for use outside the U.S., or 3) services in connection with the sale or leasing of export property. The related separate limitation category, taxable income attributable to foreign trade income, is unusual in the SOI study because of the defined scope of the SOI sample.

General limitation income.--This separate limitation category includes foreign income not included in any other separate limitation category.

Gross-up.--Because a dividend represents a distribution from after-tax earnings, the amount of

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income that a domestic corporation recognizes on receiving a dividend from a foreign corporation is net of all the foreign income taxes paid by that foreign corporation. U.S. corporations that satisfy ownership and other requirements may take an “indirect” foreign tax credit for taxes paid with respect to the distribution. Under Internal Revenue Code section 78, these taxes are “deemed paid” by the U.S. corporation under Internal Revenue Code sections 902 and 960(a). Therefore, the dividend income is grossed-up by the amount of the deemed taxes paid. This denies the U.S. corporation the double tax benefit of crediting the deemed foreign taxes and deducting the same taxes from the foreign-sourced taxable income. The gross-up requirement eliminates the implicit deduction.

High withholding tax interest.--This separate limitation category includes only interest income subject to a withholding tax, or other gross basis tax, at a rate of 5 percent or more. Like the passive income basket, the high withholding tax interest basket does not apply to interest received in the conduct of financing certain export activities.

Income re-sourced by treaty.--A few U.S. income tax treaties contain provisions which reclassify certain items of income from U.S.-source to foreign-source. This primarily happens when a tax treaty gives the foreign country the right to tax what would otherwise be U.S.-sourced income. If the corporation elects to apply the treaty, the income will be treated as foreign income. Certain dividends, gains, and income from a U.S.-owned foreign corporation may be included in this basket. A separate foreign tax credit limitation must be computed for each amount re-sourced from a treaty country.

Interest-Charge Domestic International Sales Corporation (IC-DISC).--IC-DISC's are certain small domestic corporations formed to export U.S. products. An IC-DISC can defer the tax liability of a portion of its income, but must ultimately pay the deferred tax plus interest. Under the DISC provisions, a U.S. manufacturer could set up a DISC (located in the U.S.) whose income is not taxed at the DISC level. Instead, the corporate shareholder is taxed directly on a portion of the DISC's income deemed distributed. The portion of the income not deemed distributed is not subject to any U.S. taxation until actually distributed. The U.S.'s foreign trading partners that are party to the General Agreement on Tariffs and Trade (GATT) maintained the DISC

provisions constituted an illegal export trade subsidy because they allowed indefinite deferral of direct taxes on income from exports earned in the U.S. Essentially, this pre-1985 system of tax deferral for export income had been replaced by the exemption system of foreign sales corporations (FSC's). To elect IC-DISC status, at least 95 percent of the corporation's gross receipts must be “qualified export receipts,” and at least 95 percent of its assets must be “qualified export assets.” Distributions from an IC-DISC are a separate limitation category.

Non-controlled section 902 corporation.--A non-controlled foreign corporation, as defined in Internal Revenue Code section 902, is a foreign corporation in which the U.S. corporation owns at least 10 percent of the voting stock and the U.S. shareholders (i.e., those owning at least 10 percent of the voting stock), as a group, own 50 percent or less of the stock measured by voting power or value. Sometimes, these foreign corporations are referred to as “10/50 companies.” Each non-controlled section 902 corporation is treated separately. Taxpayers are required to place dividends from each corporation into a separate basket to prevent averaging of high-taxed and low-taxed dividends from different non-controlled section 902 corporations.

OPEC Countries.--The members of the Organization of Petroleum Exporting Countries (OPEC) for 1997 were Algeria, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, United Arab Emirates, and Venezuela.

Passive income.--This separate limitation category includes dividends, interest, rents, royalties, annuities, net capital gains, and commodity transactions. There are some important exceptions to these inclusions. Rents and royalties derived in an active trade or business from an unrelated person may not be considered passive. Also, high-taxed passive income is excluded from the passive income basket. Specifically, interest subject to a high withholding tax is placed in a separate basket. (See definition for *high withholding tax interest*.) In addition, income that by definition would have been classified as passive yet is subject to a foreign tax rate exceeding the highest applicable U.S. rate is removed from the passive basket and placed in the General Limitation or Overall basket.

Section 901(j) income.--Internal Revenue Code section 901(j) denies credit for taxes paid or accrued

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to certain foreign governments that the U.S. deems ineligible for the credit. Generally, these countries include the following: (1) countries not recognized by the U.S., (2) countries with which the U.S. has severed or does not conduct diplomatic relations, or (3) countries identified by the U.S. as providing support for terrorism. For 1997, countries subject to this restriction were Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria. Although these taxes are not creditable, income and deductions from Internal Revenue Code section 901(j) countries are reported on Form 1118. A separate limitation credit is computed for informational purposes only and is not included in the foreign tax credit of the corporation.

Shipping income.--This statutory group applies to a specific industry--shipping. Shipping income includes the following: (1) all income from the use (or leasing for use) of a vessel or aircraft in foreign commerce, (2) income from services directly related to the use of a vessel or aircraft, (3) gains on the sale or exchange of a vessel or aircraft used in the performance of such services, and (4) income generated from other space and oceanic activities. Income that would be "foreign base company shipping income" for purposes of determining the income constructively received from Controlled Foreign Corporations, under Internal Revenue Code section 954(f), is also classified as shipping income.

Soak-up taxes.--A soak-up tax is a tax liability that depends upon the availability of a credit against the income tax liability to another country. In other words, a soak-up tax arises when a foreign tax would not be imposed on the taxpayer unless a credit is available for the tax under the laws of another jurisdiction.

Specific economic benefit.--A foreign levy is not considered a tax under U.S. regulations if the person or corporation subject to the levy receives, either directly or indirectly, a specific economic benefit from paying it. Benefits include such items as property; services; fees and other payments; rights to use, acquire or extract resources; patents or other property owned or controlled by the foreign country; and reductions or discharge of contractual obligations. The U.S. regulations determine this levy to be payment for the specific economic benefit.

Specifically allocable income.--Internal Revenue Code section 863(b) provides special rules for determining taxable income from sources outside the

U.S. with respect to gross income derived partly within and partly outside the U.S. The income apportioned to sources outside the U.S. under these special rules is commonly referred to as "Section 863(b) income" and is shown in column 25 of Table 1, and column 11 of Tables 2 and 3.

Tax deemed paid.--See definition for *Gross-up*.

Tax motivated stock acquisitions.--For dividends paid more than 30 days after August 5, 1997, the *Taxpayer Relief Act of 1997* (TRA 97) imposes a minimum holding period requirement with respect to claiming a credit for foreign taxes associated with foreign-source dividends. This limitation is designed to prevent the transfer of foreign tax credits from a taxpayer that cannot use the credit (such as a tax-exempt organization) to one who can, simply by transferring stock that generates foreign-source income and creditable foreign taxes.

U.S. Person.--A U.S. person is any citizen or resident of the United States, domestic partnership, corporation, association, company, or any estate or trust that is not considered "foreign." See Internal Revenue Code section 7701 for more information on the definition of a U.S. person.

Notes and References

- [1] See Ward, Nick, "Corporate Foreign Tax Credit, 1996: An Industry and Geographic Focus," *Statistics of Income Bulletin*, Summer 2000, Volume 20, Number 1.
- [2] Because income tax returns for FSC's were not included in the sample used for the statistics, this income category is not included. However, distributions from FSC's or former FSC's are reported on the parent corporation's return and are included in these statistics when provided by the taxpayers. In this study, this particular statutory category is used when corporations report an irregular separate category of income that cannot be redefined for one of the existing categories of income.
- [3] No foreign tax credit is allowed for foreign taxes paid to certain sanctioned countries. However, a foreign tax credit limitation is computed for each such country. The sanctioned countries for 1997 are Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria.

Corporate Foreign Tax Credit, 1997

- [4] According to Internal Revenue Code section 999, U.S. persons that participate or cooperate in international boycotts that are not sanctioned by U.S. law, regulation, or executive order are penalized under the boycott provisions. Under these boycott provisions, the penalty includes a reduction of foreign tax credits, an increase in Controlled Foreign Corporation's taxable income under Subpart F, and a reduction in Foreign Sales Corporation (FSC) benefits and Interest-Charge Domestic International Sales Corporations (IC-DISC) benefits, as applicable. For more information on International Boycotts, see Daly, Susan M., "International Boycott Reports, 1997 and 1998," *Statistics of Income Bulletin*, Winter 2000-2001, Volume 20, Number 3.
- [5] U.S. corporations are subject to a graduated tax rate based on their taxable income per Internal Revenue Code section 11 and Internal Revenue Code section 1201. For 1997, the corporation tax rate was 15 percent on the first \$50,000 of taxable income, 25 percent on the next \$25,000, 34 percent on taxable income between \$75,000 and \$10 million, and 35 percent on the excess over \$10 million. However, a 5-percent tax was imposed on taxable income between \$100,000 and \$335,000 in order to phase out the benefit of the lower rates for high-income corporations; thus, the total marginal rate in this income range is 39 percent. Similarly, a 3-percent tax was imposed on taxable income between \$15 million and \$18.3 million resulting in a total marginal rate in this income range of 38 percent.
- [6] U.S. corporations included in the SOI annual study vary from one year to the next. The analysis of the foreign tax credit over time is not based on a panel of corporations. Therefore, "growth" may be due to several factors, including a different makeup of firms in each year.
- [7] Current-year foreign taxes as a percentage of foreign-source taxable income should not be construed as a measure of the effective tax rate. An effective tax rate would contain a
- measure of economic income in the denominator and taxes on that income in the numerator. These percentages are simply a tool used to compare the proportion of taxes to foreign-source taxable income in each statutory group.
- [8] The majority of Netherlands-sourced taxable income from non-manufacturing U.S. corporations was from services.
- [9] A U.S. corporation, which received actual or constructive dividends from a related foreign subsidiary, is allowed to include a portion of the foreign taxes paid by the subsidiary for purposes of determining the foreign tax credit. Under Internal Revenue Code section 902(a), the portion of foreign taxes deemed paid by a U.S. parent corporation equals the product of the foreign income taxes multiplied by the ratio of dividends to undistributed earnings. The purpose of this formula is to allocate a portion of the foreign income taxes paid by a foreign subsidiary to the dividend distribution. The term "undistributed earnings" refers essentially to the corporation's earnings and profits accumulated through the current year. The foreign taxes paid by the foreign subsidiary are considered to be indirectly, or deemed, paid by the related U.S. corporation.
- [10] Four of these countries (Germany, Japan, the Netherlands, and the United Kingdom) were included in the five largest countries in terms of taxable income. Recall that the five largest countries accounted for approximately 42.2 percent of the total taxable income. More than half of U.K.-sourced and Japan-sourced taxable income is from U.S. corporations operating through foreign branches in these countries. As expected, the industry composition for these countries closely resembles the industry composition of the foreign branches operating in these countries.
- [11] Internal Revenue Service, *Statistics of Income--1997, Corporation Income Tax Returns*, Publication 16, Rev. 9-2000.

SOURCE: IRS, *Statistics of Income Bulletin*, Winter 2001-2002, Publication 1136 (Rev. 3-2002).

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group

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

Major and selected minor industrial group	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC's or former DISC's ¹	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All industries.....	6,569	14,263,224,845	5,311,659,824	39,398,674	116,806	26,163,328	29,036,369
Agriculture, forestry, and fishing.....	134	4,225,363	4,015,958	*38,435	--	*2,373	*21,531
Mining.....	133	73,651,052	33,600,411	585,646	--	193,986	279,596
Metal mining.....	9	*8,025,694	*3,886,090	*95,211	--	*7,629	*25,690
Coal mining.....	5	*24,310,942	*4,930,022	*179,791	--	*11,154	*1,529
Oil and gas extraction.....	112	35,455,594	19,867,239	288,674	--	171,981	244,643
Nonmetallic minerals, except fuels.....	8	*5,858,822	*4,917,061	*21,969	--	*3,222	*7,734
Construction.....	183	19,960,287	22,946,190	26,858	--	*15,711	*16,089
General building contractors.....	92	6,877,597	16,698,443	*6,561	--	*8,086	*5,962
Heavy construction contractors.....	39	11,941,741	4,004,597	*5,379	--	*7,625	*618
Special trade contractors.....	51	1,140,950	2,243,150	*14,919	--	--	*9,509
Manufacturing.....	1,763	3,955,074,054	2,794,697,025	32,371,546	12,872	17,086,737	23,039,903
Food and kindred products.....	83	291,962,500	185,153,297	3,912,886	*166	1,701,491	2,364,751
Tobacco manufactures.....	5	*86,798,606	*55,761,730	*1,617,865	--	*793,640	*1,020,998
Textile mill products.....	60	7,891,742	7,563,645	*46,070	--	*9,804	*25,154
Apparel and other textile products.....	29	18,356,325	17,214,350	*219,282	*28	*170,869	*254,852
Lumber and wood products.....	15	29,795,087	19,952,844	*50,566	--	*19,421	*35,560
Furniture and fixtures.....	13	11,078,283	12,833,556	*44,045	--	*11,094	*22,043
Paper and allied products.....	31	104,694,794	66,384,124	895,122	--	272,165	521,364
Printing and publishing.....	97	148,457,010	79,539,328	205,822	*22	48,726	157,886
Industrial plastics and synthetic material.....	100	256,671,000	152,469,542	1,970,080	*5,260	1,120,520	1,352,440
Drugs.....	53	208,241,502	126,313,930	4,702,171	*125	2,326,922	2,147,640
Other chemicals.....	75	88,211,866	98,389,498	1,163,186	*767	744,798	1,084,617
Petroleum (including integrated) and coal products.....	28	612,952,862	463,528,962	5,931,883	--	1,513,861	3,395,084
Rubber and miscellaneous plastics products.....	71	27,275,689	33,603,207	403,240	--	141,314	358,362
Leather and leather products.....	13	2,656,074	3,823,505	*690	--	*4,754	*2,005
Stone, clay, and glass products.....	28	24,757,696	20,679,811	135,573	--	*19,930	84,332
Primary metal industries.....	42	69,343,470	59,872,820	425,569	--	176,352	310,314
Fabricated metal products.....	192	69,544,707	60,810,423	528,288	*1,060	485,045	690,332
Office, computing, and accounting equipment.....	29	91,396,346	107,297,923	3,545,730	--	514,735	2,629,987
Other machinery, except electrical.....	221	124,145,998	115,381,816	896,194	*3,279	638,873	642,226
Electrical and electronic equipment.....	327	675,225,281	371,444,877	1,792,838	*802	2,861,445	2,336,637
Motor vehicles and equipment.....	27	696,308,021	450,630,068	2,196,450	--	2,182,373	1,989,821
Transportation equipment, except motor vehicles.....	37	162,371,792	153,396,735	541,000	--	*294,876	397,281
Instruments and related products.....	99	120,402,007	106,077,496	1,002,676	*322	914,587	1,067,292
Miscellaneous manufacturing and manufacturing not allocable.....	87	26,535,396	26,573,536	144,317	*1,041	119,143	148,926
Transportation and public utilities.....	159	669,825,450	356,767,998	1,100,518	--	512,233	585,820
Transportation.....	88	151,504,474	115,205,317	88,844	--	186,214	88,808
Water transportation.....	36	6,235,570	5,723,969	*4,495	--	*47,977	*13,417
All other transportation.....	52	145,268,904	109,481,348	84,349	--	138,236	75,391
Communication.....	17	328,346,936	166,316,586	557,380	--	113,288	*322,130
Electric, gas, and sanitary services.....	54	189,974,039	75,246,095	454,293	--	212,731	174,882

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Number of returns	Total assets	Total receipts	Dividends received from foreign corporations	Dividends received from IC-DISC's or former DISC's ¹	Includable income of Controlled Foreign Corporations	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Wholesale and retail trade.....	1,193	339,164,731	582,617,720	780,761	--	1,218,569	1,120,582
Wholesale trade.....	704	158,541,039	264,051,142	577,159	--	647,203	510,408
Groceries and related products.....	15	2,511,606	6,918,148	*7,192	--	*232	*4,965
Machinery, equipment, and supplies.....	102	7,609,466	9,954,579	16,309	--	*2,265	4,744
Miscellaneous wholesale trade.....	586	148,419,967	247,178,416	553,658	--	644,706	500,699
Drugs, chemicals, and allied products.....	17	7,318,201	20,998,972	*17,301	--	*27,667	*16,045
Petroleum and petroleum products.....	7	*18,350,985	*35,005,556	*97,375	--	*41,435	*53,744
Other miscellaneous wholesale trade.....	562	122,750,782	191,173,888	438,982	--	575,604	430,910
Retail trade.....	489	180,623,692	318,566,578	203,602	--	571,366	610,174
Building materials, garden supplies, and mobile home dealers.....	4	*11,300,236	*23,909,565	*11	--	*898	--
General merchandise stores.....	7	*80,708,462	*184,847,263	*19,749	--	*18,354	*7,300
Food stores.....	82	*4,572,431	*9,537,382	*6	--	--	--
Automotive dealers and service station.....	16	*1,515,526	*2,631,003	*241	--	*640	--
Apparel and accessory stores.....	20	19,613,945	30,385,961	*47,725	--	*147,514	*113,315
Furniture and home furnishing stores.....	7	*1,362,791	*2,239,681	*7,375	--	*909	*2,494
Eating and drinking places.....	79	39,667,742	27,574,867	*113,712	--	*363,486	*461,926
All other retail stores.....	273	21,882,559	37,440,857	*14,783	--	*39,566	*25,140
Finance, insurance, and real estate.....	1,676	8,898,152,618	1,287,984,403	2,936,573	*103,446	6,559,699	2,642,365
Banking.....	92	3,554,188,953	296,696,941	547,417	--	3,043,939	1,061,490
Credit agencies other than banks.....	27	839,806,816	74,942,170	*294,044	--	634,432	279,502
Security, commodity brokers, and services.....	113	1,338,399,719	120,257,770	362,864	*413	707,388	320,652
Insurance.....	297	3,076,200,324	773,486,810	977,100	*103,033	1,733,944	444,345
Insurance agents, brokers, and service.....	18	35,243,542	10,595,245	*160,472	--	*33,796	*44,255
Real estate.....	344	13,434,284	4,169,013	3,714	--	*22,179	9,180
Holding and other investment companies, except bank holding companies.....	784	40,878,979	7,836,454	590,960	--	384,021	482,941
Services.....	1,329	303,171,291	229,030,120	1,558,336	*487	574,019	1,330,484
Hotels and other lodging places.....	16	39,001,489	45,665,053	*215,472	--	*35,920	*145,306
Personal services.....	10	*4,911,672	*4,700,078	*24,079	--	*42	*13,274
Business services.....	603	147,695,418	106,268,489	1,120,714	*487	431,851	1,039,091
Auto repair; miscellaneous repair services.....	18	*10,122,309	12,907,492	*1,895	--	--	*1,060
Amusement and recreation services.....	137	69,326,567	36,565,144	*93,684	--	*37,710	79,900
All other services.....	546	32,113,836	22,923,864	102,492	--	68,495	51,853

