Statistics Of Income Studies Of International Income And Taxes

By Daniel F. Skelly and James R. Hobbs*

The Statistics of Income Division of the Internal Revenue Service regularly conducts studies of international income and taxes. Historically, the main users of these studies have been the Office of Tax Analysis in the Office of the Secretary of the Treasury, and the Congressional Joint Committee on Taxation. Increasingly, however, interest in this area has been evidenced by other government agencies, universities, trade associations, corporate tax departments and private citizens. To meet the growing demand, the Statistics of Income Division recently initiated a new statistical service that will routinely provide data from the sixteen studies now being conducted in the international area. The main purpose of this article is to discuss the content and timing of each of these sixteen studies.

The Statistics of Income Division plans and conducts international studies in two broadly-defined areas. These areas are foreign investment and activity abroad by U.S. "persons" and, conversely, investment and activity in the United States by foreign "persons" [1,2]. Table 1 provides information on the cycling of the studies and shows population and sample estimates for each projected study. Specific descriptions of the studies in each area are provided below.

Foreign Investment and Activity Abroad by U.S. Persons.—This area includes the following studies: Corporation Foreign Tax Credit, Foreign Corporation Information Returns, Domestic International Sales Corporations, Interest Charge Domestic International Sales Corporations, Foreign Sales Corporations, U.S. Possessions Corporations, International Boycott Participation, Individual Foreign Tax Credit, Individual Income Earned Abroad, Excluded Income from U.S. Possessions, and Foreign Trusts. (Seven of these studies either have been, or will be, used for Treasury Department reports to Congress that are mandated by law [3].)

Investment and Activity in the United States by Foreign Persons.—This area includes the following studies: Foreign Corporations with Income Derived from U.S. Sources, U.S. Corporations with 50 Percent or More Ownership by a Foreign Entity, Nonresident Alien Income and Tax Withheld, Nonresident Alien Estates, and Sales of U.S. Real Property Interests by Foreign Persons.

*Chiefs, Foreign Statistics Branch and Foreign Returns Analysis Section, respectively.

FOREIGN INVESTMENT AND ACTIVITY ABROAD BY U.S. PERSONS

This broad area consists of eleven studies. It includes the foreign activities of U.S. corporations, as well as the activities of foreign corporations controlled by U.S. corporations. For purposes of this article, U.S. corporations deriving most of their income from U.S. possessions are also included in this grouping. Other studies cover both domestic and foreign corporations that were created under legislation aimed at increasing U.S. exports. Finally, certain studies in this group focus on the foreign activities of all U.S. persons (corporations, individuals, etc.).

International operations of U.S. corporations have grown to the point that overseas income contributes substantially to U.S. corporate worldwide income; indeed, foreign investments now account for a sizable portion of total investment by U.S. corporations. According to Department of Commerce data, foreign direct investment by U.S. firms during the period of 1977 to 1983 increased 55 percent (from $146.0 billion to $226.1 billion, as measured in current dollars) [4].

Corporation Foreign Tax Credit

The general philosophy of the foreign tax credit, despite its numerous changes over time, has remained basically the same. Domestic corporations are subject to U.S. tax on their worldwide income. When part of that income is earned in foreign countries, the income may also be subject to tax in that country. In order to prevent double taxation of the same income, U.S. law permits corporations to claim a credit, thereby reducing their U.S. income tax for the taxes paid to the foreign country [5]. In effect, the corporation pays tax at the higher of the U.S. tax rate or the overall foreign country tax rate on its foreign-source income.

The corporation foreign tax credit statistics are designed to show the effects of specific provisions of the Internal Revenue Code on the income and taxes of corporations. The statistics show the country of origin of the foreign income and taxes which generate the credit. Also shown is the industry of the corporation claiming the credit. In general, the data are classified not only by country, industry, and type of foreign income, but also by size of total assets of the domestic corporation, and by ratios of foreign source taxable income to U.S. taxable income, total foreign taxes to taxable foreign income, and U.S. income tax to worldwide taxable income. The most detailed statistics currently available are for Tax Year 1982. These data are summarized in Figure A. Less detailed information is also available for the period 1925–83 (see Figure C).