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Net income (less deficit)	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	U.S. income tax after credits ²
			Total	Regular and alternative minimum tax				
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
All industries.....	432,320,036	410,126,303	144,779,411	144,767,666	42,222,743	146,440	3,548,009	95,787,290
Agriculture, forestry, and fishing.....	472,180	443,557	154,284	154,284	34,696	-	*7,172	110,854
Mining.....	5,500,935	4,928,538	1,756,666	1,756,187	906,954	-	14,700	767,253
Metal mining.....	*540,859	*522,293	*194,015	*194,015	*166,282	-	--	*27,060
Coal mining.....	*503,162	*500,781	*175,178	*175,178	*94,155	-	*42	*66,554
Oil and gas extraction.....	3,955,653	3,421,372	1,215,068	1,214,590	637,691	-	12,181	521,611
Nonmetallic minerals, except fuels.....	*501,260	*484,091	*172,404	*172,404	*8,826	-	*2,477	*152,028
Construction.....	962,188	904,900	319,265	316,158	44,412	-	*8,435	266,016
General building contractors.....	352,012	304,354	108,052	107,437	19,511	-	*8,221	79,917
Heavy construction contractors.....	465,556	463,558	163,416	161,619	14,083	-	*213	149,120
Special trade contractors.....	144,620	136,988	47,797	47,103	10,817	-	*1	36,979
Manufacturing.....	231,445,833	217,289,154	76,694,471	76,689,694	30,299,210	145,433	2,268,555	42,395,173
Food and kindred products.....	15,598,040	14,708,990	5,205,414	5,203,843	2,801,304	*1,687	66,929	2,306,084
Tobacco manufactures.....	*9,926,981	*9,531,635	*3,335,972	*3,335,972	*1,302,880	-	*26,481	*1,996,103
Textile mill products.....	464,611	453,571	158,242	158,242	26,532	-	*6,205	125,048
Apparel and other textile products.....	2,196,571	2,190,311	767,940	767,940	266,279	*17,291	*2,524	481,634
Lumber and wood products.....	713,321	690,960	244,822	251,376	40,342	-	*1,042	196,202
Furniture and fixtures.....	1,021,869	1,011,446	353,841	353,841	22,761	-	*4,411	326,058
Paper and allied products.....	5,890,290	5,693,977	2,040,861	2,040,837	664,059	*2,154	47,050	1,316,682
Printing and publishing.....	8,584,473	8,193,110	2,867,128	2,867,177	288,130	*408	58,228	2,507,107
Industrial plastics and synthetic material.....	14,586,044	13,318,832	4,687,617	4,687,617	1,647,569	-	90,037	2,743,397
Drugs.....	16,087,449	14,156,181	5,011,193	5,011,193	2,202,041	*117,158	275,325	2,357,662
Other chemicals.....	10,618,236	10,379,679	3,646,416	3,646,416	1,321,594	*1,611	82,607	2,239,988
Petroleum (including integrated) and coal products.....	35,010,444	34,251,734	12,006,024	12,006,279	6,748,403	*221	322,110	3,944,902
Rubber and miscellaneous plastics products.....	2,851,237	2,529,530	932,101	931,094	402,316	*778	25,441	491,613
Leather and leather products.....	232,216	226,753	78,695	78,695	11,724	-	*735	66,235
Stone, clay, and glass products.....	2,141,532	1,925,772	681,784	681,775	101,193	-	25,302	544,744
Primary metal industries.....	4,259,678	3,876,006	1,379,623	1,385,009	421,868	-	7,492	886,419
Fabricated metal products.....	6,871,096	6,567,563	2,301,922	2,302,977	694,974	*9	35,270	1,553,143
Office, computing, and accounting equipment.....	12,652,628	12,467,999	4,489,836	4,489,836	3,150,955	-	90,825	1,242,658
Other machinery, except electrical.....	9,764,431	9,298,547	3,262,793	3,261,089	854,506	*236	105,219	2,275,217
Electrical and electronic equipment.....	37,074,391	32,801,097	11,533,239	11,531,064	2,962,524	-	597,501	7,923,717
Motor vehicles and equipment.....	14,972,935	14,584,725	5,149,323	5,148,598	2,380,504	-	173,533	2,588,190
Transportation equipment, except motor vehicles.....	8,225,037	7,633,872	2,675,815	2,671,974	517,204	-	110,079	2,002,940
Instruments and related products.....	9,042,921	8,310,400	3,014,366	3,006,188	1,292,349	*3,878	88,749	1,622,324
Miscellaneous manufacturing and manufacturing not allocable.....	2,659,399	2,486,462	869,504	870,661	177,199	-	25,463	657,107
Transportation and public utilities.....	36,544,490	34,495,220	12,348,590	12,353,898	802,644	-	245,999	10,865,454
Transportation.....	7,085,504	5,322,916	2,151,865	2,151,825	187,641	-	16,599	1,709,341
Water transportation.....	786,138	759,474	269,228	269,225	27,947	-	*733	236,227
All other transportation.....	6,299,367	4,563,441	1,882,637	1,882,600	159,694	-	15,865	1,473,114
Communication.....	19,925,850	19,742,996	6,885,103	6,890,788	451,925	-	198,601	6,135,206
Electric, gas, and sanitary services.....	9,533,136	9,429,308	3,311,623	3,311,285	163,078	-	30,799	3,020,908

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Net income (less deficit)	Income subject to U.S. tax	U.S. income tax before credits		Foreign tax credit claimed	U.S. possessions tax credit	General business credit	U.S. income tax after credits ²
			Total	Regular and alternative minimum tax				
	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
Wholesale and retail trade.....	26,114,386	25,492,725	8,987,993	8,985,680	1,383,247	--	87,112	7,442,207
Wholesale trade.....	8,902,140	8,419,564	3,013,051	3,012,306	686,471	--	23,320	2,243,343
Groceries and related products.....	306,665	301,656	105,210	105,210	5,902	--	--	97,621
Machinery, equipment, and supplies.....	582,467	536,848	188,020	188,015	9,877	--	*809	172,522
Miscellaneous wholesale trade.....	8,013,009	7,581,059	2,719,821	2,719,081	670,692	--	22,510	1,973,201
Drugs, chemicals, and allied products..	424,384	420,846	184,551	184,580	88,289	--	*2,384	92,083
Petroleum and petroleum products.....	*690,872	*662,784	*231,768	*231,768	*98,437	--	*10,145	*91,295
Other miscellaneous wholesale trade...	6,897,752	6,497,430	2,303,502	2,302,734	483,966	--	9,981	1,789,822
Retail trade.....	17,212,245	17,073,161	5,974,941	5,973,374	696,776	--	63,793	5,198,864
Building materials, garden supplies, and mobile home dealers.....	*1,701,875	*1,701,413	*595,469	*595,469	*1,835	--	*451	*593,183
General merchandise stores.....	*7,794,366	*7,743,161	*2,710,699	*2,710,417	*24,769	--	*15,643	*2,670,287
Food stores.....	*282,722	*282,432	*98,716	*98,716	*6,661	--	*1,335	*90,720
Automotive dealers and service station...	*95,270	*94,813	*32,953	*32,953	*129	--	*5,139	*14,713
Apparel and accessory stores.....	2,325,346	2,306,402	808,322	808,322	79,494	--	*1,101	727,727
Furniture and home furnishing stores.....	*128,828	*123,755	*43,072	*43,072	*3,552	--	*354	*39,165
Eating and drinking places.....	3,128,952	3,089,959	1,082,399	1,081,114	528,482	--	31,916	520,153
All other retail stores.....	1,754,886	1,731,226	603,310	603,309	51,854	--	*7,853	542,914
Finance, insurance, and real estate.....	108,014,750	104,400,301	36,747,145	36,741,714	6,654,591	*31	525,692	28,684,700
Banking.....	37,143,609	36,532,504	12,757,974	12,757,921	3,337,311	--	281,570	9,110,182
Credit agencies other than banks.....	6,748,939	6,572,415	2,300,161	2,299,871	457,527	--	*30,680	1,789,485
Security, commodity brokers, and services..	12,566,309	12,102,087	4,232,201	4,233,899	765,424	--	31,849	3,365,430
Insurance.....	45,361,782	43,037,841	15,296,430	15,290,783	1,552,984	*31	169,659	12,835,673
Insurance agents, brokers, and service.....	1,741,357	1,929,969	675,117	675,117	50,162	--	*6,648	616,521
Real estate.....	614,551	555,055	201,049	201,049	9,759	--	*626	178,398
Holding and other investment companies, except bank holding companies.....	3,838,203	3,670,430	1,284,212	1,283,073	481,423	--	*4,660	789,010
Services.....	23,265,274	22,171,907	7,770,999	7,770,053	2,096,990	*976	390,344	5,255,633
Hotels and other lodging places.....	2,192,769	2,090,256	733,791	733,644	177,348	*976	*36,141	514,725
Personal services.....	*447,064	*444,511	*155,379	*155,379	*14,819	--	*1,002	*138,598
Business services.....	14,596,239	13,808,738	4,850,636	4,850,144	1,601,492	--	312,273	2,925,825
Auto repair; miscellaneous repair services...	465,363	451,629	157,784	157,702	1,322	--	*676	155,786
Amusement and recreation services.....	4,156,090	3,950,605	1,380,888	1,380,888	204,541	--	*24,706	1,142,071
All other services.....	1,407,749	1,426,169	492,521	492,295	97,468	--	15,547	378,629

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118						
	Gross income (less loss)						
	Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees	Service income	Other income
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
All industries.....	359,898,600	68,480,746	29,020,456	61,505,751	48,610,292	31,387,624	120,893,731
Agriculture, forestry, and fishing.....	238,033	54,572	*21,774	*19,744	*14,007	--	*127,936
Mining.....	8,292,326	769,336	279,548	221,170	310,547	3,073,644	3,638,080
Metal mining.....	*1,842,738	*102,841	*25,690	*58,968	*5,255	*216,428	*1,433,557
Coal mining.....	*882,770	*188,394	*1,529	*58,789	*32,068	*-5,239	*607,229
Oil and gas extraction.....	5,508,205	452,910	244,644	92,837	271,660	2,861,612	1,584,542
Nonmetallic minerals, except fuels.....	*58,613	*25,191	*7,686	*10,576	*1,564	*843	*12,752
Construction.....	449,484	85,149	*16,088	*9,344	23,555	195,865	119,483
General building contractors.....	217,131	*57,205	*5,962	*4,151	*12,720	*116,958	*20,136
Heavy construction contractors.....	135,803	*13,019	*618	*3,540	*2,978	*58,228	*57,420
Special trade contractors.....	96,550	*14,925	*9,509	*1,653	*7,857	*20,680	*41,927
Manufacturing.....	188,632,881	52,156,799	23,031,191	8,366,129	33,953,415	3,733,558	67,391,789
Food and kindred products.....	13,689,338	5,725,052	2,363,100	242,803	2,054,826	*197,065	3,106,492
Tobacco manufactures.....	*6,301,840	*2,409,557	*1,020,175	*70,454	*1,016,244	*7,054	*1,778,356
Textile mill products.....	134,199	*55,839	*25,154	*3,535	*17,548	*594	*31,529
Apparel and other textile products.....	1,072,953	*389,563	*254,620	*7,410	320,759	*11,058	*89,542
Lumber and wood products.....	216,099	*68,009	*35,533	*38,249	*11,653	*150	*62,506
Furniture and fixtures.....	183,348	*54,589	*22,043	*8,896	15,133	*9,974	*72,711
Paper and allied products.....	3,343,913	1,302,738	521,416	73,976	533,801	*57,331	854,652
Printing and publishing.....	4,916,174	257,955	158,002	37,208	2,421,093	54,105	1,987,810
Industrial plastics and synthetic material.....	11,448,415	3,568,707	1,350,852	414,493	1,773,306	354,457	3,986,600
Drugs.....	16,247,439	6,852,075	2,147,856	253,898	2,784,874	*92,065	4,116,672
Other chemicals.....	6,940,225	1,912,289	1,084,618	116,757	1,717,717	33,956	2,074,888
Petroleum (including integrated) and coal products.....	34,726,319	7,444,356	3,395,725	3,661,334	687,722	*135,735	19,401,447
Rubber and miscellaneous plastics products.....	1,914,920	547,831	358,333	51,422	439,837	*1,406	516,091
Leather and leather products.....	137,581	*8,431	*2,005	*4,918	58,924	*12,587	*50,716
Stone, clay, and glass products.....	702,088	221,602	84,332	30,230	147,743	*44,539	173,642
Primary metal industries.....	2,389,004	635,810	310,309	114,964	151,540	*19,440	1,156,941
Fabricated metal products.....	3,448,092	1,019,606	694,109	154,931	337,368	63,442	1,178,637
Office, computing, and accounting equipment.....	17,124,711	4,104,545	2,629,650	165,280	7,189,193	*304,791	2,731,252
Other machinery, except electrical.....	7,450,265	1,607,925	642,113	376,011	705,574	141,730	3,976,912
Electrical and electronic equipment.....	27,323,241	5,844,142	2,336,386	1,354,714	5,139,642	555,468	12,092,889
Motor vehicles and equipment.....	13,028,265	4,355,007	1,981,592	453,655	2,215,662	*540,803	3,481,547
Transportation equipment, except motor vehicles.....	4,695,527	1,064,354	397,281	471,914	651,303	747,740	1,362,935
Instruments and related products.....	9,976,595	2,423,756	1,067,059	243,554	3,165,308	326,712	2,750,206
Miscellaneous manufacturing and manufacturing not allocable.....	1,222,332	283,062	148,927	15,524	396,647	21,357	356,815
Transportation and public utilities.....	22,221,685	1,606,457	585,276	320,490	426,902	9,220,380	10,062,180
Transportation.....	13,704,989	271,889	88,808	43,022	83,274	8,925,407	4,292,590
Water transportation.....	320,690	*52,469	*13,417	*549	*31	*219,255	*34,968
All other transportation.....	13,384,299	219,420	75,391	42,473	83,242	8,706,151	4,257,621
Communication.....	7,261,024	671,676	*322,130	*192,035	*287,698	*196,704	*5,590,781
Electric, gas, and sanitary services.....	1,255,671	662,892	174,338	85,434	*55,931	98,269	178,808

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118						
	Gross income (less loss)						
	Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees	Service income	Other income
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Wholesale and retail trade.....	13,921,240	1,997,340	1,121,448	2,054,128	1,450,456	414,872	6,882,996
Wholesale trade.....	9,486,444	1,224,310	510,674	1,848,267	424,144	148,570	5,330,479
Groceries and related products.....	61,489	*7,424	*4,965	*1,437	*1,795	*2,319	*43,550
Machinery, equipment, and supplies.....	235,439	18,574	4,744	3,334	*13,237	*4,627	190,922
Miscellaneous wholesale trade.....	9,189,516	1,198,312	500,965	1,843,497	409,112	141,623	5,096,007
Drugs, chemicals, and allied products.....	1,102,131	*44,931	*16,312	*5,516	*3,907	*18,212	*1,013,252
Petroleum and petroleum products.....	*2,164,090	*137,794	*53,744	*1,468,833	*10,665	*709	*492,346
Other miscellaneous wholesale trade.....	5,923,295	1,015,587	430,909	369,147	394,539	122,703	3,590,409
Retail trade.....	4,434,796	773,030	610,774	205,860	1,026,312	266,303	1,552,517
Building materials, garden supplies, and mobile home dealers.....	*10,428	*11	--	--	*10,418	--	--
General merchandise stores.....	*452,001	*38,139	*7,300	*21,818	*103,710	*187,127	*93,907
Food stores.....	*77,019	*23	--	*5,821	*71,121	--	*53
Automotive dealers and service station.....	*1,169	*241	--	*591	*91	*47	*198
Apparel and accessory stores.....	435,712	*194,739	*113,315	*4,337	*54,279	--	*69,042
Furniture and home furnishing stores.....	*27,945	*8,284	*2,494	*195	*11,367	--	*5,606
Eating and drinking places.....	2,839,366	*477,165	*462,507	*152,079	662,263	*6,040	1,079,313
All other retail stores.....	591,155	54,428	*25,159	21,019	113,063	*73,089	304,397
Finance, insurance, and real estate.....	102,621,003	9,539,627	2,636,478	49,935,328	1,923,139	9,976,238	28,610,193
Banking.....	52,894,722	3,648,589	1,055,611	31,926,026	1,217,318	*1,933,550	13,113,629
Credit agencies other than banks.....	8,858,262	947,618	279,502	2,388,198	*118,648	*30,821	5,093,475
Security, commodity brokers, and services.....	13,336,865	1,065,400	320,652	8,325,109	*21,833	398,894	3,204,977
Insurance.....	24,599,962	2,685,225	444,350	6,866,178	510,999	7,236,052	6,857,159
Insurance agents, brokers, and service.....	448,845	*193,598	*44,255	*15,483	--	*187,313	*8,196
Real estate.....	71,603	26,037	9,180	11,073	*14,708	*4,899	*5,706
Holding and other investment companies, except bank holding companies.....	2,410,746	973,161	482,929	403,262	*39,633	*184,710	327,051
Services.....	23,521,948	2,271,466	1,328,651	579,418	10,508,272	4,773,067	4,061,074
Hotels and other lodging places.....	1,494,584	*251,427	*144,531	96,072	*361,875	*76,766	*563,913
Personal services.....	*183,347	*24,122	*13,274	*2,873	*8,616	*132,621	*1,842
Business services.....	15,820,544	1,542,152	1,038,858	287,651	7,015,616	2,882,667	3,053,601
Auto repair; miscellaneous repair services.....	11,023	*1,897	*1,060	*861	*5,613	*917	*675
Amusement and recreation services.....	4,131,202	280,102	79,132	*188,204	2,830,579	*575,038	178,147
All other services.....	1,881,249	171,767	51,796	3,757	285,974	1,105,059	262,897

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued							
	Oil and gas extraction income (less loss) ³	Foreign branch income ³	Specifically allocable income [section 863(b)] ³	Deductions				
				Total	Deductions allocable to specific types of income			Service expenses
					Total	Depreciation, depletion, and amortization	Rental, royalty, and licensing expenses	
(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
All industries.....	21,013,968	88,607,770	24,971,121	201,909,309	107,480,799	1,257,812	7,358,799	13,663,474
Agriculture, forestry, and fishing.....	--	*673	*92,236	*98,061	*59,042	--	*521	--
Mining.....	2,037,440	3,126,813	*378,536	5,133,029	4,199,314	117,568	66,502	1,266,808
Metal mining.....	--	*182,890	--	*1,354,276	*1,013,529	*874	*933	*1,063
Coal mining.....	--	*173,008	--	*575,397	*548,549	*13,438	*5,882	--
Oil and gas extraction.....	2,037,440	2,765,767	*354,548	3,186,103	2,630,430	103,257	59,687	1,261,520
Nonmetallic minerals, except fuels.....	--	*5,146	*23,989	*17,253	*6,806	--	--	*4,225
Construction.....	--	*83,784	*40,924	294,026	228,015	*349	*1,281	131,860
General building contractors.....	--	*27,218	*40,924	150,124	119,147	*150	*508	*74,977
Heavy construction contractors.....	--	*38,583	--	*91,323	*61,372	--	*460	*43,766
Special trade contractors.....	--	*17,982	--	*52,579	*47,496	*200	*313	*13,117
Manufacturing.....	18,743,589	27,638,925	17,567,896	85,811,444	48,178,233	298,396	3,113,488	2,125,735
Food and kindred products.....	--	1,531,208	517,916	4,632,143	2,513,109	*1,271	*786,114	*1,867
Tobacco manufactures.....	--	*1,068,525	*718,717	*2,464,893	*1,680,497	--	*37,383	--
Textile mill products.....	--	*904	*30,789	47,970	*26,657	--	--	*301
Apparel and other textile products.....	--	*52,217	*10,788	*210,758	*108,597	*71	*9,729	*1,956
Lumber and wood products.....	--	*12,452	*2,983	76,157	*36,416	--	--	--
Furniture and fixtures.....	--	*29,775	*33,952	*106,435	*71,617	*216	*2,918	*1,944
Paper and allied products.....	--	*26,739	474,619	1,299,730	472,386	*620	*19,947	*56,472
Printing and publishing.....	--	*314,801	*61,357	3,366,082	1,823,944	*2,892	350,370	*35,935
Industrial plastics and synthetic material.....	*1,394,900	1,828,270	1,632,453	5,640,689	3,132,183	*4,827	18,085	*170,175
Drugs.....	--	1,414,540	1,449,375	8,454,539	5,624,402	*8	*769,599	*19,115
Other chemicals.....	--	1,298,847	552,709	2,895,692	1,690,790	*354	*2,144	*10,268
Petroleum (including integrated) and coal products.....	17,348,689	*14,093,770	*190,579	14,924,911	12,667,712	*8,536	*147,312	*234,590
Rubber and miscellaneous plastics products.....	--	97,681	50,542	704,508	436,016	*3,758	*6,524	*333
Leather and leather products.....	--	*853	*4,365	*63,404	*14,037	--	*1,187	*371
Stone, clay, and glass products.....	--	*53,447	*135,532	387,642	171,408	*16	*1,104	*41,425
Primary metal industries.....	--	724,469	116,468	1,059,985	501,595	*159,211	*65,016	--
Fabricated metal products.....	--	140,547	334,411	1,241,234	646,658	*2,466	*11,173	*49,644
Office, computing, and accounting equipment.....	--	*1,506,613	*836,332	6,700,626	2,153,977	*1,333	*2,936	*1,945
Other machinery, except electrical.....	--	789,711	919,857	4,144,570	1,990,970	*662	61,786	185,236
Electrical and electronic equipment.....	--	819,692	5,655,989	13,893,037	7,179,468	*796	260,198	206,656
Motor vehicles and equipment.....	--	*998,434	1,053,508	5,298,138	1,344,068	*1,241	*305,446	*532,719
Transportation equipment, except motor vehicles.....	--	*367,002	464,594	2,560,215	2,073,629	*103,305	*82,546	*557,084
Instruments and related products.....	--	358,610	2,117,560	5,063,276	1,531,697	*1,302	*67,996	*13,245
Miscellaneous manufacturing and manufacturing not allocable.....	--	109,819	202,503	574,811	286,404	*5,512	*103,974	*4,457
Transportation and public utilities.....	*41,616	4,476,116	2,615,529	16,849,056	14,832,180	33,657	60,222	5,797,057
Transportation.....	--	*4,084,653	*2,516,237	11,584,803	10,940,760	*1,848	*5,542	5,548,311
Water transportation.....	--	--	*23,532	*115,069	*98,127	*409	*3,207	*93,256
All other transportation.....	--	*4,084,653	*2,492,704	11,469,734	10,842,633	*1,439	*2,336	5,455,055
Communication.....	--	*292,337	*13,515	4,656,524	3,663,007	*1	*54,668	*184,200
Electric, gas, and sanitary services.....	*41,616	*99,126	*85,777	607,729	228,414	*31,808	*12	*64,546

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued							
	Oil and gas extraction income (less loss) ³	Foreign branch income ³	Specifically allocable income [section 863(b)] ³	Deductions				
				Total	Deductions allocable to specific types of income			Service expenses
					Total	Depreciation, depletion, and amortization	Rental, royalty, and licensing expenses	
(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)	
Wholesale and retail trade.....	*21,791	2,983,585	196,739	8,143,471	5,880,777	8,652	315,244	159,090
Wholesale trade.....	*21,791	1,704,490	180,946	6,187,407	4,461,434	7,091	181,708	59,965
Groceries and related products.....	--	*37,787	--	*41,000	*39,659	*161	*951	*2,085
Machinery, equipment, and supplies.....	--	*44,084	*5,784	158,239	100,781	*5,576	*10,312	*1,489
Miscellaneous wholesale trade.....	*21,791	1,622,619	175,162	5,988,168	4,320,995	*1,353	170,445	56,391
Drugs, chemicals, and allied products..	--	*903,109	*56,465	810,817	791,439	--	--	*17,228
Petroleum and petroleum products.....	*21,791	*272,400	--	*1,402,555	*568,747	--	--	--
Other miscellaneous wholesale trade..	--	447,110	118,696	3,774,796	2,960,808	*1,353	170,445	39,163
Retail trade.....	--	1,279,096	*15,792	1,956,063	1,419,342	*1,561	133,536	*99,125
Building materials, garden supplies, and mobile home dealers.....	--	--	--	*2,656	--	--	--	--
General merchandise stores.....	--	*83,406	--	*242,788	*135,548	*388	--	*70,149
Food stores.....	--	--	*13	*4,153	*3,449	--	*2,658	--
Automotive dealers and service station..	--	--	--	--	--	--	--	--
Apparel and accessory stores.....	--	*37,300	--	*125,147	*80,190	--	*373	--
Furniture and home furnishing stores.....	--	--	--	*10,207	*4,732	--	*1,929	--
Eating and drinking places.....	--	*899,542	*836	1,262,250	925,979	--	*15,055	*3,594
All other retail stores.....	--	*258,848	*14,944	308,862	269,444	*1,174	*113,521	*25,382
Finance, insurance, and real estate.....	*169,532	46,773,056	3,040,235	70,715,971	24,358,750	551,075	1,551,966	1,008,729
Banking.....	--	32,930,336	*2,520,932	39,669,069	7,873,266	*403,901	488,406	*68,402
Credit agencies other than banks.....	--	*3,153,617	*19,409	6,704,041	4,824,157	*56,245	*3,428	*42,909
Security, commodity brokers, and services..	--	*159,241	*2,279	8,440,162	2,056,750	*85	*545,215	219,290
Insurance.....	--	10,509,334	452,503	14,877,880	8,752,969	*88,339	497,258	489,676
Insurance agents, brokers, and service.....	--	*1,407	--	*204,978	*180,890	*358	*4,242	*12,675
Real estate.....	--	*6,896	*8,452	26,100	19,715	*1,804	*10,039	*4,250
Holding and other investment companies, except bank holding companies.....	*169,532	*12,225	*36,661	793,741	651,002	*343	*3,378	*171,527
Services.....	--	3,524,818	1,039,026	14,864,252	9,744,488	248,114	2,249,574	3,174,195
Hotels and other lodging places.....	--	*297,942	--	914,712	553,882	*4,553	*12,606	*9,787
Personal services.....	--	*22,938	*291	*125,905	*119,710	--	--	*117,789
Business services.....	--	2,552,818	635,938	9,032,948	5,157,554	12,276	461,536	1,877,405
Auto repair; miscellaneous repair services..	--	--	*3,347	*2,253	*1,347	*356	*10	*469
Amusement and recreation services.....	--	*495,870	*234,220	3,450,600	2,848,448	*230,806	1,696,939	*365,003
All other services.....	--	155,251	*165,231	1,337,835	1,063,546	*122	78,483	803,743

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued							
	Deductions--Continued						Taxable income (less loss) before adjustments	Adjustments to taxable income
	Other deductions allocable to specific types of income	Deductions not allocable to specific types of income				Deductions from oil and gas extraction income ⁴		
		Total	Research and development	Interest	Other			
(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)	
All industries.....	85,200,714	94,428,510	9,565,637	43,342,264	40,176,836	8,915,360	157,989,290	7,715,086
Agriculture, forestry, and fishing.....	*58,521	*39,019	*20,993	*8,934	*90,93	-	139,972	*4,133
Mining.....	2,748,435	933,715	*38,287	302,159	589,613	1,032,644	3,159,297	288,600
Metal mining.....	*1,010,659	*340,747	--	*98,566	*242,182	--	*488,462	*5,310
Coal mining.....	*529,229	*26,848	--	*25,751	--	--	*307,372	--
Oil and gas extraction.....	1,205,966	555,672	*38,287	169,871	346,379	1,032,644	2,322,103	283,290
Nonmetallic minerals, except fuels.....	*2,581	*10,447	--	*7,971	*1,053	--	*41,360	--
Construction.....	94,524	66,011	*1,015	*9,348	*34,612	-	155,458	*6,287
General building contractors.....	*43,513	*30,977	*179	*3,248	*27,532	--	67,007	*2,403
Heavy construction contractors.....	*17,145	*29,951	--	*4,438	--	--	44,480	--
Special trade contractors.....	*33,866	*5,083	*836	*1,662	*1,206	--	43,971	*3,885
Manufacturing.....	42,640,613	37,633,211	7,834,168	12,397,235	16,818,994	7,836,010	102,821,437	4,235,398
Food and kindred products.....	1,723,856	2,119,034	50,435	783,997	1,270,577	--	9,057,195	134,739
Tobacco manufactures.....	*1,643,114	*784,396	*57,775	*313,781	*412,840	--	*3,836,947	*(⁵)
Textile mill products.....	*26,356	21,314	*1,919	*14,510	*4,492	--	86,228	*700
Apparel and other textile products.....	*96,840	*102,161	*5,397	*67,938	*26,571	--	862,195	*44,756
Lumber and wood products.....	*36,416	*39,741	*399	*22,088	*17,192	--	139,943	*(⁵)
Furniture and fixtures.....	*66,539	*34,818	*4,426	*23,354	*6,582	--	76,913	*1,107
Paper and allied products.....	395,347	827,344	124,072	200,269	499,898	--	2,044,183	*38,928
Printing and publishing.....	1,434,747	1,542,138	*17,717	192,317	1,294,902	--	1,550,092	354,886
Industrial plastics and synthetic material.....	2,939,096	2,508,506	506,875	1,317,191	669,543	*536,615	5,807,726	341,991
Drugs.....	4,835,681	2,830,137	726,805	935,282	953,100	--	7,792,900	465,238
Other chemicals.....	1,678,023	1,204,902	345,898	367,840	474,129	--	4,044,534	84,122
Petroleum (including integrated) and coal products.....	12,277,274	2,257,200	143,030	1,556,901	557,242	7,299,395	19,801,407	129,124
Rubber and miscellaneous plastics products.....	425,401	268,493	78,867	103,100	85,280	--	1,210,411	19,292
Leather and leather products.....	*12,480	*49,367	*1,260	*6,876	*39,636	--	74,177	--
Stone, clay, and glass products.....	*128,863	216,234	*33,135	96,151	*85,634	--	314,446	*(⁵)
Primary metal industries.....	277,367	558,391	9,476	184,443	345,538	--	1,329,018	11,043
Fabricated metal products.....	583,374	594,576	78,327	292,676	211,494	--	2,206,858	118,428
Office, computing, and accounting equipment.....	*2,147,762	4,546,649	1,786,323	491,793	2,266,819	--	10,424,085	*801,571
Other machinery, except electrical.....	1,743,286	2,153,600	292,562	526,380	1,157,116	--	3,305,695	87,521
Electrical and electronic equipment.....	6,711,819	6,713,569	1,626,595	1,997,431	3,047,823	--	13,430,204	915,992
Motor vehicles and equipment.....	504,662	3,954,070	460,521	2,147,313	1,342,840	--	7,730,127	31,245
Transportation equipment, except motor vehicles.....	1,330,694	486,586	133,758	181,469	171,265	--	2,135,312	*26,305
Instruments and related products.....	1,449,154	3,531,579	1,268,596	503,284	1,748,345	--	4,913,319	558,748
Miscellaneous manufacturing and manufacturing not allocable.....	172,462	288,407	80,000	70,851	130,136	--	647,521	*69,663
Transportation and public utilities.....	8,941,243	2,016,875	*57,203	1,002,896	951,350	*35,759	5,372,629	941,262
Transportation.....	5,385,058	644,043	*7,874	159,933	474,034	--	2,120,187	851,056
Water transportation.....	*1,255	*16,942	--	*16,406	*416	--	205,621	*51,065
All other transportation.....	5,383,803	627,101	*7,874	143,527	473,618	--	1,914,565	799,991
Communication.....	*3,424,138	993,517	*49,218	*492,785	*451,514	--	2,604,500	*65,795
Electric, gas, and sanitary services.....	132,048	379,315	*110	350,178	*25,803	*35,759	647,943	24,411

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued							
	Deductions--Continued						Taxable income (less loss) before adjustments	Adjustments to taxable income
	Other deductions allocable to specific types of income	Deductions not allocable to specific types of income				Deductions from oil and gas extraction income ⁴		
		Total	Research and development	Interest	Other			
	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Wholesale and retail trade.....	5,397,790	2,262,694	24,693	1,459,232	719,208	*10,947	5,777,769	910,079
Wholesale trade.....	4,212,670	1,725,973	24,284	1,158,259	506,770	*10,947	3,299,037	774,933
Groceries and related products.....	*36,461	*1,341	--	*280	*638	--	20,489	*(⁵)
Machinery, equipment, and supplies.....	*83,404	57,458	*49	*6,319	*47,736	--	77,199	*20,300
Miscellaneous wholesale trade.....	4,092,805	1,667,173	24,235	1,151,660	458,397	*10,947	3,201,349	754,633
Drugs, chemicals, and allied products.....	*774,212	*19,378	--	*2,301	*8,476	--	291,314	*17,077
Petroleum and petroleum products.....	*568,747	*833,808	--	*762,332	*71,462	*10,947	*761,536	*324,892
Other miscellaneous wholesale trade..	2,749,846	813,988	24,235	387,027	378,458	--	2,148,499	412,664
Retail trade.....	1,185,120	536,721	*409	300,973	212,438	--	2,478,732	135,147
Building materials, garden supplies, and mobile home dealers.....	--	*2,656	--	--	--	--	*7,772	--
General merchandise stores.....	*65,012	*107,240	*6	*80,490	*26,744	--	*209,213	*5,699
Food stores.....	*791	*704	--	*468	*218	--	*72,866	*50,064
Automotive dealers and service station.....	--	--	--	--	--	--	*1,169	--
Apparel and accessory stores.....	*79,817	*44,957	*171	*30,655	*12,949	--	310,565	*25,154
Furniture and home furnishing stores.....	*2,803	*5,476	--	*965	*2,742	--	*17,738	*(⁵)
Eating and drinking places.....	*907,331	336,271	*12	*175,733	*158,093	--	1,577,116	*15,149
All other retail stores.....	129,367	39,418	*221	12,661	*11,692	--	282,293	*39,081
Finance, insurance, and real estate.....	21,246,980	46,357,221	*106,260	27,300,990	18,442,444	--	31,905,032	717,773
Banking.....	6,912,557	31,795,803	*99,921	18,942,052	12,279,487	--	13,225,653	69,232
Credit agencies other than banks.....	4,721,575	1,879,884	--	1,222,764	*657,120	--	2,154,220	*9,418
Security, commodity brokers, and services..	1,292,161	6,383,412	--	5,892,346	488,979	--	4,896,703	48,264
Insurance.....	7,677,696	6,124,911	*944	1,154,868	4,942,605	--	9,722,081	563,665
Insurance agents, brokers, and service.....	*163,615	*24,088	*5,394	*15,316	*3,373	--	243,867	--
Real estate.....	3,622	*6,384	--	*5,586	*798	--	45,503	*3,295
Holding and other investment companies, except bank holding companies.....	475,755	142,738	--	68,057	70,081	--	1,617,005	23,898
Services.....	4,072,605	5,119,764	1,483,018	861,470	2,611,521	--	8,657,696	611,554
Hotels and other lodging places.....	*526,937	360,830	--	*154,879	*192,524	--	579,872	*29,028
Personal services.....	*1,921	*6,195	*317	*3,385	*221	--	*57,442	--
Business services.....	2,806,337	3,875,394	1,445,526	250,159	2,053,030	--	6,787,596	377,714
Auto repair; miscellaneous repair services..	*512	*905	*1	*95	*689	--	8,770	*465
Amusement and recreation services.....	*555,700	602,152	*16,487	*427,521	*152,531	--	680,603	29,987
All other services.....	181,198	274,289	*20,688	25,431	212,527	--	543,414	174,360

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued						
	Taxable income (less loss) after adjustments	Foreign taxes available for credit				Paid or accrued	
		Total	Reduction for certain foreign taxes	Carryover	Total paid, accrued, and deemed paid	Total	Taxes withheld at source on dividends
	(39)	(40)	(41)	(42)	(43)	(44)	(45)
All industries.....	150,274,204	49,979,466	2,516,340	7,416,008	45,079,798	16,056,942	2,767,327
Agriculture, forestry, and fishing.....	135,839	38,313	--	*3,837	34,476	12,702	2,521
Mining.....	2,870,696	1,416,118	444,333	562,043	1,298,408	1,018,859	53,846
Metal mining.....	*483,152	*417,581	*1,703	*121,791	*297,492	*271,803	*26,875
Coal mining.....	*307,372	*134,825	*26,791	*16,450	*145,166	*143,637	*1,408
Oil and gas extraction.....	2,038,812	854,837	410,416	418,289	846,964	602,320	*25,198
Nonmetallic minerals, except fuels.....	*41,360	*8,875	*5,423	*5,512	*8,785	*1,099	*366
Construction.....	149,171	63,431	--	15,329	48,103	32,014	1,490
General building contractors.....	64,605	34,284	--	*4,967	29,317	23,355	*420
Heavy construction contractors.....	44,480	14,103	--	*8,397	5,706	5,088	*624
Special trade contractors.....	40,086	15,045	--	*1,965	13,080	3,571	*446
Manufacturing.....	98,586,039	35,792,177	2,059,580	5,450,727	32,401,030	9,367,486	2,203,741
Food and kindred products.....	8,922,456	3,042,404	--	128,921	2,913,483	550,383	241,284
Tobacco manufactures.....	*3,836,947	*1,379,627	--	*67,626	*1,312,000	*291,825	*208,396
Textile mill products.....	85,528	28,485	*75	*474	28,086	2,933	*1,790
Apparel and other textile products.....	817,439	291,790	--	*306	291,484	36,864	*13,082
Lumber and wood products.....	139,943	52,370	--	*11,604	40,766	5,233	*1,468
Furniture and fixtures.....	75,806	41,940	--	*15,666	26,274	4,231	*2,671
Paper and allied products.....	2,005,255	716,140	--	77,341	638,799	117,383	44,923
Printing and publishing.....	1,195,206	331,423	--	9,504	321,919	163,917	14,125
Industrial plastics and synthetic material.....	5,465,735	1,861,492	--	97,854	1,763,639	412,787	115,894
Drugs.....	7,327,662	2,815,266	--	105,561	2,709,705	561,850	323,897
Other chemicals.....	3,960,412	1,471,640	--	20,667	1,450,973	366,355	94,684
Petroleum (including integrated) and coal products.....	19,672,283	9,102,941	2,054,206	3,770,305	7,386,841	3,991,117	331,267
Rubber and miscellaneous plastics products.....	1,191,120	440,363	--	16,549	423,814	65,481	23,181
Leather and leather products.....	74,177	11,896	--	*208	11,688	9,683	*14
Stone, clay, and glass products.....	314,446	144,642	--	*34,489	110,153	25,765	7,981
Primary metal industries.....	1,317,975	701,061	*5,049	265,146	440,963	130,654	13,007
Fabricated metal products.....	2,088,431	844,557	--	47,490	797,067	102,958	29,376
Office, computing, and accounting equipment.....	9,622,515	3,376,725	--	*81,825	3,294,900	665,251	268,408
Other machinery, except electrical.....	3,218,174	985,714	--	133,257	852,457	210,339	35,824
Electrical and electronic equipment.....	12,514,212	3,437,298	--	232,766	3,204,532	865,853	147,954
Motor vehicles and equipment.....	7,698,882	2,624,433	--	*227,137	2,397,296	415,704	186,852
Transportation equipment, except motor vehicles.....	2,109,007	527,783	--	*16,440	511,343	114,062	31,947
Instruments and related products.....	4,354,571	1,344,804	--	63,803	1,281,000	213,941	55,038
Miscellaneous manufacturing and manufacturing not allocable.....	577,858	217,384	*251	25,789	191,846	42,919	10,677
Transportation and public utilities.....	4,431,367	969,683	*122	97,772	872,033	286,757	22,552
Transportation.....	1,269,130	213,860	--	56,636	157,224	68,415	5,879
Water transportation.....	154,556	29,694	--	*4,015	25,679	12,262	*1,138
All other transportation.....	1,114,574	184,166	--	52,621	131,544	56,153	4,740
Communication.....	2,538,706	539,130	--	*26,238	512,893	190,763	*5,799
Electric, gas, and sanitary services.....	623,531	216,693	*122	*14,898	201,917	27,579	10,875