One indicator showing the activity of American corporations in foreign markets is the amount of "foreign source taxable income" reported by corporations claiming a foreign tax credit on their tax returns. This foreign taxable income primarily consists of profits earned by their "branches" in foreign countries, and dividends distributed to U.S. corporations by their subsidiary foreign corporations. It also includes other income received from foreign sources such as rentals, royalties, interest, and compensation for services performed.

The foreign source taxable income of corporations with foreign tax credits rose from $3.6 billion in 1961 to $59.5 billion in 1982. During the same period, the total worldwide taxable income (which is the basis for computing U.S. tax liability) reported by these corporations also increased, from $22.9 billion to $107.2 billion.

Using the amount of taxable income reported by domestic corporations that claimed a foreign tax credit, a percentage of the portion that foreign source taxable income contributed to the total taxable income can be derived [6]. That percentage is plotted for certain years in Figure B. It reveals that the percentage increased from 15.7 percent for 1961 to 55.5 percent for 1982, indicating the overall growing importance of the foreign activity of domestic corporations.

Figure C shows the growth of the foreign tax credit claimed by corporations during the past 58 years. The early eighties, unlike the sixties and seventies, began with a decline in the amount of foreign tax credit claimed. The decline for 1980 through 1982 in the credit resulted, in part, from the foreign nationalization of certain oil interests in the Middle East. This nationalization resulted in the deduction of substantial foreign income taxes in lieu of the crediting of these taxes because use of the tax credit for certain new foreign taxes was not allowed. In addition, the climate of nationalization generally brought with it a diminished role of U.S. corporations in the oil-related activities of Middle East countries. When coupled with generally lower corporate profits in the early eighties, which produced generally lower U.S. income taxes against which to apply foreign tax credits, the resulting total foreign tax credit claimed fell to less than $20 billion for both 1982 and 1983.

The foreign tax credit studies are conducted for even tax years, based on returns included in the same samples used for the Statistics of Income (SOI) corporate program. For Tax Years 1984, 1988, and 1990, foreign tax credit data will be compiled only by country from Forms 1118 (the foreign tax credit computation schedule) included with returns filed by "giant" corporations [7]. (These so-called "giants" reported total assets of $250 million or more for 1984. The defining limitation will be raised to $1 billion for giant corporations for 1988 and 1990.) In addition, for these years, summary totals (i.e., without country detail) for "non-giant" corporations will be compiled for all of the returns in the SOI corporate sample with foreign tax credits. For Tax Years 1986 and 1992, foreign tax credit data will be compiled by country for every corporation in the SOI corporate sample with a foreign tax credit. Data on the expected sample and population sizes for the foreign tax credit studies are shown in Table 1 of this article. As shown in that table, the 1984 sample will consist of approximately 2,400 corporation returns from an expected population of 4,900. These 2,400 returns are comprised of all "giant" returns (900) and a sample (1,500 out of 4,000) of all other corporation returns claiming a foreign tax credit.

Foreign Corporation Information Returns

Information Returns with Respect to Foreign Corporations (Forms 5471) are required to be attached to the income tax returns of U.S. persons, for each foreign corporation in which a person has an "interest." These foreign corporations are frequently established by domestic corporations in order to engage in foreign business activities [8].