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued						
	Taxable income (less loss) after adjustments	Foreign taxes available for credit				Paid or accrued	
		Total	Reduction for certain foreign taxes	Carryover	Total paid, accrued, and deemed paid	Total	Taxes withheld at source on dividends
	(39)	(40)	(41)	(42)	(43)	(44)	(45)
Wholesale and retail trade.....	4,867,690	1,894,147	*(⁵)	237,214	1,656,933	535,490	90,146
Wholesale trade.....	2,524,104	980,300	*(⁵)	170,654	809,646	298,976	65,388
Groceries and related products.....	20,489	7,462	--	*1,043	6,420	*1,454	*279
Machinery, equipment, and supplies.....	56,899	16,579	--	*4,651	11,928	7,185	1,055
Miscellaneous wholesale trade.....	2,446,716	956,258	*(⁵)	164,961	791,298	290,337	64,053
Drugs, chemicals, and allied products.....	274,237	108,659	--	*13,893	94,766	78,454	*1,759
Petroleum and petroleum products.....	*436,644	*143,801	--	*22,910	*120,891	*67,147	*24,466
Other miscellaneous wholesale trade.....	1,735,835	703,798	*(⁵)	128,157	575,642	144,737	37,828
Retail trade.....	2,343,586	913,847	--	66,559	847,287	236,513	24,758
Building materials, garden supplies, and mobile home dealers.....	7,772	*1,835	--	--	*1,835	*1,835	*2
General merchandise stores.....	*203,515	*46,648	--	*15,794	*30,854	*23,554	*6,269
Food stores.....	*22,802	*7,987	--	--	*7,987	*7,987	*4
Automotive dealers and service station.....	*1,169	*137	--	*12	*125	*125	*32
Apparel and accessory stores.....	285,411	135,143	--	*13,361	121,782	8,467	*907
Furniture and home furnishing stores.....	*17,738	*3,573	--	*7	*3,566	*1,072	*373
Eating and drinking places.....	1,561,967	654,592	--	*32,467	622,125	159,618	*12,459
All other retail stores.....	243,212	63,932	--	*4,918	59,014	33,855	*4,712
Finance, insurance, and real estate.....	31,187,259	7,370,111	*12,176	809,000	6,573,288	3,936,806	319,619
Banking.....	13,156,420	3,672,822	--	391,946	3,280,877	2,225,266	149,514
Credit agencies other than banks.....	2,144,802	505,543	--	39,738	465,804	186,303	17,133
Security, commodity brokers, and services.....	4,848,439	801,877	--	56,838	745,040	424,387	39,477
Insurance.....	9,158,416	1,703,013	--	219,370	1,483,643	1,039,290	85,587
Insurance agents, brokers, and service.....	243,867	50,660	--	*400	50,260	6,005	*3,186
Real estate.....	42,208	16,188	--	*4,203	11,984	2,805	303
Holding and other investment companies, except bank holding companies.....	1,593,107	620,007	*12,176	96,504	535,680	52,750	24,419
Services.....	8,046,142	2,435,487	*129	240,087	2,195,529	866,829	73,412
Hotels and other lodging places.....	550,843	264,248	--	*49,004	215,244	70,713	*1,205
Personal services.....	*57,442	*30,576	--	*13,520	*17,056	*3,782	*1,386
Business services.....	6,409,883	1,717,946	*129	85,634	1,632,440	593,583	65,420
Auto repair; miscellaneous repair services.....	8,305	1,779	--	*232	1,547	486	*(⁵)
Amusement and recreation services.....	650,615	245,618	--	*12,378	233,240	154,108	*3,681
All other services.....	369,054	175,320	--	79,319	96,001	44,156	1,720

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued						
	Foreign taxes available for credit--Continued						
	Paid or accrued--Continued						Taxes deemed paid
	Taxes withheld at source on--		Other taxes paid or accrued on--				
	Interest	Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	Other income	
(46)	(47)	(48)	(49)	(50)	(51)	(52)	
All industries.....	640,883	2,238,232	6,063,443	29,802	292,786	4,024,468	29,022,856
Agriculture, forestry, and fishing.....	*484	*3,076	*1,724	--	--	*4,897	*21,774
Mining.....	9,917	12,595	286,739	--	*12,908	642,854	279,548
Metal mining.....	*5,538	*1,235	*109,919	--	*8,171	*120,065	*25,690
Coal mining.....	*1,674	--	*9,278	--	--	*131,276	*1,529
Oil and gas extraction.....	*2,231	11,360	167,282	--	*4,737	391,513	244,644
Nonmetallic minerals, except fuels.....	*474	--	*260	--	--	--	*7,686
Construction.....	*490	835	*4,455	--	22,826	1,918	*16,088
General building contractors.....	*89	*383	*2,765	--	*18,459	*1,238	*5,962
Heavy construction contractors.....	*285	*183	*334	--	*3,121	*542	*618
Special trade contractors.....	*116	*269	*1,356	--	*1,246	*137	*9,509
Manufacturing.....	140,905	1,580,966	2,945,132	15,116	83,972	2,397,654	23,033,544
Food and kindred products.....	9,642	99,894	*162,714	*817	*6,964	29,068	2,363,100
Tobacco manufactures.....	*8,255	*58357	*10,898	--	*839	*5,079	*1,020,175
Textile mill products.....	*346	*657	*46	--	*9	*84	*25,154
Apparel and other textile products.....	*71	16,908	*6,168	--	*379	*256	*254,620
Lumber and wood products.....	*1,274	*579	*1,890	--	*15	*7	*35,533
Furniture and fixtures.....	*438	620	--	--	*253	*249	*22,043
Paper and allied products.....	2,740	36,249	*32,486	*509	*460	*16	521,416
Printing and publishing.....	1,267	125,236	*9,591	*40	*1,146	12,511	158,002
Industrial plastics and synthetic material.....	5,733	81,070	143,821	*93	*3,051	63,124	1,350,852
Drugs.....	7,394	99,741	89,468	*317	*5,979	35,053	2,147,856
Other chemicals.....	3,928	116,233	145,395	--	*4,763	1,351	1,084,618
Petroleum (including integrated) and coal products.....	31,842	36,099	*1,956,226	--	*361	1,635,322	3,395,725
Rubber and miscellaneous plastics products.....	2,187	31,172	*8,542	*78	*98	*223	358,333
Leather and leather products.....	*192	*8,531	*931	--	*12	*4	*2,005
Stone, clay, and glass products.....	3,625	7,907	*181	*71	*2,616	*3,385	84,388
Primary metal industries.....	2,432	10,388	*38,517	--	*2,151	64,158	310,309
Fabricated metal products.....	3,115	15,271	4,741	--	*279	50,176	694,109
Office, computing, and accounting equipment.....	*2,462	328,268	*51,561	--	*4,557	*9,995	2,629,650
Other machinery, except electrical.....	9,760	34,078	50,600	*358	19,169	60,550	642,117
Electrical and electronic equipment.....	19,519	247,921	91,340	*12,051	9,582	337,487	2,338,679
Motor vehicles and equipment.....	15,393	63,905	*72,561	--	*10,972	*66,022	1,981,592
Transportation equipment, except motor vehicles.....	1,637	29,585	*41,522	*232	*7,866	*1,273	397,281
Instruments and related products.....	6,464	118,933	20,193	*549	*2,405	10,360	1,067,059
Miscellaneous manufacturing and manufacturing not allocable.....	1,191	13,363	5,741	--	*47	11,901	148,927
Transportation and public utilities.....	7,467	21,541	36,575	*6,887	22,252	169,482	585,276
Transportation.....	2,091	4,353	*27,786	*6,788	15,868	*5,651	88,808
Water transportation.....	*85	*1,198	--	--	*4,709	*5,131	*13,417
All other transportation.....	2,006	3,154	*27,786	*6,788	11,158	*520	75,391
Communication.....	*855	*15,739	*5,716	*98	*2,369	*160,187	*322,130
Electric, gas, and sanitary services.....	*4,522	*1,450	*3,074	--	*4,015	3,644	174,338

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 1.--U.S. Corporation Returns with a Foreign Tax Credit: Total Assets, Income, Tax, and Credits, and Foreign Income and Tax Reported on Form 1118, by Selected Industrial Group--Continued

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

Major and selected minor industrial group	Foreign income and taxes reported on Form 1118--Continued						Taxes deemed paid
	Foreign taxes available for credit--Continued						
	Paid or accrued--Continued						
	Taxes withheld at source on--		Other taxes paid or accrued on--				
Interest	Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	Other income		
(46)	(47)	(48)	(49)	(50)	(51)	(52)	
Wholesale and retail trade.....	31,323	123,960	254,711	--	9,568	25,781	1,121,443
Wholesale trade.....	26,777	43,797	141,810	--	2,599	18,606	510,669
Groceries and related products.....	*99	*188	*791	--	*97	--	*4,965
Machinery, equipment, and supplies.....	347	*396	*3,089	--	*95	2,202	4,744
Miscellaneous wholesale trade.....	26,331	43,212	137,930	--	2,406	16,404	500,960
Drugs, chemicals, and allied products.....	*1	*260	*75,989	--	*194	*249	*16,312
Petroleum and petroleum products.....	*3,936	*408	*38,108	--	*227	*1	*53,744
Other miscellaneous wholesale trade.....	22,393	42,544	23,833	--	1,984	16,154	430,905
Retail trade.....	4,546	80,164	112,901	--	*6,969	7,175	610,774
Building materials, garden supplies, and mobile home dealers.....	--	*1,834	--	--	--	--	--
General merchandise stores.....	*3	*6,742	*7,194	--	*1,264	*2,082	*7,300
Food stores.....	*582	*7,401	--	--	--	--	--
Automotive dealers and service station.....	*59	*12	--	--	*12	*9	--
Apparel and accessory stores.....	*117	*3,246	*1,700	--	--	*2,496	*113,315
Furniture and home furnishing stores.....	*19	*680	--	--	--	--	*2,494
Eating and drinking places.....	*2,942	52,397	*90,147	--	--	*1,673	*462,507
All other retail stores.....	*823	7,852	*13,861	--	*5,693	*914	*25,159
Finance, insurance, and real estate.....	435,813	15,362	2,435,572	*40	83,257	647,142	2,636,482
Banking.....	201,582	*694	1,615,057	*40	*4,279	254,100	1,055,611
Credit agencies other than banks.....	*3,313	*9,312	*141,882	--	*4,828	*9,835	279,502
Security, commodity brokers, and services.....	73,091	*40	79,323	--	16,469	215,987	320,652
Insurance.....	152,849	1,528	596,755	--	51,422	151,149	444,353
Insurance agents, brokers, and service.....	*92	--	*1,866	--	*494	*366	*44,255
Real estate.....	*1,378	*416	*407	--	*41	*260	9,180
Holding and other investment companies, except bank holding companies.....	3,507	*3,372	*282	--	*5,724	15,446	482,929
Services.....	14,485	479,897	98,535	*7,759	58,002	134,739	1,328,700
Hotels and other lodging places.....	*2,467	*34,763	*15,046	--	*5,263	*11,968	*144,531
Personal services.....	*157	*902	*1,299	--	*39	--	*13,274
Business services.....	6,984	314,307	74,308	*7,759	16,733	108,072	1,038,858
Auto repair; miscellaneous repair services.....	*105	*359	--	--	*18	*4	*1,060
Amusement and recreation services.....	*4,683	117,745	*7,089	--	*16,899	*4,010	79,132
All other services.....	*88	11,821	*794	--	19,050	10,684	51,845

Footnotes on next page.

Corporate Foreign Tax Credit, 1997

Footnotes and Notes to Table 1:

* Data should be used with caution because of the small number of returns on which they were based.

¹ Interest-Charge Domestic International Sales Corporation (IC-DISC) and Domestic International Sales Corporation (DISC).

² In addition to the credits shown in columns 12-14, this is after reduction by other credits, such as the jobs credit and the investment credit, which are not shown separately in this table.

³ Included in gross income (less loss), columns 16-22. See notes below.

⁴ Included in deductions, columns 26-35. See notes below.

⁵ Less than \$500.

NOTES: Columns 2 through 15 present statistics on assets, receipts, income, and taxes reported on Form 1120 (Corporation Income Tax Return) series for corporations claiming a foreign tax credit. Columns 16 through 52 present statistics from Form 1118, Foreign Tax Credit--Corporations. Schedule references indicate the schedule of Form 1118 from which the data were obtained. Columns 16 through 36 present statistics on foreign income (i.e., income from sources outside the United States) and deductions reported primarily on Schedule A, Form 1118. Although the amounts of oil and gas income and deductions (columns 23 and 36, respectively) are contained in the summary columns (i.e., columns 16 through 22 and 26 through 35), these amounts are also reported separately (on Schedule I) because oil and gas income is subject to special rules under Internal Revenue Code section 907, which may result in a reduction of foreign taxes available for credit. Code section 863(b) income (income partly within and partly without the United States) and foreign branch income are also included in the summary amounts reported in columns 16 through 22 and are also reported separately (on Schedule F) in columns 24 and 25. Total deductions not allocable to specific types of income (column 32) are equal to the sum of columns 33 through 35 (any differences are due to taxpayer reporting practices). Total foreign-source gross income (column 16) less total foreign deductions (column 26) is equal to foreign-source taxable income before adjustments (column 37).

Adjustments to foreign-source taxable income (reported in column 38) include allocations of current-year U.S.-source losses and recapture of foreign losses, as well as other adjustments. These adjustments (reported on Schedule J) affect the numerator of the limitation fraction used to compute the foreign tax credit. The foreign-source taxable income after adjustments (the numerator of the limitation fraction) is reported in column 39. The limitation fraction, which represents the ratio of foreign-source taxable income after adjustments to total (U.S. and foreign) taxable income after adjustments, is applied to the total U.S. tax against which the credit is allowed to determine any limitation on the foreign tax credit.

Statistics on foreign taxes are reported in columns 40 through 52. Data on foreign taxes paid, accrued, and deemed paid (through related foreign corporations or their subsidiaries) from Schedule B, Form 1118, are reported in columns 43 through 52. Total foreign taxes paid or accrued (column 44) are the sum of columns 45 through 51 (any differences are due to taxpayer reporting practices). Total foreign taxes paid, accrued, and deemed paid (column 43) are equal to the sum of total taxes paid or accrued (column 44) and taxes deemed paid (column 52). Total foreign taxes paid, accrued, and deemed paid are then adjusted for certain items (e.g., reductions of foreign taxes under Code section 907 related to oil and gas income), which are reported in column 41, as well as carryovers of foreign taxes not credited in prior years, which are reported in column 42. Thus, total foreign taxes available for credit (column 40) are equal to total foreign taxes paid, accrued, and deemed paid (column 43) less certain foreign taxes (column 41), plus any carryover of prior-year foreign taxes (column 42).

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type

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

Industrial division and income type	Number of returns	Foreign income and taxes reported on Form 1118						
		Gross income (less loss)						
		Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees	Service income	Other income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
ALL INDUSTRIES								
All income types.....	6,569	359,898,600	68,480,746	29,020,456	61,505,751	48,610,292	31,387,624	120,893,731
Passive income.....	2,471	7,771,190	4,066,867	544,062	2,374,840	365,338	18,093	401,990
High withholding tax interest.....	375	1,956,124	54,709	30,281	1,870,093	--	--	*1,041
Financial services income.....	429	105,293,627	9,486,835	2,947,844	50,393,059	2,637,891	9,779,560	30,048,438
Shipping income.....	58	12,178,158	325,879	58,023	55,040	505,464	6,933,462	4,300,288
Dividends from noncontrolled section 902 corp.....	676	4,303,132	2,780,784	1,286,523	23,101	6,440	*235	206,051
Dividends from an IC-DISC or former DISC ¹	5	*1,029	*1,029	--	--	--	--	--
Miscellaneous separately calculated limitation.....	28	595,700	81,800	*18,114	*25,023	*32	--	*470,731
Certain distributions from a FSC or former FSC ² ...	84	3,268,813	3,268,712	*102	--	--	--	--
General limitation income.....	3,974	224,530,827	48,414,131	24,135,507	6,764,595	45,095,127	14,656,274	85,465,192
AGRICULTURE, FORESTRY, AND FISHING								
All income types.....	134	238,033	54,572	*21,774	*19,744	*14,007	--	127,936
Passive income.....	76	*7,705	*2,043	*465	*5,241	--	--	*-44
High withholding tax interest.....	--	--	--	--	--	--	--	--
Financial services income.....	--	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	53	*3,346	*3,082	*263	--	--	--	*2
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	11	213,244	*35,709	*21,047	*14,503	*14,007	--	*127,978
MINING								
All income types.....	133	8,292,326	769,336	279,548	221,170	310,547	3,073,644	3,638,080
Passive income.....	34	76,275	19,906	*765	27,737	*9,311	*6,732	*11,824
High withholding tax interest.....	**	**	**	**	**	**	**	**
Financial services income.....	**	**	**	**	**	**	**	**
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	6	*20,693	*19,700	*993	--	--	--	--
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	--	--	--	--	--	--	--	--
General limitation income.....	117	8,151,080	726,680	275,973	154,024	301,236	3,066,912	3,626,256
CONSTRUCTION								
All income types.....	183	449,484	85,149	*16,088	*9,344	23,555	195,865	119,483
Passive income.....	40	14,025	4,974	*221	*7,538	*1,248	--	*45
High withholding tax interest.....	**	**	**	**	**	**	**	**
Financial services income.....	--	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	29	*10,789	*6,854	*3,595	--	--	--	*339
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	123	381,977	30,765	*12,272	*1,669	*22,307	195,865	119,099

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Number of returns	Foreign income and taxes reported on Form 1118						
		Gross income (less loss)						
		Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees	Service income	Other income
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
MANUFACTURING								
All income types	1,763	188,632,881	52,156,799	23,031,191	8,366,129	33,953,415	3,733,558	67,391,789
Passive income.....	636	6,135,387	3,468,764	465,443	1,821,678	220,793	*1,097	157,612
High withholding tax interest.....	88	198,554	*1,904	*569	196,082	--	--	--
Financial services income.....	74	6,383,961	1,561,353	966,332	963,743	*733,193	*3,578	2,155,762
Shipping income.....	27	592,555	135,806	*8,174	*29,934	*323,831	*9,895	84,915
Dividends from noncontrolled section 902 corp.....	235	1,705,839	1,094,929	490,053	5,127	6,419	*36	109,274
Dividends from an IC-DISC or former DISC ¹	5	*1,029	*1,029	--	--	--	--	--
Miscellaneous separately calculated limitation.....	20	73,114	*41,573	*5,715	*24,904	*32	--	*891
Certain distributions from a FSC or former FSC ² ...	59	2,911,583	2,911,481	*102	--	--	--	--
General limitation income.....	1,459	170,630,859	42,939,961	21,094,803	5,324,661	32,669,147	3,718,953	64,883,334
TRANSPORTATION AND PUBLIC UTILITIES								
All income types	159	22,221,685	1,606,457	585,276	320,490	426,902	9,220,380	10,062,180
Passive income.....	73	175,218	92,212	7,115	58,319	*12,004	*1,424	*4,143
High withholding tax interest.....	15	18,281	--	--	18,281	--	--	--
Financial services income.....	**	**	**	**	**	**	**	**
Shipping income.....	20	11,489,126	178,167	*49,627	*17,095	*124,433	6,923,568	*4,196,236
Dividends from noncontrolled section 902 corp.....	18	826,456	549,236	266,052	*5,755	--	--	*5,414
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	109	9,202,669	781,178	262,482	221,041	251,149	2,282,998	5,403,820
WHOLESALE AND RETAIL TRADE								
All income types	1,193	13,921,240	1,997,340	1,121,448	2,054,128	1,450,456	414,872	6,882,996
Passive income.....	598	491,426	128,725	15,911	133,748	97,553	*87	115,403
High withholding tax interest.....	61	122,391	*8,926	*3,421	110,043	--	--	--
Financial services income.....	91	*2,187,197	*133,190	*55,235	*1,515,395	*10,084	--	*473,292
Shipping income.....	**	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	49	51,991	39,423	12,554	*3	--	--	*10
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	507	11,010,755	1,642,248	1,021,838	294,818	1,342,818	414,786	6,294,248
FINANCE, INSURANCE, AND REAL ESTATE								
All income types	1,676	102,621,003	9,539,627	2,636,478	49,935,328	1,923,139	9,976,238	28,610,193
Passive income.....	833	593,561	306,763	48,071	191,537	*1,642	*4,507	41,042
High withholding tax interest.....	128	1,544,689	41,008	*24,474	1,478,166	--	--	*1,041
Financial services income.....	197	96,455,210	7,770,290	1,921,146	47,850,987	1,838,877	9,762,719	27,311,191
Shipping income.....	**	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	170	894,591	561,250	243,327	*1,265	--	*199	88,550
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ² ...	9	*122,936	*122,936	--	--	--	--	--
General limitation income.....	567	2,998,106	729,418	399,329	408,229	82,620	208,814	1,169,698