The 1984 study, which is in progress, will include data from all Forms 5471 attached to U.S. corporation income

Figure A.—Corporation Returns with Foreign Tax Credit and Supporting Forms 1118 Credit Computation Schedule, by Size of Total Assets, 1982

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

Size of total assets	Number of returns	Income subject to U.S. tax: Total	Income subject to U.S. tax: Foreign source taxable income [1]	Foreign taxes paid [2]	U.S. income tax before credits	Foreign tax credit claimed
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total	4,931	$107,140	$59,482	$22,795	$48,642	$18,932
Zero under $250,000,000	4,190	8,998	2,423	798	4,023	720
$250,000,000 under $1,000,000,000	329	11,772	3,480	1,119	5,366	1,054
$1,000,000,000 or more	412	86,371	53,579	20,879	39,253	17,158

[1] Represents foreign source taxable income before loss recapture.
[2] Represents foreign taxes paid or accrued and deemed paid.
NOTE: Detail may not add to total because of rounding.

Figure B.

Corporation Returns with Foreign Tax Credits: Foreign Source Taxable Income as a Percentage of Worldwide Taxable Income, 1961-1982

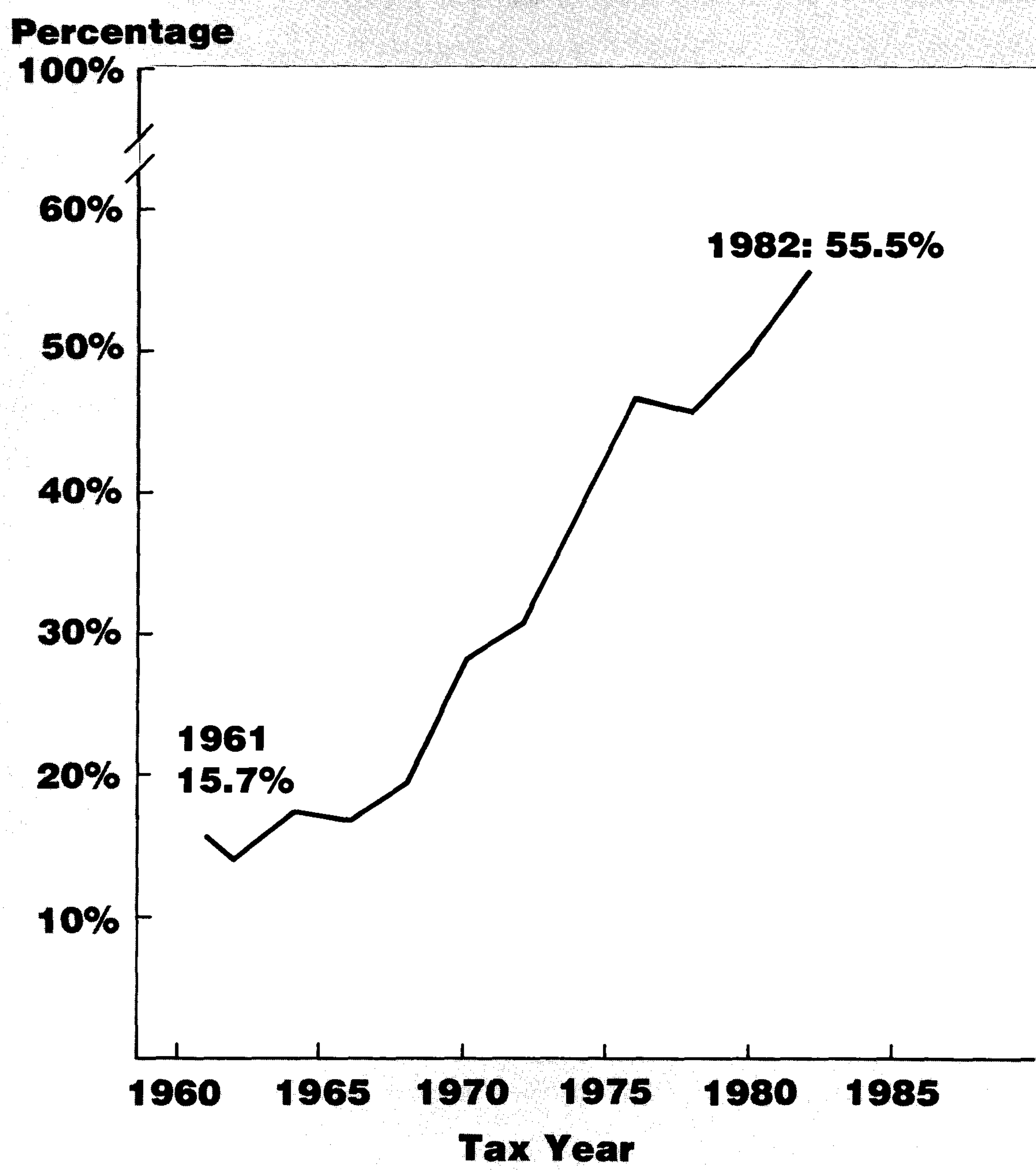


Figure C.—Growth of the Corporation Foreign Tax Credit, 1925-1983

[For most years, figures are estimates based on samples—money amounts are in millions of dollars]

Tax year	Foreign tax credit claimed
1925	$ 20
1930	29
1935	32
1940	58
1945	96
1950	464
1955	959
1960	1,224
1965	2,616
1970	4,549
1972	6,315
1974	20,753
1976	23,579
1978	26,357
1980	24,880
1981	21,829
1982	18,932
1983	19,951

NOTE: Year-to-year comparability is affected by changes in the law.

tax returns with total assets of $250 million or more. While most of these forms will be filed for "Controlled" Foreign Corporations (CFC's), the 1984 study will include data on other foreign corporations in which a U.S. corporation had a relatively small amount of ownership, such as only 5 percent of the outstanding stock of the foreign corporation. A Controlled Foreign Corporation is a foreign corporation in which more than 50 percent of the total combined voting power of all classes of stock is owned (directly, indirectly, or constructively) by U.S. shareholders.

Previous studies included only data for CFC's that reported information on Form 2952, Information Return With Respect to a Controlled Foreign Corporation, attached to U.S. corporation returns. With the replacement of Form 2952 with Form 5471, the content of the 1984 study is being expanded to include detail for complete income statements and balance sheets for all foreign corporations, a summary of Subpart F income for Controlled Foreign Corporations, and undistributed income and taxable dividends paid by Foreign Personal Holding Companies [9,10]. The data from similar studies have traditionally been used by the Office of the Secretary of the Treasury to determine the location of investments and sources of income abroad through investment in foreign corporations and to estimate the impact of various U.S. tax proposals regarding the deferral of tax on earnings and profits from investments abroad by U.S. corporations.

The most current available statistics are for Tax Year 1982 and are limited to foreign corporations controlled by U.S. corporations with $250 million or more in total assets [11]. These data are summarized in Figure D, which shows that CFC's were predominantly engaged in manufacturing, trade, financial, and service activities. Manufacturing CFC's led all other industries in both numbers and assets; however, their relative importance has declined because of the more rapid growth of financial corporations in recent years.

Figure E shows the geographic locale of incorporation of Controlled Foreign Corporations. It should be pointed out that some corporations are incorporated in one country while conducting business in one or more other countries; however, the statistics indicate that over 90 percent of them conduct their business in the same country in which they were organized. The countries shown in Figure E represent the most prevalent countries where domestic corporations establish foreign operations via incorporation. The United Kingdom and Canada are the favorite locations of American companies in terms of CFC incorporations. Collectively, these companies accounted for more than one-fourth of the total number and nearly one-third of the total assets of all CFC's in the 1982 study.

Figure F presents selected historical information on the entire population of foreign corporations controlled by U.S. corporations. While the number of CFC's nearly tripled between 1962 and 1980, their activity as measured by assets, and by receipts and earnings in current dollars, increased at an even faster rate.