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Number of returns	Foreign income and taxes reported on Form 1118						
		Gross income (less loss)						
		Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees	Service income	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
SERVICES								
All income types.....	1,329	23,521,948	2,271,466	1,328,651	579,418	10,508,272	4,773,067	4,061,074
Passive income.....	182	277,594	43,482	6,071	129,041	22,788	*4,246	71,965
High withholding tax interest.....	74	28,666	*692	--	27,974	--	--	--
Financial services income.....	57	209,953	*16,403	*5,130	*62,934	*16,420	*874	*108,192
Shipping income.....	5	*82,051	*1,621	--	*2,807	*57,200	--	*20,423
Dividends from noncontrolled section 902 corp.....	117	789,428	506,310	269,686	*10,950	*21	--	*2,461
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	3	*17,699	*365	*(³)	*60	--	--	*17,274
Certain distributions from a FSC or former FSC ² ...	11	*174,421	*174,421	--	--	--	--	--
General limitation income.....	1,082	21,942,137	1,528,172	1,047,764	345,652	10,411,842	4,767,947	3,840,759

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued							
	Gross income (less loss)--Continued				Deductions			
	Oil and gas extraction income (less loss) ⁴	Foreign branch income ⁴	Specifically allocable income [section 863(b)] ⁴	Total	Deductions allocable to specific types of income			Service expenses
					Total	Rental, royalty, and licensing expenses	Other	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
ALL INDUSTRIES								
All income types.....	21,013,968	88,607,770	24,971,121	201,909,309	107,480,799	1,257,812	7,358,799	13,663,474
Passive income.....	--	187,088	16,983	2,255,063	759,775	5,752	55,715	10,830
High withholding tax interest.....	--	*359,043	*135,978	906,179	82,995	*4	*5,840	*609
Financial services income.....	--	46,970,762	2,825,988	72,903,477	25,566,714	561,435	1,826,735	740,505
Shipping income.....	--	*3,638,420	*2,104,614	10,414,571	9,707,115	*155,955	*35,384	*3,816,460
Dividends from noncontrolled section 902 corp.....	--	*2,471	*9,576	770,800	88,682	*620	*7,155	*11,855
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	44,960	*28,723	--	--	--
Certain distributions from a FSC or former FSC ² ...	--	--	--	3,160,787	3,149,741	*7,367	--	--
General limitation income.....	21,013,968	37,449,987	19,877,982	111,453,471	68,097,054	526,679	5,427,970	9,083,216
AGRICULTURE, FORESTRY, AND FISHING								
All income types.....	--	*673	*92,236	*98,061	*59,042	--	*521	--
Passive income.....	--	--	--	*3,598	--	--	--	--
High withholding tax interest.....	--	--	--	--	--	--	--	--
Financial services income.....	--	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	--	--	*1,086	--	--	--	--
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	--	*673	*92,236	*79,640	*45,304	--	*521	--
MINING								
All income types.....	2,037,440	3,126,813	*378,536	5,133,029	4,199,314	117,568	66,502	1,266,808
Passive income.....	--	*2,022	*10,937	24,236	13,830	*3,344	*1,151	--
High withholding tax interest.....	**	**	**	**	**	**	**	**
Financial services income.....	**	**	**	**	**	**	**	**
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	--	--	*7,305	--	--	--	--
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	--	--	--	--	--	--	--	--
General limitation income.....	2,037,440	3,124,791	*366,463	5,098,389	4,185,255	114,224	65,352	1,266,794
CONSTRUCTION								
All income types.....	--	*83,784	*40,924	294,026	228,015	*349	*1,281	131,860
Passive income.....	--	--	--	*1,880	*184	*141	--	--
High withholding tax interest.....	**	**	**	**	**	**	**	**
Financial services income.....	--	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	--	--	*461	*105	--	--	--
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	--	*83,784	*40,924	249,103	185,171	*208	*1,281	131,860

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued							
	Gross income (less loss)--Continued				Deductions			
	Oil and gas extraction income (less loss) ⁴	Foreign branch income ⁴	Specifically allocable income [section 863(b)] ⁴	Total	Deductions allocable to specific types of income			Service expenses
					Total	Rental, royalty, and licensing expenses	Depreciation, depletion, and amortization	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
MANUFACTURING								
All income types	18,743,589	27,638,925	17,567,896	85,811,444	48,178,233	298,396	3,113,488	2,125,735
Passive income.....	--	182,711	*3,178	1,752,167	629,523	*1,049	15,640	*7,374
High withholding tax interest.....	--	*410	--	45,303	12,029	--	--	--
Financial services income.....	--	*505,418	--	3,423,787	1,946,883	*4,486	*303,956	--
Shipping income.....	--	*34,629	--	504,692	403,850	*84,878	*35,300	*9,389
Dividends from noncontrolled section 902 corp.....	--	*1,219	*458	470,660	30,263	*620	*1,779	*1,138
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	15,565	*4,728	--	--	--
Certain distributions from a FSC or former FSC ²	--	--	--	2,853,457	2,853,381	--	--	--
General limitation income.....	18,743,589	26,914,538	17,564,260	76,745,814	42,297,578	207,362	2,756,813	2,107,835
TRANSPORTATION AND PUBLIC UTILITIES								
All income types	*41,616	4,476,116	2,615,529	16,849,056	14,832,180	33,657	*60,222	5,797,057
Passive income.....	--	*9	*18	61,163	24,919	--	(³)	*238
High withholding tax interest.....	--	*21	--	9,747	*373	--	--	--
Financial services income.....	**	**	**	**	**	**	**	**
Shipping income.....	--	*3,603,791	*2,104,614	9,794,483	9,203,762	*8,817	*84	*3,807,071
Dividends from noncontrolled section 902 corp.....	--	--	--	94,928	*26,312	--	--	*743
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**	**
General limitation income.....	*41,616	869,527	506,995	6,806,748	5,500,531	4,801	*60,138	1,976,082
WHOLESALE AND RETAIL TRADE								
All income types	*21,791	2,983,585	196,739	8,143,471	5,880,777	8,652	315,244	159,090
Passive income.....	--	*626	*13	231,366	45,419	*63	*24,465	*82
High withholding tax interest.....	--	*10	*2,218	29,872	*9,078	--	*40	--
Financial services income.....	--	*274,325	--	*1,371,162	*564,538	--	--	--
Shipping income.....	**	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	--	--	--	17,249	*218	--	(³)	--
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**	**
General limitation income.....	*21,791	2,708,624	194,508	6,486,254	5,258,794	8,589	290,738	159,008
FINANCE, INSURANCE, AND REAL ESTATE								
All income types	169,532	46,773,056	3,040,235	70,715,971	24,358,750	551,075	1,551,966	1,008,729
Passive income.....	--	*26	*2,582	71,728	32,950	*150	11,279	*281
High withholding tax interest.....	--	*358,309	*132,624	806,082	61,108	*4	*5,800	*203
Financial services income.....	--	46,188,249	2,822,086	67,898,438	22,968,615	536,909	1,495,140	726,886
Shipping income.....	**	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	--	*1,252	*9,049	151,092	25,985	--	*-5	*9,974
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	--	--	--	*72,776	*62,066	*7,367	--	--
General limitation income.....	169,532	225,221	*73,893	1,707,619	1,199,792	6,644	39,752	271,385

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued							
	Gross income (less loss)--Continued				Deductions			
	Oil and gas extraction income (less loss) ⁴	Foreign branch income ⁴	Specifically allocable income [section 863(b)] ⁴	Total	Deductions allocable to specific types of income			Service expenses
					Total	Rental, royalty, and licensing expenses	Other	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
SERVICES								
All income types	--	3,524,818	1,039,026	14,864,252	9,744,488	248,114	2,249,574	3,174,195
Passive income.....	--	*1,695	*254	108,925	12,951	*1,005	*3,180	*2,856
High withholding tax interest.....	--	*293	--	12,453	*392	--	--	*392
Financial services income.....	--	--	--	154,633	*35,083	--	*27,640	*696
Shipping income.....	--	--	--	*105,580	*91,182	*62,259	--	--
Dividends from noncontrolled section 902 corp.....	--	--	*69	28,020	*5,800	--	*5,381	--
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	*55	*31	--	--	--
Certain distributions from a FSC or former FSC ² ...	--	--	--	*174,681	*174,421	--	--	--
General limitation income.....	--	3,522,830	1,038,703	14,279,905	9,424,628	184,850	2,213,374	3,170,251

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued							
	Deductions--Continued						Taxable income (less loss) before adjustments	Adjustments to taxable income
	Other deductions allocable to specific types of income	Deductions not allocable to specific types of income				Deductions from oil and gas extraction income ⁵		
		Total	Research and development	Interest	Other			
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
ALL INDUSTRIES								
All income types	85,200,714	94,428,510	9,565,637	43,342,264	40,176,836	8,915,360	157,989,290	7,715,086
Passive income.....	687,478	1,495,288	121,376	922,728	396,393	--	5,516,127	272,876
High withholding tax interest.....	76,541	823,185	3,021	615,070	202,520	--	1,049,945	106,148
Financial services income.....	22,438,039	47,336,763	129,790	28,784,352	17,944,631	--	32,390,150	928,988
Shipping income.....	5,699,316	707,456	*13,478	212,589	478,765	--	1,763,587	732,350
Dividends from noncontrolled section 902 corp.....	69,053	682,118	21,132	551,970	101,067	--	3,532,332	-138,004
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	*1,029	*-41
Miscellaneous separately calculated limitation.....	*28,723	16,236	*1,156	*4,275	*2,086	--	550,740	41,888
Certain distributions from a FSC or former FSC ² ...	3,142,374	*11,046	--	--	*11,046	--	108,026	15,365
General limitation income.....	53,059,189	43,356,417	9,275,684	12,251,279	21,040,328	8,915,360	113,077,355	5,755,516
AGRICULTURE, FORESTRY, AND FISHING								
All income types	*58,521	*39,019	*20,993	*8,934	*9,093	--	139,972	*4,133
Passive income.....	--	*3,598	*166	*3,252	*180	--	*4,107	*1,129
High withholding tax interest.....	--	--	--	--	--	--	--	--
Financial services income.....	--	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	*1,086	*299	*725	*62	--	*2,260	*252
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	*44,783	*34,336	*20,529	*4,956	*8,851	--	133,604	*2,752
MINING								
All income types	2,748,435	933,715	*38,287	302,159	589,613	1,032,644	3,159,297	288,600
Passive income.....	*9,335	10,407	*68	4,207	*5,583	--	52,039	*388
High withholding tax interest.....	**	**	**	**	**	**	**	**
Financial services income.....	**	**	**	**	**	**	**	**
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	*7,305	--	*5,485	*1,819	--	*13,388	*-148
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	--	--	--	--	--	--	--	--
General limitation income.....	2,738,886	913,134	*38,219	291,044	580,764	1,032,644	3,052,691	288,290
CONSTRUCTION								
All income types	94,524	66,011	*1,015	*9,348	*34,612	--	155,458	*6,287
Passive income.....	*43	*1,696	--	*560	*1,118	--	12,145	--
High withholding tax interest.....	**	**	**	**	**	**	**	**
Financial services income.....	--	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	*105	*356	--	*324	*32	--	*10,328	*-200
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ² ...	**	**	**	**	**	**	**	**
General limitation income.....	51,822	63,931	*1,015	*8,443	*33,455	--	132,874	*6,487

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued								
	Deductions--Continued							Taxable income (less loss) before adjustments	Adjustments to taxable income
	Other deductions allocable to specific types of income	Deductions not allocable to specific types of income				Deductions from oil and gas extraction income ⁵			
		Total	Research and development	Interest	Other				
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	
MANUFACTURING									
All income types	42,640,613	37,633,211	7,834,168	12,397,235	16,818,994	7,836,010	102,821,437	4,235,398	
Passive income.....	605,460	1,122,644	118,708	696,692	301,145	--	4,383,220	244,344	
High withholding tax interest.....	12,029	33,274	538	26,925	4,354	--	153,252	1,098	
Financial services income.....	1,638,440	1,476,905	25,185	1,358,997	90,770	--	2,960,174	-172,838	
Shipping income.....	274,284	100,841	*4,896	85,240	10,705	--	87,863	-7,733	
Dividends from noncontrolled section 902 corp.....	26,726	440,397	19,593	361,015	55,248	--	1,235,180	-164,380	
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	*1,029	*-41	
Miscellaneous separately calculated limitation.....	*4,728	*10,838	*294	*1,403	*422	--	57,549	-8,608	
Certain distributions from a FSC or former FSC ²	2,853,381	*76	--	--	*76	--	*58,127	15,634	
General limitation income.....	37,225,567	34,448,236	7,664,954	9,866,963	16,356,274	7,836,010	93,885,045	4,327,921	
TRANSPORTATION AND PUBLIC UTILITIES									
All income types	8,941,243	2,016,875	*57,203	1,002,896	951,350	35,759	5,372,629	941,262	
Passive income.....	24,682	36,244	*559	34,271	1,413	--	114,055	-7,552	
High withholding tax interest.....	*373	*9,374	--	*4,378	*4,996	--	8,534	*-1,120	
Financial services income.....	**	**	**	**	**	**	**	**	
Shipping income.....	*5,387,789	590,721	*8,582	114,097	*465,418	--	1,694,643	772,737	
Dividends from noncontrolled section 902 corp.....	*25,569	68,616	*4	65,781	*2,831	--	731,528	29,567	
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--	
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**	
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**	**	
General limitation income.....	3,459,510	1,306,217	*47,714	779,768	475,933	*35,759	2,395,920	116,018	
WHOLESALE AND RETAIL TRADE									
All income types	5,397,790	2,262,694	24,693	1,459,232	719,208	*10,947	5,777,769	910,079	
Passive income.....	20,809	185,947	*531	88,500	69,533	--	260,060	12,105	
High withholding tax interest.....	*9,038	20,794	*732	16,057	*3,569	--	92,519	*58,974	
Financial services income.....	*564,538	*806,624	--	*804,470	*2,154	--	*816,035	*455,180	
Shipping income.....	**	**	**	**	**	**	**	**	
Dividends from noncontrolled section 902 corp.....	*218	17,031	*12	13,016	3,844	--	34,741	-1,142	
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--	
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**	
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**	**	
General limitation income.....	4,800,458	1,227,460	22,814	534,673	638,390	*10,947	4,524,501	381,000	
FINANCE, INSURANCE, AND REAL ESTATE									
All income types	21,246,980	46,357,221	*106,260	27,300,990	18,442,444	--	31,905,032	717,773	
Passive income.....	21,240	38,778	--	14,379	8,062	--	521,833	7,506	
High withholding tax interest.....	55,101	744,974	*1,751	554,583	188,072	--	738,607	46,998	
Financial services income.....	20,209,680	44,929,823	*104,493	26,556,947	17,792,598	--	28,556,772	660,579	
Shipping income.....	**	**	**	**	**	**	**	**	
Dividends from noncontrolled section 902 corp.....	16,016	125,107	(³)	90,675	32,015	--	743,499	-17,085	
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--	
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**	**	
Certain distributions from a FSC or former FSC ²	*54,699	*10,710	--	--	*10,710	--	*50,160	*115	
General limitation income.....	882,011	507,826	*16	84,403	410,986	--	1,290,488	29,219	

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued							
	Deductions--Continued						Taxable income (less loss) before adjustments	Adjustments to taxable income
	Other deductions allocable to specific types of income	Deductions not allocable to specific types of income				Deductions from oil and gas extraction income ⁵		
		Total	Research and development	Interest	Other			
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
SERVICES								
All income types.....	4,072,605	5,119,764	1,483,018	861,470	2,611,521	--	8,657,696	611,554
Passive income.....	5,910	95,974	*1,344	80,867	9,359	--	168,669	14,955
High withholding tax interest.....	(³)	12,061	--	*11,735	*214	--	16,213	*127
Financial services income.....	*6,747	*119,550	*28	*60,716	*58,554	--	55,320	*1,297
Shipping income.....	*28,923	*14,397	--	*12,177	*2,220	--	*-23,529	*-23,529
Dividends from noncontrolled section 902 corp.....	*419	22,220	*1,224	14,949	5,215	--	761,408	15,132
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	*31	*25	--	--	*25	--	*17,643	*2
Certain distributions from a FSC or former FSC ²	*174,421	*260	--	--	*260	--	*-260	*-260
General limitation income.....	3,856,154	4,855,276	1,480,423	681,027	2,535,674	--	7,662,232	603,829

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued						
	Taxable income (less loss) after adjustments	Foreign taxes available for credit			Foreign taxes paid, accrued, and deemed paid		
		Total	Reduction for certain foreign taxes	Carryover	Total	Foreign taxes paid or accrued	
						Total	Taxes withheld at source on dividends
(25)	(26)	(27)	(28)	(29)	(30)	(31)	
ALL INDUSTRIES							
All income types	150,274,204	49,979,466	2,516,340	7,416,008	45,079,798	16,056,942	2,767,327
Passive income.....	5,243,251	791,754	--	38,315	753,440	207,992	93,869
High withholding tax interest.....	943,797	353,841	--	105,625	248,216	217,934	2,516
Financial services income.....	31,461,161	7,607,076	--	658,425	6,948,651	4,000,803	324,094
Shipping income.....	1,031,236	134,447	--	37,507	96,940	38,917	*2,079
Dividends from noncontrolled section 902 corp.....	3,670,337	1,896,351	--	499,917	1,396,434	109,911	75,997
Dividends from an IC-DISC or former DISC ¹	*1,070	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	508,852	157,924	(³)	*3,730	154,195	*136,081	2,252
Certain distributions from a FSC or former FSC ²	92,661	*112	--	*10	*102	(³)	(³)
General limitation income.....	107,321,839	39,037,960	2,516,340	6,072,479	35,481,821	11,345,304	2,266,519
AGRICULTURE, FORESTRY, AND FISHING							
All income types	135,839	38,313	--	*3,837	34,476	12,702	2,521
Passive income.....	*2,979	*542	--	*36	*506	*41	*39
High withholding tax interest.....	--	--	--	--	--	--	--
Financial services income.....	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	*2,008	*1,758	--	*1,421	*337	*74	*74
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	130,852	36,013	--	*2,379	33,634	*12,587	*2,408
MINING							
All income types	2,870,696	1,416,118	444,333	562,043	1,298,408	1,018,859	53,846
Passive income.....	51,650	*4,655	--	*705	3,950	3,185	*28
High withholding tax interest.....	**	**	**	**	**	**	**
Financial services income.....	**	**	**	**	**	**	**
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	*13,536	*3,826	--	*9	*3,817	*2,824	*2,824
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ²	--	--	--	--	--	--	--
General limitation income.....	2,764,401	1,400,421	444,333	558,578	1,286,175	1,010,203	50,994
CONSTRUCTION							
All income types	149,171	63,431	--	15,329	48,103	32,014	1,490
Passive income.....	12,145	835	--	37	798	577	21
High withholding tax interest.....	**	**	**	**	**	**	**
Financial services income.....	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	*10,528	3,875	--	41	3,834	238	*211
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	126,387	58,701	--	15,250	43,450	31,178	*1,258