Future Foreign Corporation Information Returns studies will be conducted for even tax years. The studies for Tax Years 1984, 1988, and 1990 will be limited to those foreign corporations for which information is included in "giant" U.S. corporation returns (i.e., returns of U.S. corporations with total assets of $250 million or more). For Tax Years 1986 and 1992, foreign corporation data will be included from all returns ("non-giants" as well as "giants") in the SOI corporate sample. As shown in the sample and population estimates in Table 1, the 1984 study will encompass 1,100 U.S. parent corporation returns with 32,000 foreign corporations.

Domestic International Sales Corporations

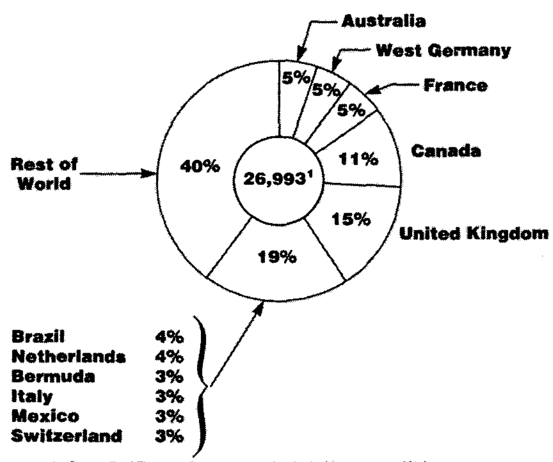
The Domestic International Sales Corporation (DISC) was a special type of corporation established by the Revenue

Figure D.—Returns of U.S. Corporations with Total Assets of $250 Million or More: Number of Controlled Foreign Corporations (CFC's) and CFC Total Assets and Earnings and Profits, by CFC Industrial Division, 1982

[Money amounts are in millions of dollars]

CFC industrial division	Number of Controlled Foreign Corporations	Total assets	Current earnings and profits (less deficit) before taxes
	(1)	(2)	(3)
All industries, total	26,993	$557,209	$36,696
Agriculture, forestry and fishing	174	702	10
Mining	792	26,356	4,764
Construction	358	5,891	636
Manufacturing	7,682	215,671	18,602
Transportation and public utilities	730	20,506	529
Wholesale and retail trade	4,861	83,027	3,791
Finance, insurance and real estate	3,667	179,497	6,249
Services	2,655	21,903	2,110
Nature of business not allocable	288	187	6
Inactive	5,786	3,470	–

Figure E.
Distribution of Controlled Foreign Corporations in the World, 1982



[1]Represents Controlled Foreign Corporations included in returns of U.S. corporations with total assets of $250 million or more.
NOTE: Detail may not add to total because of rounding.

Figure F.—Growth of Controlled Foreign Corporations, 1962-1980

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

Tax year	Number of Controlled Foreign Corporations	Total assets	Business receipts	Current earnings and profits (less losses) before taxes
	(1)	(2)	(3)	(4)
1962	12,073	$46,102[1]	$49,859	$4,181
1972	29,221	167,830	172,407	16,943
1980	35,471	508,032	699,003	47,622

[1] Estimated.
NOTE: Data for all Controlled Foreign Corporations are not available for 1982.

Act of 1971. The purpose of this legislation was to provide a system of tax deferral and thereby stimulate U.S. exports. The profits of a DISC were not taxed to the DISC itself, but instead were taxed to the stockholders when distributed or deemed distributed. Stockholders of DISC's (typically other U.S. corporations) were deemed to receive annually a portion of the DISC's earnings and profits. U.S. income taxation was deferred indefinitely, for the most part, on the remainder of the DISC's earnings and profits.

The number of DISC returns, DISC taxable income, and amounts deemed distributed from 1972 to 1983 are presented in Figure G. The difference between the amount of DISC taxable income and the amount deemed distributed out of that taxable income for each year represents the amount of DISC income that could be deferred indefinitely from U.S. income taxation.

Figure H shows a comparison of DISC exports to total U.S. exports for the period 1973 through 1983 [12]. As might be expected, total exports and DISC exports have moved in the same direction over this period of time.

The DISC tax provisions were a point of contention between the United States and other signatory countries of the General Agreement on Tariffs and Trade. The Deficit Reduction Act of 1984, therefore, ended corporations operating and filing tax returns as Domestic International Sales Corporations. It closed every DISC tax year by December 31, 1984. As a result, the series of studies of DISC returns conducted by the SOI Division since 1972 culminates with DISC returns for accounting periods ending during the 6-month period, July 1984 through December 1984.

Interest Charge Domestic International Sales Corporations and Foreign Sales Corporations

While the Deficit Reduction Act of 1984 terminated the existence of Domestic International Sales Corporations after 1984, it allowed for two new tax entities, the Foreign Sales Corporation (FSC) and the Interest Charge Domestic International Sales Corporation (IC-DISC) to replace the old DISC.

The Foreign Sales Corporation study will largely consist of newly-formed foreign subsidiaries of former owners of large DISC's. An FSC is a corporation that has elected to be an FSC and is incorporated in a qualifying foreign country or U.S. possession (except Puerto Rico). FSC's receive U.S. tax benefits on a portion of their foreign trade income. The amount of this income excluded from taxation is determined

Figure G.—Number of DISC Returns, DISC Taxable Income, and Amounts Deemed Distributed, 1972-1983[1]

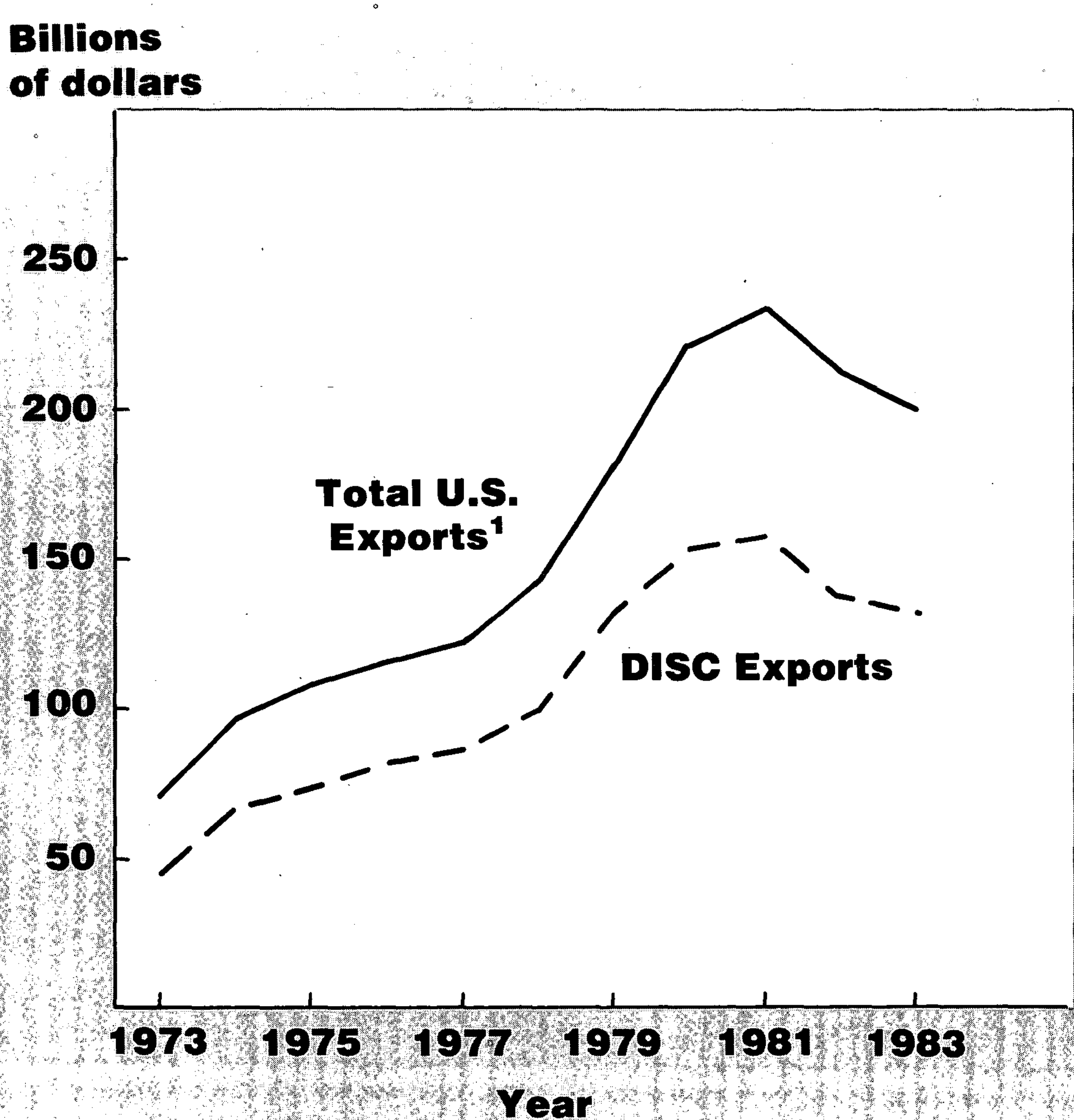
[All figures are estimates based on samples—money amounts are in millions of dollars]