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued						
	Taxable income (less loss) after adjustments	Foreign taxes available for credit			Foreign taxes paid, accrued, and deemed paid		
		Total	Reduction for certain foreign taxes	Carryover	Total	Foreign taxes paid or accrued	
						Total	Taxes withheld at source on dividends
(25)	(26)	(27)	(28)	(29)	(30)	(31)	
MANUFACTURING							
All income types	98,586,039	35,792,177	2,059,580	5,450,727	32,401,030	9,367,486	2,203,741
Passive income.....	4,138,876	652,673	--	29,460	623,213	156,394	78,191
High withholding tax interest.....	152,154	35,805	--	6,129	29,676	29,107	*134
Financial services income.....	3,133,012	1,326,286	--	116,124	1,210,162	243,829	*27,931
Shipping income.....	95,595	23,223	--	11,127	12,096	3,922	*614
Dividends from noncontrolled section 902 corp.....	1,399,560	950,359	--	378,785	571,573	81,520	53,911
Dividends from an IC-DISC or former DISC ¹	*1,070	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	66,157	7,917	--	535	7,382	1,667	*125
Certain distributions from a FSC or former FSC ²	42,492	112	--	10	102	--	--
General limitation income.....	89,557,124	32,795,803	2,059,580	4,908,557	29,946,825	8,851,045	2,042,834
TRANSPORTATION AND PUBLIC UTILITIES							
All income types	4,431,367	969,683	122	97,772	872,033	286,757	22,552
Passive income.....	121,607	11,210	--	607	10,603	3,488	479
High withholding tax interest.....	9,654	1,776	--	138	1,638	1,638	--
Financial services income.....	**	**	**	**	**	**	**
Shipping income.....	921,906	110,993	--	26,380	84,613	34,986	*1,457
Dividends from noncontrolled section 902 corp.....	701,961	273,381	--	1,902	271,479	5,427	*5,413
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	2,279,903	443,210	122	68,436	374,897	112,415	14,278
WHOLESALE AND RETAIL TRADE							
All income types	4,867,690	1,894,147	(³)	237,214	1,656,933	535,490	90,146
Passive income.....	247,955	37,293	--	1,851	35,442	19,531	4,033
High withholding tax interest.....	33,544	22,563	--	*427	22,136	18,715	*9
Financial services income.....	*360,855	*118,903	--	*815	*118,088	*62,853	*18,381
Shipping income.....	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	35,883	22,263	--	7,746	14,517	1,963	1,963
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	4,143,501	1,675,368	--	223,180	1,452,189	430,356	63,687
FINANCE, INSURANCE, AND REAL ESTATE							
All income types	31,187,259	7,370,111	*12,176	809,000	6,573,288	3,936,806	319,619
Passive income.....	514,326	72,828	--	4,278	68,550	20,480	10,023
High withholding tax interest.....	691,609	282,259	--	95,646	186,613	162,140	*1,909
Financial services income.....	27,896,193	6,147,237	--	540,662	5,606,575	3,685,426	276,689
Shipping income.....	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	760,584	351,081	--	91,770	259,310	15,983	9,723
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	*50,045	(³)	--	--	(³)	(³)	(³)
General limitation income.....	1,261,269	516,566	*12,176	76,645	452,098	52,769	21,267

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued						
	Taxable income (less loss) after adjustments	Foreign taxes available for credit			Foreign taxes paid, accrued, and deemed paid		
		Total	Reduction for certain foreign taxes	Carryover	Foreign taxes paid or accrued		Taxes withheld at source on dividends
					Total	Total	
(25)	(26)	(27)	(28)	(29)	(30)	(31)	
SERVICES							
All income types.....	8,046,142	2,435,487	*129	240,087	2,195,529	866,829	73,412
Passive income.....	153,713	11,719	--	*1,341	10,378	4,297	1,055
High withholding tax interest.....	16,086	4,202	--	*535	3,667	3,667	*463
Financial services income.....	54,023	12,672	--	*515	*12,157	*7,027	*168
Shipping income.....	--	*1	--	*1	--	--	--
Dividends from noncontrolled section 902 corp.....	746,276	289,808	--	18,241	271,567	1,881	1,878
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	*17,641	*5,206	--	--	*5,206	*5,206	*55
Certain distributions from a FSC or former FSC ²	--	--	--	--	--	--	--
General limitation income.....	7,058,403	2,111,878	*129	219,454	1,892,553	844,750	69,793

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued						
	Foreign taxes available for credit--Continued						
	Foreign taxes paid, accrued, and deemed paid--Continued						
	Foreign taxes paid or accrued--Continued						Taxes deemed paid
Taxes withheld at source on--			Other taxes paid or accrued on--				
Interest	Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	Other income		
(32)	(33)	(34)	(35)	(36)	(37)	(38)	
ALL INDUSTRIES							
All income types	640,883	2,238,232	6,063,443	29,802	292,786	4,024,468	29,022,856
Passive income.....	24,133	37,246	13,337	*85	1,931	37,391	545,447
High withholding tax interest.....	215,266	--	--	--	--	*152	30,281
Financial services income.....	279,275	12,994	2,492,839	*40	75,259	816,302	2,947,847
Shipping income.....	*244	*2,291	*14,239	*6,744	*7,372	*5,948	58,023
Dividends from noncontrolled section 902 corp.....	*27	*532	*456	--	--	32,899	1,286,523
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	*133,829	*18,114
Certain distributions from a FSC or former FSC ²	--	--	--	--	--	--	*102
General limitation income.....	121,939	2,185,169	3,542,571	22,933	208,224	2,997,948	24,136,517
AGRICULTURE, FORESTRY, AND FISHING							
All income types	*484	*3,076	*1,724	--	--	*4,897	21,774
Passive income.....	*2	--	--	--	--	--	465
High withholding tax interest.....	--	--	--	--	--	--	--
Financial services income.....	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	--	--	--	--	--	*263
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	*482	*3,076	*1,724	--	--	*4,897	21,047
MINING							
All income types	9,917	12,595	286,739	--	*12,908	642,854	279,548
Passive income.....	*692	*1,036	*78	--	--	*1,351	*765
High withholding tax interest.....	**	**	**	**	**	**	**
Financial services income.....	**	**	**	**	**	**	**
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	--	--	--	--	--	*993
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ²	--	--	--	--	--	--	--
General limitation income.....	6,577	11,559	286,661	--	*12,908	641,503	275,973
CONSTRUCTION							
All income types	*490	835	*4,455	--	22,826	1,918	*16,088
Passive income.....	*355	*123	--	--	--	*78	*221
High withholding tax interest.....	**	**	**	**	**	**	**
Financial services income.....	--	--	--	--	--	--	--
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	--	--	--	--	--	*28	*3,595
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	--	--
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	*115	*712	*4,455	--	22,826	*1,812	*12,272

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued						Taxes deemed paid
	Foreign taxes available for credit--Continued						
	Foreign taxes paid, accrued, and deemed paid--Continued						
	Foreign taxes paid or accrued--Continued						
	Taxes withheld at source on--			Other taxes paid or accrued on--			
	Interest	Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	Other income	
	(32)	(33)	(34)	(35)	(36)	(37)	(38)
MANUFACTURING							
All income types	140,905	1,580,966	2,945,132	15,116	83,972	2,397,654	23,033,544
Passive income.....	18,226	20,183	12,428	*85	*24	27,258	466,819
High withholding tax interest.....	28,973	--	--	--	--	--	*569
Financial services income.....	*1,705	*3,067	*22,011	--	*904	*188,212	966,332
Shipping income.....	*117	--	--	--	--	*3,192	*8,174
Dividends from noncontrolled section 902 corp.....	*12	*530	*456	--	--	26,611	490,053
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	*1,542	*5,715
Certain distributions from a FSC or former FSC ²	--	--	--	--	--	--	*102
General limitation income.....	91,873	1,557,185	2,910,237	15,031	83,045	2,150,840	21,095,780
TRANSPORTATION AND PUBLIC UTILITIES							
All income types	7,467	21,541	36,575	*6,887	22,252	169,482	585,276
Passive income.....	*477	--	--	--	*1,765	*768	7,115
High withholding tax interest.....	1,638	--	--	--	--	--	--
Financial services income.....	**	**	**	**	**	**	**
Shipping income.....	*127	*2,291	*14,239	*6,744	*7,372	*2,756	*49,627
Dividends from noncontrolled section 902 corp.....	*14	--	--	--	--	--	266,052
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	5,212	19,251	21,723	*143	12,985	38,824	262,482
WHOLESALE AND RETAIL TRADE							
All income types	31,323	123,960	254,711	--	9,568	25,781	1,121,443
Passive income.....	1,412	13,920	*25	--	*22	*119	15,911
High withholding tax interest.....	18,705	--	--	--	--	--	*3,421
Financial services income.....	*3,837	--	*40,631	--	--	*4	*55,235
Shipping income.....	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	--	--	--	--	--	--	12,554
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	**	**	**	**	**	**	**
General limitation income.....	7,369	110,041	214,055	--	9,546	25,658	1,021,833
FINANCE, INSURANCE, AND REAL ESTATE							
All income types	435,813	15,362	2,435,572	*40	83,257	647,142	2,636,482
Passive income.....	2,395	*260	*329	--	*77	7,395	48,071
High withholding tax interest.....	160,078	--	--	--	--	*152	*24,474
Financial services income.....	271,045	9,785	2,429,584	*40	74,168	624,115	1,921,150
Shipping income.....	**	**	**	**	**	**	**
Dividends from noncontrolled section 902 corp.....	--	--	--	--	--	*6,261	243,327
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	**	**	**	**	**	**	**
Certain distributions from a FSC or former FSC ²	--	--	--	--	--	--	--
General limitation income.....	2,295	5,317	5,659	--	9,012	9,219	399,328

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 2.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Industrial Division and Income Type--Continued

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

Industrial division and income type	Foreign income and taxes reported on Form 1118--Continued						Taxes deemed paid
	Foreign taxes available for credit--Continued						
	Foreign taxes paid, accrued, and deemed paid--Continued						
	Foreign taxes paid or accrued--Continued						
	Taxes withheld at source on--		Other taxes paid or accrued on--				
	Interest	Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	Other income	
	(32)	(33)	(34)	(35)	(36)	(37)	(38)
SERVICES							
All income types.....	14,485	479,897	98,535	*7,759	58,002	134,739	1,328,700
Passive income.....	576	1,724	*478	--	*43	*422	6,081
High withholding tax interest.....	3,204	--	--	--	--	--	--
Financial services income.....	*2,688	*142	--	--	*57	*3,971	*5,130
Shipping income.....	--	--	--	--	--	--	--
Dividends from noncontrolled section 902 corp.....	*1	*2	--	--	--	--	269,686
Dividends from an IC-DISC or former DISC ¹	--	--	--	--	--	--	--
Miscellaneous separately calculated limitation.....	--	--	--	--	--	*5,152	(³)
Certain distributions from a FSC or former FSC ² ...	--	--	--	--	--	--	--
General limitation income.....	8,016	478,028	98,057	*7,759	57,902	125,194	1,047,804

* Data should be used with caution because of the small number of returns on which they were based.

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

¹ Interest-Charge Domestic International Sales Corporation (IC-DISC) and Domestic International Sales Corporation (DISC).

² Foreign Sales Corporation (FSC).

³ Less than \$500.

⁴ Included in gross income (less loss), columns 2-8.

⁵ Included in deductions, columns 12-21.

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

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid

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

Selected country	Number of returns	Foreign income and taxes reported on Form 1118				
		Gross income (less loss)				
		Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees
(1)	(2)	(3)	(4)	(5)	(6)	
All countries.....	6,569	359,898,600	68,480,746	29,020,456	61,505,751	48,610,292
Canada.....	2,021	27,612,506	6,957,260	4,788,555	4,364,665	2,996,418
Latin America, total.....	1,422	38,647,969	7,713,452	2,160,036	10,039,766	3,515,659
Mexico.....	948	8,609,287	1,524,863	687,938	1,484,816	1,192,777
Central America, total.....	300	1,416,661	306,098	48,762	261,021	147,513
Belize.....	41	40,118	*3,008	*64	*586	*26,331
Costa Rica.....	152	124,531	18,083	3,579	15,080	31,698
El Salvador.....	107	188,967	7,689	*2,965	43,331	14,150
Guatemala.....	142	262,725	25,023	8,462	38,511	19,486
Honduras.....	105	77,093	*5,878	*3,795	5,962	5,248
Nicaragua.....	59	33,374	*11	*5	4,538	1,088
Panama.....	195	684,831	246,405	29,892	153,014	49,513
Caribbean countries, total.....	346	3,297,056	1,051,409	112,234	694,369	135,529
Cayman Islands (British).....	186	1,721,166	879,227	60,340	625,418	89,272
Dominican Republic.....	119	299,310	61,966	21,320	34,270	14,802
Haiti.....	37	74,360	*5,041	*638	*1,306	*854
Jamaica.....	105	143,907	*5,772	*4,892	14,161	18,618
Trinidad and Tobago.....	107	683,366	29,183	*6,574	13,468	6,615
Other Caribbean countries.....	106	374,948	70,219	18,470	5,746	5,368
South America, total.....	869	20,250,271	4,831,082	1,311,101	4,762,498	1,925,249
Argentina.....	470	4,457,984	423,107	195,085	1,694,589	432,424
Bolivia.....	93	93,988	*3,318	*1,960	10,654	7,583
Brazil.....	523	8,641,685	3,114,325	908,341	1,896,461	973,054
Chile.....	323	2,249,046	740,818	40,601	553,376	114,178
Colombia.....	306	1,859,778	140,603	60,652	140,519	117,100
Ecuador.....	195	308,242	19,463	3,700	40,352	20,817
Paraguay.....	70	55,853	*2,171	*716	*6,039	7,508
Peru.....	228	824,476	73,695	29,047	172,633	46,964
Uruguay.....	116	214,312	43,331	6,521	78,959	14,951
Venezuela.....	337	1,425,201	268,234	62,798	168,762	189,563
Other South America.....	47	119,705	*2,016	*1,680	*154	*1,108
Latin America not allocable.....	18	5,074,694	--	--	*2,837,062	*114,590
Other Western Hemisphere, total.....	347	8,193,575	2,326,003	181,696	1,937,062	70,374
Bahamas.....	106	3,197,883	309,171	13,101	1,074,725	5,938
Bermuda.....	209	2,863,323	1,582,682	113,162	757,135	29,872
Netherlands Antilles.....	79	511,562	345,215	33,526	69,810	8,387
Other British West Indies.....	131	219,256	86,431	20,307	30,150	21,876
All other Western Hemisphere.....	61	1,401,551	*2,505	*1,599	*5,243	4,301
Europe, total.....	2,570	138,694,624	35,098,049	15,241,896	23,947,037	21,143,159
European Union, total.....	2,486	121,236,653	28,801,773	14,005,507	22,797,042	19,509,169
Austria.....	239	906,511	264,758	128,066	70,600	240,670
Belgium.....	371	5,937,525	1,504,825	706,151	717,541	787,061
Denmark.....	250	997,811	116,851	85,067	49,927	243,554
Finland.....	220	724,270	92,424	29,814	75,884	253,614
France.....	604	8,527,013	1,998,102	1,091,350	750,162	2,562,930
Germany.....	662	15,030,010	3,666,345	2,458,264	1,256,570	3,816,546
Greece.....	182	840,785	40,748	22,158	507,113	76,695
Ireland.....	247	4,361,949	895,847	109,915	198,496	2,533,007
Italy.....	534	6,114,891	1,408,794	1,073,049	1,061,272	1,162,699
Luxembourg.....	82	721,433	363,301	189,300	32,014	65,118

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Number of returns	Foreign income and taxes reported on Form 1118				
		Gross income (less loss)				
		Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees
(1)	(2)	(3)	(4)	(5)	(6)	
Europe--continued						
European Union--continued						
Netherlands.....	826	12,338,820	4,970,694	2,511,824	499,714	2,123,467
Portugal.....	193	539,247	173,816	52,957	14,758	167,725
Spain.....	542	3,219,432	909,143	534,569	439,952	881,579
Sweden.....	386	1,998,485	584,443	300,474	180,430	486,407
United Kingdom.....	1,691	58,929,455	11,811,300	4,712,471	16,942,608	4,105,740
European Union, not allocable.....	4	*49,015	*382	*78	--	*2,358
Other West European countries, total.....	515	12,340,246	5,891,495	1,128,819	845,439	1,023,511
Liechtenstein.....	15	10,995	*9,600	*264	*2	*30
Monaco.....	14	17,007	*83	*36	*1,235	*9
Norway.....	223	3,133,427	529,257	256,494	203,069	146,432
Switzerland.....	394	8,203,643	5,256,597	827,963	248,926	720,656
Turkey.....	197	899,802	92,341	43,037	377,615	144,416
Other West European countries.....	69	37,160	*3,618	*1,024	14,592	9,271
West European countries not allocable.....	4	*38,211	--	--	--	*2,697
East European countries, total.....	341	2,917,101	404,531	107,569	304,550	572,214
Romania.....	57	76,978	*12,558	*11,200	14,340	9,100
Former Soviet Union.....	217	1,586,555	238,739	*21,287	224,095	171,891
Other East Europe.....	264	1,253,568	153,233	75,082	66,115	391,223
Europe not allocable.....	29	2,200,624	*251	--	*6	*38,265
Africa, total.....	504	5,858,919	930,572	322,168	350,788	509,306
North Africa, total.....	166	1,487,901	72,707	24,027	103,845	49,853
Algeria.....	32	142,092	*1,356	*274	*1,227	*3,449
Egypt.....	126	1,242,948	60,934	16,859	79,624	42,642
Libya.....	5	*684	--	--	*397	--
Morocco.....	58	50,259	*5,329	*3,557	2,660	2,860
Other North Africa.....	50	51,918	*5,088	*3,337	*19,937	901
East Africa, total.....	129	214,269	26,594	12,301	38,965	27,224
Ethiopia.....	22	37,990	*5	--	*1,353	*266
Kenya.....	73	55,810	7,557	*4,295	11,985	7,203
Tanzania.....	23	32,715	*3,048	*901	*541	*1,004
Uganda.....	17	2,422	--	--	*224	*1,323
Other East Africa.....	81	85,332	15,984	*7,105	24,862	17,429
West and Central Africa, total.....	176	3,237,100	696,861	208,553	110,578	64,268
Gabon.....	45	149,883	*76,933	*879	*48,205	*751
Ghana.....	35	108,778	*15,617	*9,857	*590	*83
Liberia.....	43	241,396	157,694	*14,762	29,097	--
Nigeria.....	78	1,864,320	391,881	161,996	7,810	28,209
Zaire.....	15	69,523	*2,946	*1,429	*81	*5,978
Other West and Central Africa.....	89	803,200	*51,790	*19,631	24,796	29,246
Southern Africa, total.....	364	919,237	134,409	77,286	97,400	367,772
Malawi.....	9	*2,121	*952	*809	*1	*1
Zimbabwe.....	53	35,406	15,803	*11,906	*939	2,712
South Africa (including Namibia).....	351	828,446	113,930	62,853	93,164	327,155
Zambia.....	26	7,635	*3,100	*1,434	*332	*1,447
Other Southern Africa.....	24	45,629	*624	*285	*2,964	*36,457
Africa not allocable.....	7	*412	--	--	--	*189

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Number of returns	Foreign income and taxes reported on Form 1118				
		Gross income (less loss)				
		Total	Dividends	Foreign dividend income resulting from foreign taxes deemed paid (gross-up)	Interest	Rents, royalties, and license fees
(1)	(2)	(3)	(4)	(5)	(6)	
Asia, total.....	1,988	76,430,221	8,037,560	5,048,513	10,407,296	13,522,718
Middle East, total.....	478	4,800,957	357,376	152,430	569,577	386,318
Bahrain.....	64	280,804	*1,045	*177	256,758	1,781
Iran.....	13	8,187	*1,314	(¹)	(¹)	*79
Iraq.....	5	*1,008	--	--	--	*-289
Israel.....	347	640,765	106,355	43,604	41,525	164,781
Kuwait.....	79	147,254	*884	*275	*2,272	27,406
Lebanon.....	56	68,221	*875	*72	*12,337	21,095
Qatar.....	60	201,389	--	--	*33,741	8,597
Saudi Arabia.....	158	1,942,925	80,090	35,795	98,330	82,468
United Arab Emirates.....	120	652,179	57,302	*231	104,509	27,163
Other areas of the Arabian Peninsula.....	59	685,416	*100,035	*71,538	*5,274	47,198
Other Middle East.....	97	172,811	9,475	*738	14,832	6,038
Southern and Southeast Asia, total.....	859	19,939,786	2,872,321	1,034,817	3,670,226	2,634,071
Bangladesh.....	34	60,988	--	--	*15,718	*840
India.....	356	1,263,336	51,614	26,997	417,794	101,465
Indonesia.....	289	5,562,349	551,313	370,595	443,457	215,006
Malaysia.....	328	2,207,948	281,664	86,993	316,667	250,292
Pakistan.....	97	400,595	8,667	6,228	234,721	6,804
Philippines.....	289	1,786,443	261,941	125,538	382,875	139,920
Singapore.....	463	6,219,800	1,163,645	228,854	1,285,333	1,715,839
Sri Lanka.....	43	32,692	*1,561	*723	*9,792	*1,927
Thailand.....	312	2,199,920	545,846	187,739	447,779	196,076
Vietnam.....	59	30,431	--	--	13,599	1,424
Other Southern and Southeast Asia.....	79	175,285	*6,071	*1,151	102,491	4,479
Eastern Asia, total.....	1,604	48,627,764	4,807,810	3,861,258	6,167,239	10,373,000
China.....	365	1,939,917	105,042	22,572	126,834	611,189
Hong Kong.....	539	8,403,379	1,163,343	188,975	2,180,477	639,933
Japan.....	1,246	30,105,885	2,882,885	3,372,016	2,273,587	7,373,485
South Korea.....	417	3,741,513	277,319	168,230	831,796	1,062,889
Taiwan.....	408	3,826,384	379,220	109,465	747,231	672,996
Other Eastern Asia.....	29	610,685	--	--	*7,314	*12,507
Asia not allocable.....	26	3,061,713	*53	*7	*254	*129,330
Oceania, total.....	812	11,348,972	2,305,933	924,224	1,646,360	1,322,050
Australia.....	748	9,291,969	1,629,277	677,609	1,458,557	1,026,064
New Zealand.....	327	1,514,937	583,627	236,054	177,744	283,897
Other Oceania.....	68	542,065	93,029	*10,562	10,059	12,088
Puerto Rico and U.S. Possessions, total.....	513	4,389,004	473,020	83,810	1,087,862	471,543
Puerto Rico.....	446	3,737,089	448,196	80,897	865,176	441,404
U.S. Possessions, total.....	175	651,915	24,824	2,913	222,686	30,139
American Samoa.....	21	11,017	--	--	*5,862	*930
Guam.....	132	332,340	*9,511	*1,109	82,073	23,061
Virgin Islands.....	81	290,565	*6,766	*1,222	128,804	5,252
Other U.S. Possessions.....	19	17,992	*8,546	*583	*5,947	*895
Country not stated.....	2,641	45,452,969	1,369,157	269,455	7,724,915	5,059,066
Foreign Sales Corporation dividends ².....	81	3,268,813	3,268,712	*102	--	--
Interest-Charge Domestic International Sales Corporation dividends ².....	3	*1,029	*1,029	--	--	--

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					
	Gross income (less loss)--Continued		Oil and gas extraction income (less loss) ³	Foreign branch income ³	Specifically allocable income [section 863(b)] ³	Total deductions
	Service income	Other income				
	(7)	(8)	(9)	(10)	(11)	(12)
All countries.....	31,387,624	120,893,731	21,013,968	88,607,771	24,971,121	201,909,309
Canada.....	1,138,265	7,367,344	*725,158	2,618,225	1,445,918	11,705,951
Latin America, total.....	4,279,820	10,939,237	1,345,580	11,214,336	2,037,512	22,367,820
Mexico.....	474,223	3,244,670	*4,496	1,933,731	852,632	4,028,595
Central America, total.....	92,059	561,208	--	344,403	24,856	798,420
Belize.....	*3,333	6,797	--	*2,872	547	37,729
Costa Rica.....	17,882	38,209	--	*1,942	6,078	72,464
El Salvador.....	5,501	115,331	--	*27,788	2,960	108,836
Guatemala.....	25,436	145,807	--	*106,448	3,152	155,885
Honduras.....	5,827	50,383	--	*19,523	2,160	52,947
Nicaragua.....	*319	27,414	--	*7,412	3,113	15,069
Panama.....	33,761	172,245	--	173,506	6,846	353,942
Caribbean countries, total.....	249,453	1,054,062	*508,768	656,591	65,929	1,830,242
Cayman Islands (British).....	*7,479	59,430	--	186,856	5,162	776,739
Dominican Republic.....	27,283	139,668	--	135,041	11,734	130,781
Haiti.....	*6,054	60,468	--	*14,450	*453	58,777
Jamaica.....	18,423	82,040	--	50,348	20,671	92,546
Trinidad and Tobago.....	41,403	586,121	*508,768	113,220	2,445	541,337
Other Caribbean countries.....	148,810	126,334	--	*156,676	25,463	230,063
South America, total.....	1,650,362	5,769,978	832,316	6,417,710	1,087,288	12,013,533
Argentina.....	482,221	1,230,558	*240,629	1,654,036	565,017	2,681,917
Bolivia.....	34,412	36,061	--	*25,832	6,880	60,422
Brazil.....	231,423	1,518,081	*430	2,352,381	291,672	5,034,096
Chile.....	159,338	640,735	*4	527,528	79,601	1,248,534
Colombia.....	158,645	1,242,259	*469,286	712,930	61,989	1,176,849
Ecuador.....	28,869	195,040	*104,223	59,597	17,834	177,991
Paraguay.....	8,245	31,174	--	*60,631	1,682	51,125
Peru.....	47,507	454,630	*102	452,738	25,467	523,044
Uruguay.....	34,446	36,104	--	124,216	5,872	138,526
Venezuela.....	461,339	274,505	*17,641	397,065	30,807	873,598
Other South America.....	3,917	110,831	--	50,755	468	47,430
Latin America not allocable.....	*1,813,724	309,318	--	*1,861,901	*6,807	3,697,030
Other Western Hemisphere, total.....	1,457,840	2,220,599	*59,063	3,140,218	16,095	5,091,089
Bahamas.....	15,098	1,779,850	*12	1,347,831	38,618	2,290,342
Bermuda.....	61,043	319,430	*59,051	339,117	16,713	1,164,777
Netherlands Antilles.....	*4,695	49,930	--	*64,874	758	342,841
Other British West Indies.....	9,154	51,338	--	22,942	3,341	127,613
All other Western Hemisphere.....	1,367,851	20,053	--	*1,365,454	1,711	1,165,517
Europe, total.....	5,777,798	37,486,684	7,898,566	34,728,658	5,604,072	71,980,216
European Union, total.....	4,963,599	31,159,562	6,023,088	31,129,589	5,082,947	61,563,138
Austria.....	17,263	185,153	--	134,412	21,518	518,782
Belgium.....	189,981	2,031,965	*99	1,873,225	165,801	3,229,699
Denmark.....	30,782	471,630	*274,567	407,832	16,156	577,419
Finland.....	17,541	254,994	--	*26,870	96,630	421,593
France.....	267,571	1,856,898	*1,937	1,172,824	243,395	4,663,220
Germany.....	479,106	3,353,178	*481	2,287,800	457,391	6,476,201
Greece.....	64,212	129,859	--	595,548	10,305	525,540
Ireland.....	99,959	524,723	--	137,860	35,449	1,796,177
Italy.....	217,138	1,191,940	(¹)	1,296,027	326,107	3,078,235
Luxembourg.....	*14,167	57,533	--	*6,956	*515	279,069

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					
	Gross income (less loss)--Continued		Oil and gas extraction income (less loss) ³	Foreign branch income ³	Specifically allocable income [section 863(b)] ³	Total deductions
	Service income	Other income				
	(7)	(8)	(9)	(10)	(11)	(12)
Europe--continued						
European Union--continued						
Netherlands.....	224,141	2,008,981	*1,175,166	2,757,305	230,266	3,731,761
Portugal.....	24,700	105,291	--	79,926	20,484	252,838
Spain.....	55,464	398,725	--	485,060	97,764	1,368,428
Sweden.....	67,408	379,322	--	158,410	42,198	875,443
United Kingdom.....	3,194,164	18,163,172	4,570,839	19,664,135	3,318,966	33,723,692
Other European Economic Community.....	--	*46,197	--	*45,398	--	*45,042
Other West European countries, total.....	379,006	3,071,976	*1,467,404	2,773,405	241,009	7,243,334
Liechtenstein.....	*881	*219	--	--	(¹)	2,672
Monaco.....	*8,810	*6,833	--	*5,844	*3	17,452
Norway.....	103,187	1,894,988	*1,467,404	1,547,063	14,957	968,656
Switzerland.....	213,129	936,371	--	859,454	180,711	5,634,796
Turkey.....	51,657	190,736	--	359,786	43,409	576,996
Other West European countries.....	*1,341	7,314	--	*711	1,929	18,733
West European countries not allocable.....	--	*35,515	--	*546	--	*24,030
East European countries, total.....	429,191	1,099,047	*408,073	779,731	222,646	1,782,458
Romania.....	*6,516	23,263	*-352	*30,088	*1,046	72,699
Former Soviet Union.....	126,223	804,321	*408,425	390,270	163,333	984,252
Other East Europe.....	296,452	271,462	--	359,373	58,266	725,507
Europe not allocable.....	*6,003	2,156,099	--	*45,933	*57,471	1,391,286
Africa, total.....	1,084,205	2,661,880	1,312,129	1,233,350	149,986	2,709,675
North Africa, total.....	402,611	834,857	*425,590	536,124	40,417	891,286
Algeria.....	*243,313	-107,528	*45,555	*131,789	*872	86,890
Egypt.....	143,017	899,871	*382,850	336,388	31,978	738,432
Libya.....	--	*287	--	--	--	*7,160
Morocco.....	*1,756	34,098	--	*22,465	5,025	21,240
Other North Africa.....	*14,526	8,129	*-2,814	45,482	2,541	37,564
East Africa, total.....	5,440	103,744	--	73,178	1,367	158,158
Ethiopia.....	*1	36,365	--	*13,674	*60	39,076
Kenya.....	*5,787	18,983	--	*38,721	511	41,138
Tanzania.....	*27	27,195	--	*2,662	*386	35,798
Uganda.....	*4	875	--	--	*152	2,276
Other East Africa.....	*-376	20,327	--	*18,122	*258	39,870
West and Central Africa, total.....	602,749	1,554,091	*886,015	465,011	64,061	1,162,771
Gabon.....	*18,559	4,557	*75,299	*8,408	*1,001	27,607
Ghana.....	*2,237	80,394	--	*1	*1,161	39,684
Liberia.....	*33,022	*6,821	--	*23,219	*770	82,462
Nigeria.....	197,844	1,076,580	*668,261	*120,178	20,050	448,026
Zaire.....	*13	*59,075	*55,601	(¹)	*103	48,542
Other West and Central Africa.....	351,073	326,664	*86,854	313,206	40,975	516,449
Southern Africa, total.....	73,405	168,966	*524	159,036	44,071	497,167
Malawi.....	*43	*316	--	--	*190	*913
Zimbabwe.....	*521	3,525	--	*49	*73	12,562
South Africa (including Namibia).....	70,205	161,140	*524	*158,887	37,377	434,025
Zambia.....	*8	1,314	--	*5	*90	4,240
Other Southern Africa.....	*2,628	2,671	--	*95	*6,341	45,427
Africa not allocable.....	--	*222	--	--	*71	*293

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					
	Gross income (less loss)--Continued		Oil and gas extraction income (less loss) ³	Foreign branch income ³	Specifically allocable income [section 863(b)] ³	Total deductions
	Service income	Other income				
	(7)	(8)	(9)	(10)	(11)	(12)
Asia, total.....	10,840,068	28,574,065	4,536,151	28,721,909	4,155,921	47,131,215
Middle East, total.....	893,348	2,441,908	*1,231,069	1,801,216	312,574	3,018,761
Bahrain.....	20,470	574	--	*293,198	5,772	192,911
Iran.....	--	*6,794	--	--	*-2	741
Iraq.....	--	*1,296	--	--	--	*321
Israel.....	36,272	248,227	--	24,612	36,844	334,589
Kuwait.....	82,721	33,696	--	27,161	8,716	107,066
Lebanon.....	*3,359	30,483	--	*12,432	16,343	43,495
Qatar.....	42,734	116,318	*-1,036	*10,797	44,992	199,078
Saudi Arabia.....	552,443	1,093,799	*524,247	697,076	170,982	1,334,211
United Arab Emirates.....	76,569	386,403	*232,369	370,377	24,269	464,079
Other areas of the Arabian Peninsula.....	60,805	400,565	*475,489	*252,772	2,822	237,360
Other Middle East.....	17,975	123,753	--	112,792	1,837	104,910
Southern and Southeast Asia, total.....	1,609,260	8,119,092	3,092,178	7,922,309	562,045	10,625,951
Bangladesh.....	15,917	28,513	--	*51,168	*275	30,957
India.....	254,320	411,146	--	863,055	36,692	826,903
Indonesia.....	372,962	3,609,017	1,748,954	1,491,488	72,997	2,368,040
Malaysia.....	139,970	1,132,361	*750,752	1,123,313	76,331	1,145,748
Pakistan.....	31,562	112,613	*23,238	360,147	1,859	248,636
Philippines.....	137,450	738,719	*-96	753,168	302,884	949,698
Singapore.....	459,569	1,366,560	*7	2,296,590	10,064	3,648,273
Sri Lanka.....	*4,028	14,662	--	*9,504	578	17,850
Thailand.....	155,848	666,631	*569,501	819,428	49,713	1,228,242
Vietnam.....	14,365	1,043	*-178	*17,653	1,000	33,545
Other Southern and Southeast Asia.....	23,266	37,827	--	*136,794	9,652	128,056
Eastern Asia, total.....	8,307,868	15,110,589	*212,904	18,992,540	3,083,675	30,656,975
China.....	403,524	670,755	*196,148	544,251	180,522	1,384,166
Hong Kong.....	580,775	3,649,875	--	4,749,874	1,004,967	5,845,110
Japan.....	6,570,001	7,633,910	*16,756	10,223,373	1,503,549	18,129,173
South Korea.....	316,517	1,084,764	--	1,388,307	164,426	2,192,599
Taiwan.....	419,534	1,497,938	--	2,069,224	218,458	2,690,865
Other Eastern Asia.....	*17,517	573,347	--	*17,510	*11,752	415,062
Asia not allocable.....	*29,593	2,902,476	--	*5,844	*197,627	2,829,529
Oceania, total.....	588,839	4,561,567	*1,506,590	3,431,333	288,082	5,079,838
Australia.....	316,233	4,184,230	*1,438,421	2,902,988	264,675	4,231,573
New Zealand.....	32,775	200,840	*-6	237,773	18,021	471,724
Other Oceania.....	239,831	176,496	*68,175	*290,572	5,386	376,541
Puerto Rico and U.S. Possessions, total.....	489,794	1,782,974	--	1,913,921	198,533	3,016,124
Puerto Rico.....	425,735	1,475,681	--	1,606,314	171,564	2,555,011
U.S. Possessions, total.....	64,059	307,293	--	307,607	26,969	461,114
American Samoa.....	*1,616	2,609	--	*5,862	*1,744	9,173
Guam.....	27,703	188,883	--	221,005	23,147	261,177
Virgin Islands.....	33,251	115,269	--	73,371	*2,056	178,373
Other U.S. Possessions.....	*1,489	532	--	*7,369	*21	12,390
Country not stated.....	5,730,995	25,299,381	3,630,730	1,605,818	11,107,191	29,666,594
Foreign Sales Corporation dividends ²	--	--	--	--	--	3,160,787
Interest-Charge Domestic International Sales						
Corporation dividends ²	--	--	--	--	--	--

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					
	Deductions from oil and gas extraction income ⁴	Taxable income (less loss) before adjustments	Total	Foreign taxes paid, accrued, and deemed paid		
				Total	Foreign taxes paid or accrued	
					Dividends	Interest
(13)	(14)	(15)	(16)	(17)	(18)	
All countries.....	8,915,360	157,989,290	45,079,798	16,056,942	2,767,327	640,883
Canada.....	459,331	15,906,555	5,655,560	866,979	337,193	42,976
Latin America, total.....	898,475	16,280,149	4,295,619	2,135,588	382,548	221,276
Mexico.....	*3,192	4,580,692	1,098,347	410,408	7,774	40,062
Central America, total.....	*-32	618,242	100,219	51,457	4,687	826
Belize.....	--	2,390	*318	*254	200	--
Costa Rica.....	--	52,067	14,356	10,777	2,344	*305
El Salvador.....	--	80,131	7,742	4,777	*54	*107
Guatemala.....	*-32	106,841	25,936	17,474	*384	*290
Honduras.....	--	24,145	7,997	4,202	*867	*27
Nicaragua.....	--	18,306	494	*489	--	*65
Panama.....	--	330,890	41,724	11,832	785	*31
Caribbean countries, total.....	*454,045	1,466,814	183,402	71,168	4,962	*406
Cayman Islands (British).....	--	944,427	60,340	--	--	--
Dominican Republic.....	--	168,529	37,331	16,011	*1,819	*45
Haiti.....	--	15,584	*6,644	*6,006	*650	--
Jamaica.....	--	51,361	12,554	7,662	*431	*230
Trinidad and Tobago.....	*454,045	142,029	47,038	40,464	*2,062	*94
Other Caribbean countries.....	--	144,885	19,496	1,025	(¹)	*37
South America, total.....	441,271	8,236,737	2,897,805	1,586,709	365,124	170,094
Argentina.....	*119,217	1,776,068	467,406	272,321	1,138	32,576
Bolivia.....	*132	33,566	5,803	3,843	*126	*350
Brazil.....	*539	3,607,589	1,565,006	656,665	289,759	127,490
Chile.....	--	1,000,511	265,777	225,176	61,619	5,931
Colombia.....	243,895	682,929	315,351	254,704	11,546	*380
Ecuador.....	*63,202	130,251	14,125	10,426	*393	*207
Paraguay.....	*1,860	4,727	9,007	8,291	*37	*78
Peru.....	*599	301,432	111,359	82,311	--	740
Uruguay.....	--	75,785	12,532	6,011	--	--
Venezuela.....	*11,827	551,603	113,242	50,444	*506	2,342
Other South America.....	--	72,275	*18,195	*16,516	--	--
Latin America not allocable.....	--	1,377,664	*15,846	*15,846	--	*9,888
Other Western Hemisphere, total.....	*-14,931	3,102,486	188,052	6,356	*1,083	--
Bahamas.....	--	907,541	13,101	--	--	--
Bermuda.....	*-15,442	1,698,546	113,162	--	--	--
Netherlands Antilles.....	--	168,722	36,326	*2,800	*1,065	--
Other British West Indies.....	--	91,643	22,449	2,142	*15	--
All other Western Hemisphere.....	*511	236,035	*3,013	*1,414	*3	--
Europe, total.....	2,863,553	66,714,408	20,036,867	4,794,348	1,392,987	99,250
European Union, total.....	2,272,049	59,673,515	17,615,094	3,609,501	1,118,104	67,496
Austria.....	*-343	387,729	159,034	30,968	22,278	*37
Belgium.....	*201	2,707,827	904,440	198,289	25,978	16,120
Denmark.....	*143,727	420,392	139,772	54,701	6,592	--
Finland.....	--	302,678	44,511	14,698	3,768	*26
France.....	*325	3,863,793	1,321,863	230,514	71,751	1,456
Germany.....	*230	8,553,809	2,794,842	336,549	133,058	*68
Greece.....	*53	315,246	34,423	12,265	*256	(¹)
Ireland.....	*70	2,565,771	117,440	7,525	1,820	*501
Italy.....	*11,821	3,036,657	1,406,620	333,571	25,762	29,212
Luxembourg.....	--	442,364	203,177	13,877	13,498	--

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					
	Deductions from oil and gas extraction income ⁴	Taxable income (less loss) before adjustments	Foreign taxes paid, accrued, and deemed paid			
			Total	Foreign taxes paid or accrued		
				Total	Dividends	Interest
(13)	(14)	(15)	(16)	(17)	(18)	
Europe--continued						
European Union--continued						
Netherlands.....	--	8,607,060	2,762,987	251,159	149,731	*858
Portugal.....	*112	286,410	82,885	29,917	5,602	*228
Spain.....	--	1,851,004	732,516	197,947	94,000	1,576
Sweden.....	2,021,989	1,123,042	343,309	42,835	32,071	*20
United Kingdom.....	--	25,205,763	6,567,123	1,854,613	531,939	17,392
Other European Economic Community.....	*449,701	*3,972	*152	*73	--	--
Other West European countries, total.....	--	5,096,912	2,198,268	1,068,912	269,294	30,105
Liechtenstein.....	--	8,324	*264	(¹)	(¹)	--
Monaco.....	*449,701	-445	*158	*122	--	--
Norway.....	--	2,164,771	955,912	699,419	10,103	*42
Switzerland.....	--	2,568,847	1,118,716	290,215	258,344	2,637
Turkey.....	--	322,807	121,479	78,442	*844	*27,427
Other West European countries.....	--	18,427	1,739	*714	*2	--
West European countries not allocable.....	*141,803	*14,182	--	--	--	--
East European countries, total.....	*17,497	1,134,643	221,210	113,640	5,476	*1,649
Romania.....	*124,306	4,279	17,722	6,522	*77	*500
Former Soviet Union.....	--	602,304	98,346	77,059	1,544	*281
Other East Europe.....	--	528,061	105,142	30,059	3,854	*867
Europe not allocable.....	533,293	809,337	*2,295	*2,295	*113	--
Africa, total.....	*334,403	3,149,243	938,103	615,935	11,833	*961
North Africa, total.....	*23,230	596,615	223,591	199,564	*1,229	*724
Algeria.....	*304,512	55,202	*18,454	*18,179	*947	--
Egypt.....	--	504,516	192,662	175,803	--	*709
Libya.....	--	*-6,476	--	--	--	--
Morocco.....	*6,661	29,019	7,460	3,904	*282	*15
Other North Africa.....	*8	14,354	*5,015	*1,678	--	--
East Africa, total.....	--	56,111	21,566	9,264	970	*201
Ethiopia.....	*8	-1,085	*2,012	*2,012	--	--
Kenya.....	--	14,672	10,481	6,185	*747	*128
Tanzania.....	--	-3,084	*1,164	*263	--	--
Uganda.....	--	146	*200	*200	--	--
Other East Africa.....	*198,837	45,462	7,708	*603	*223	*73
West and Central Africa, total.....	*8,858	2,074,330	565,998	357,444	5,482	*36
Gabon.....	--	122,276	*2,980	*2,101	*319	--
Ghana.....	--	69,094	*10,635	*778	*688	(¹)
Liberia.....	*81,164	158,934	*14,762	--	--	--
Nigeria.....	*41,368	1,416,294	405,220	243,223	*1,547	*36
Zaire.....	*67,447	20,981	*7,878	*6,450	*315	--
Other West and Central Africa.....	*44	286,752	124,523	104,892	*2,614	--
Southern Africa, total.....	--	422,070	126,948	49,662	4,152	--
Malawi.....	--	*1,208	*809	--	--	--
Zimbabwe.....	*44	22,844	14,998	3,093	*2,553	--
South Africa (including Namibia).....	--	394,422	102,836	39,983	978	--
Zambia.....	--	3,395	*1,752	*318	*112	--
Other Southern Africa.....	--	202	*6,553	*6,268	*510	--
Africa not allocable.....	--	*118	--	--	--	--

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					
	Deductions from oil and gas extraction income ⁴	Taxable income (less loss) before adjustments	Total	Foreign taxes paid, accrued, and deemed paid		
				Total	Foreign taxes paid or accrued	
					Dividends	Interest
(13)	(14)	(15)	(16)	(17)	(18)	
Asia, total.....	1,897,901	29,299,006	10,228,323	5,178,054	465,167	165,211
Middle East, total.....	*801,751	1,782,197	608,311	455,881	19,487	604
Bahrain.....	--	87,893	*179	*3	--	--
Iran.....	--	7,446	(¹)	--	--	--
Iraq.....	--	*686	--	--	--	--
Israel.....	--	306,176	81,493	37,889	9,205	508
Kuwait.....	*8,306	40,188	8,043	7,768	--	--
Lebanon.....	--	24,727	971	*899	*45	--
Qatar.....	*5,135	2,311	*2,744	*2,744	--	--
Saudi Arabia.....	*501,889	608,714	267,264	231,469	*135	*96
United Arab Emirates.....	*167,307	188,100	65,182	64,951	*10,092	--
Other areas of the Arabian Peninsula.....	*119,115	448,055	177,593	106,055	--	--
Other Middle East.....	--	67,901	4,842	4,104	*9	--
Southern and Southeast Asia, total.....	1,007,014	9,313,835	2,910,136	1,875,316	108,186	26,071
Bangladesh.....	*260	30,031	*6,164	*6,164	--	--
India.....	*1	436,433	179,096	152,099	882	*553
Indonesia.....	554,961	3,194,309	1,451,437	1,080,843	44,719	8,981
Malaysia.....	*315,229	1,062,199	255,562	168,568	3,587	1,336
Pakistan.....	*5,729	151,959	52,571	46,343	3,324	*57
Philippines.....	*571	836,744	269,933	144,395	43,011	11,259
Singapore.....	*49	2,571,526	359,282	130,425	1,895	1,365
Sri Lanka.....	--	14,842	2,751	2,029	*233	--
Thailand.....	*129,705	971,678	319,447	131,708	10,535	2,519
Vietnam.....	*509	-3,114	568	568	--	--
Other Southern and Southeast Asia.....	--	47,229	*13,324	*12,173	--	--
Eastern Asia, total.....	*89,136	17,970,789	6,709,839	2,846,828	337,494	138,535
China.....	*89,047	555,751	67,950	45,378	47,007	6,237
Hong Kong.....	--	2,558,269	616,411	425,864	6,698	*115,164
Japan.....	*88	11,976,713	5,105,043	1,733,027	256,096	10,033
South Korea.....	--	1,548,915	597,712	429,313	*5	4,347
Taiwan.....	--	1,135,519	322,723	213,246	27,688	2,754
Other Eastern Asia.....	--	195,624	(¹)	(¹)	--	--
Asia not allocable.....	--	232,184	*36	*29	--	--
Oceania, total.....	558,489	6,269,134	1,959,607	1,035,383	43,276	11,644
Australia.....	*517,700	5,060,397	1,619,917	942,308	32,651	10,424
New Zealand.....	*11	1,043,213	286,467	50,413	8,458	1,085
Other Oceania.....	*407,78	165,524	53,224	42,663	*2,167	*135
Puerto Rico and U.S. Possessions, total.....	*68	1,372,879	292,760	208,950	10,380	15,217
Puerto Rico.....	--	1,182,078	260,022	179,125	10,380	7,433
U.S. Possessions, total.....	*68	190,801	32,738	29,825	--	*7,784
American Samoa.....	--	1,843	*770	*770	--	--
Guam.....	*68	71,163	19,036	17,927	--	--
Virgin Islands.....	--	112,192	12,183	10,961	--	*7,778
Other U.S. Possessions.....	--	5,602	*750	*168	--	*6
Country not stated.....	1,719,182	15,786,375	1,484,789	1,215,334	122,853	84,347
Foreign Sales Corporation dividends ²	--	108,026	*102	(¹)	(¹)	--
Interest-Charge Domestic International Sales						
Corporation dividends ²	--	*1,029	--	--	--	--

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

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

Selected country	Foreign income and taxes reported on Form 1118--Continued					Taxes deemed paid
	Foreign taxes paid, accrued, and deemed paid--Continued					
	Foreign taxes paid or accrued--Continued					
	Taxes withheld at source on --Continued	Other taxes paid or accrued on--				
		Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	
(19)	(20)	(21)	(22)	(23)	(24)	
All countries.....	2,238,232	6,063,443	29,802	292,786	4,024,468	29,022,856
Canada.....	107,054	238,117	*1,227	28,563	111,851	4,788,581
Latin America, total.....	399,454	444,300	*530	68,044	619,437	2,160,031
Mexico.....	109,216	191,862	*352	14,854	46,289	687,938
Central America, total.....	15,852	22,742	--	3,799	3,551	48,762
Belize.....	--	*54	--	--	--	*64
Costa Rica.....	5,066	*999	--	*227	*1,835	3,579
El Salvador.....	2,166	*1,584	--	*73	*794	*2,965
Guatemala.....	4,799	*8,718	--	*2,680	*603	8,462
Honduras.....	926	*1,625	--	*700	*56	*3,795
Nicaragua.....	*171	*178	--	*33	*42	*5
Panama.....	2,723	*7,984	--	*86	*222	29,892
Caribbean countries, total.....	2,867	23,821	*170	5,357	*33,586	112,234
Cayman Islands (British).....	--	--	--	--	--	60,340
Dominican Republic.....	1,694	*11,467	*170	*234	*582	21,320
Haiti.....	*32	*1,011	--	--	*4,313	*638
Jamaica.....	814	4,794	--	*815	*579	*4,892
Trinidad and Tobago.....	*230	*6,142	--	*3,822	*28,112	*6,574
Other Caribbean countries.....	*97	*406	--	*485	--	18,470
South America, total.....	265,583	205,874	*8	44,035	535,989	1,311,097
Argentina.....	74,345	72,001	--	21,018	71,244	195,085
Bolivia.....	*217	*2,391	--	*509	*249	*1,960
Brazil.....	96,708	21,257	--	12,872	108,579	908,341
Chile.....	26,790	*7,242	--	*1,042	122,552	40,601
Colombia.....	26,346	55,034	--	2,184	159,214	60,648
Ecuador.....	5,555	*675	*8	*378	3,210	3,700
Paraguay.....	*434	*7,732	--	--	*10	*716
Peru.....	10,690	5,069	--	*863	64,949	29,047
Uruguay.....	3,057	*2,750	--	*110	*95	6,521
Venezuela.....	21,441	15,209	--	5,059	5,888	62,798
Other South America.....	(¹)	*16,515	--	(¹)	--	*1,680
Latin America not allocable.....	*5,937	--	--	--	*22	--
Other Western Hemisphere, total.....	*171	*3,051	*130	*264	*1,657	181,696
Bahamas.....	--	--	--	--	--	13,101
Bermuda.....	--	--	--	--	--	113,162
Netherlands Antilles.....	--	*1,225	--	--	*510	33,526
Other British West Indies.....	*31	*555	*130	*264	*1,147	20,307
All other Western Hemisphere.....	*140	*1,271	--	--	--	*1,599
Europe, total.....	330,447	2,046,379	*4,759	79,993	840,534	15,242,519
European Union, total.....	284,990	1,324,405	*3,666	74,563	736,276	14,005,593
Austria.....	1,339	*6,331	--	--	*983	128,066
Belgium.....	5,162	76,062	*797	*2,213	71,956	706,151
Denmark.....	*33	43,083	--	*4,819	*174	85,071
Finland.....	7,147	*166	--	*6	*3,585	29,814
France.....	68,498	20,878	*2,082	3,906	61,943	1,091,349
Germany.....	1,140	157,090	--	16,228	28,965	2,458,293
Greece.....	1,567	10,356	--	*85	--	22,158
Ireland.....	*1,039	*669	--	*3,143	*353	109,915
Italy.....	90,059	158,936	--	*2,540	27,062	1,073,049
Luxembourg.....	--	--	*132	*247	--	189,300

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

[Money amounts are in thousands of dollars]

Selected country	Foreign income and taxes reported on Form 1118--Continued					Taxes deemed paid
	Foreign taxes paid, accrued, and deemed paid--Continued					
	Foreign taxes paid or accrued--Continued					
	Taxes withheld at source on --Continued	Other taxes paid or accrued on--				
		Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	
(19)	(20)	(21)	(22)	(23)	(24)	
Europe--continued						
European Union--continued						
Netherlands.....	8,357	35,397	* -355	*1,506	55,664	2,511,828
Portugal.....	17,218	5,151	--	*250	*1,467	52,967
Spain.....	70,087	22,956	--	1,319	8,010	534,569
Sweden.....	*1,705	7,434	--	*1,050	554	300,474
United Kingdom.....	11,567	779,896	*1,010	37,249	475,561	4,712,510
Other European Economic Community.....	*73	--	--	--	--	*78
Other West European countries, total.....	25,007	686,528	*975	3,086	53,915	1,129,357
Liechtenstein.....	--	--	--	--	--	*264
Monaco.....	--	--	--	*122	--	*36
Norway.....	*28	657,014	*2	*478	*31,752	256,494
Switzerland.....	*212	11,865	*973	*1,591	14,594	828,501
Turkey.....	24,721	*17,614	--	*895	*6,940	43,037
Other West European countries.....	*47	*35	--	--	*629	*1,024
West European countries not allocable.....	--	--	--	--	--	--
East European countries, total.....	20,332	33,417	*81	2,344	50,342	107,569
Romania.....	2,025	*3,819	--	*98	*3	*11,200
Former Soviet Union.....	1,652	25,264	*81	*867	*47,369	*21,287
Other East Europe.....	16,655	*4,334	(1)	*1,378	*2,970	75,082
Europe not allocable.....	*117	*2,030	*36	--	--	--
Africa, total.....	34,280	375,832	--	10,589	182,439	322,168
North Africa, total.....	2,881	26,645	--	831	*167,255	24,027
Algeria.....	*57	*6,994	--	*137	*10,044	*274
Egypt.....	2,566	*15,326	--	*621	*156,582	16,859
Libya.....	--	--	--	--	--	--
Morocco.....	*216	*2,766	--	*69	*555	*3,557
Other North Africa.....	*42	*1,558	--	*5	*73	*3,337
East Africa, total.....	1,509	*6,156	--	*425	*4	12,301
Ethiopia.....	--	*2,012	--	--	--	--
Kenya.....	*807	*4,082	--	*418	*4	*4,295
Tanzania.....	*263	--	--	--	--	*901
Uganda.....	*200	--	--	--	--	--
Other East Africa.....	*238	*62	--	*7	--	*7,105
West and Central Africa, total.....	1,133	340,913	--	*1,652	*8,229	208,553
Gabon.....	--	*1,511	--	--	*271	*879
Ghana.....	*90	--	--	--	--	*9,857
Liberia.....	--	--	--	--	--	*14,762
Nigeria.....	*479	*239,673	--	*1,458	*30	161,996
Zaire.....	--	--	--	--	*6,135	*1,429
Other West and Central Africa.....	*564	99,729	--	*194	*1,792	*19,631
Southern Africa, total.....	28,758	2,118	--	*7,681	*6,952	77,286
Malawi.....	--	--	--	--	--	*809
Zimbabwe.....	439	--	--	*101	--	*11,906
South Africa (including Namibia).....	22,921	*1,916	--	*7,217	*6,952	62,853
Zambia.....	*4	*202	--	--	--	*1,434
Other Southern Africa.....	*5,394	--	--	*364	--	*285
Africa not allocable.....	--	--	--	--	--	--

Footnotes at end of table.

Corporate Foreign Tax Credit, 1997

Table 3.--U.S. Corporation Returns with a Foreign Tax Credit: Foreign Income and Tax Reported on Form 1118, by Selected Country to Which Foreign Tax Was Paid--Continued

[Money amounts are in thousands of dollars]

Selected country	Foreign income and taxes reported on Form 1118--Continued					Taxes deemed paid
	Foreign taxes paid, accrued, and deemed paid--Continued					
	Foreign taxes paid or accrued--Continued					
	Taxes withheld at source on --Continued	Other taxes paid or accrued on--				
Rents, royalties, and license fees	Branch income	Specifically allocable income [section 863(b)]	Service income	Other income		
(19)	(20)	(21)	(22)	(23)	(24)	
Asia, total.....	1,048,674	2,503,082	*13,036	42,823	940,061	5,050,269
Middle East, total.....	31,083	231,876	*1,625	9,396	161,809	152,430
Bahrain.....	*1	--	--	--	*1	*177
Iran.....	--	--	--	--	--	(¹)
Iraq.....	--	--	--	--	--	--
Israel.....	25,361	*439	--	*10	2,366	43,604
Kuwait.....	*50	*4,096	*142	*76	*3,404	*275
Lebanon.....	*36	*818	--	--	--	*72
Qatar.....	--	*2,444	--	--	*300	--
Saudi Arabia.....	4,794	188,481	*1,484	*8,733	*27,744	35,795
United Arab Emirates.....	*337	30,958	--	--	*23,564	*231
Other areas of the Arabian Peninsula.....	*198	*1,723	--	*425	*103,709	*71,538
Other Middle East.....	306	*2,916	--	*152	*721	*738
Southern and Southeast Asia, total.....	138,190	1,093,519	*268	16,091	492,991	1,034,820
Bangladesh.....	--	*6,164	--	--	(¹)	--
India.....	9,635	131,869	--	2,963	6,197	26,997
Indonesia.....	12,431	690,374	*16	3,329	320,993	370,595
Malaysia.....	16,879	5,592	*32	629	140,513	86,993
Pakistan.....	*174	*41,150	--	*181	*1,457	6,228
Philippines.....	13,732	66,859	*136	3,562	5,836	125,538
Singapore.....	60,400	57,435	--	1,400	7,931	228,857
Sri Lanka.....	*72	*1,709	--	*15	--	*723
Thailand.....	24,788	79,529	*80	3,996	10,261	187,739
Vietnam.....	*69	*479	*5	*17	(¹)	--
Other Southern and Southeast Asia.....	*10	*12,359	--	--	*-196	*1,151
Eastern Asia, total.....	879,401	1,177,687	*11,143	17,336	285,232	3,863,012
China.....	62,581	85,059	--	2,232	5,107	22,572
Hong Kong.....	8,081	119,974	*2,386	*440	173,121	190,547
Japan.....	670,584	687,677	*8,493	7,736	92,408	3,372,016
South Korea.....	29,055	4,571	*61	2,687	6,476	168,400
Taiwan.....	109,100	280,406	*203	4,242	8,121	109,477
Other Eastern Asia.....	(¹)	--	--	--	--	--
Asia not allocable.....	--	--	--	--	*29	*7
Oceania, total.....	95,598	127,147	(¹)	7,252	750,466	924,224
Australia.....	67,484	115,105	(¹)	4,800	711,844	677,609
New Zealand.....	27,461	10,196	(¹)	*1,714	1,498	236,054
Other Oceania.....	*654	*1,846	--	*738	*37,124	*10,562
Puerto Rico and U.S. Possessions, total.....	68,380	73,708	--	8,809	32,456	83,810
Puerto Rico.....	67,715	57,916	--	7,805	27,875	80,897
U.S. Possessions, total.....	*665	15,791	--	1,004	4,581	2,913
American Samoa.....	--	*684	--	*86	--	--
Guam.....	*94	12,612	--	*669	4,552	*1,109
Virgin Islands.....	*571	2,352	--	*249	*10	*1,222
Other U.S. Possessions.....	--	*143	--	--	*19	*583
Country not stated.....	154,172	251,829	10,120	46,449	545,564	269,455
Foreign Sales Corporation dividends ².....	--	--	--	--	--	*102
Interest-Charge Domestic International Sales Corporation dividends ².....	--	--	--	--	--	--

* Data should be used with caution because of the small number of returns on which they are based.

¹ Less than \$500.

² Dividends from an Interest-Charge Domestic International Sales Corporation or a Foreign Sales Corporation were not reported for specific foreign countries.

³ Included in gross income (less loss), columns 2-8.

⁴ Included in total deductions, column 12.

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