Tax year	Number of returns	DISC taxable income	Amount deemed distributed [2]
	(1)	(2)	(3)
1972 [1]	2,826	$1,566	$776
1973	4,162	3,149	1,579
1974	5,498	4,783	2,416
1975	6,431	4,772	2,420
1976	6,911	5,071	3,499
1977	6,665	5,234	3,715
1978	7,208	6,427	4,360
1979	7,933	8,461	5,397
1980	8,665	9,875	6,270
1981	9,408	10,952	7,187
1982	9,663	10,156	7,080
1983	9,898	10,082	7,692

[1] Tax year refers to accounting periods ended between July of one year and June of the following year. However, for 1972, the effective date of the legislation was January 1, 1972; therefore, they include only part-year accounting periods for some corporations.
[2] Estimates include small amounts ofdistributions considered received by stockholders from prior years' DISC taxableincome.
NOTE: DISC means Domestic International Sales Corporation.

Figure H.

DISC Exports vs Total U.S. Exports, 1973-1983



[1] Source: U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT990, monthly.

NOTE: DISC means Domestic International Sales Corporation.

by the type of pricing method used and the percentage of corporate ownership. The study will show FSC income, deductions, foreign trade income, tax and balance sheet items. These data will be classified by industry, country of incorporation, size of total assets, type of pricing rules, and other classifiers.

The Form 1120-IC-DISC is an information return filed by a domestic corporation that has elected IC-DISC status and meets certain other requirements. Two of the requirements are that a minimum of 95 percent of its gross receipts be "qualified export receipts" and that at least 95 percent of its assets be "qualified export assets." Corporations electing IC-DISC status and meeting all IC-DISC requirements are generally not subject to U.S. income tax. However, shareholders of an IC-DISC are taxed on a portion of the IC-DISC's income when it is deemed to be or actually is distributed and they are assessed an interest charge on the tax-deferred income. Corporations electing IC-DISC status are generally small exporters, as the tax law requires that all income from export receipts in excess of $10 million be fully taxable to the IC-DISC shareholder(s).

In addition to basic corporate data, additional data unique to the Form 1120-IC-DISC will also be compiled. Such data will include the amount and nature of export gross receipts and the amount of tax-deferred IC-DISC income. These data will be classified by industry of the IC-DISC, product or service of the IC-DISC, size of corporate shareholder assets, type of pricing rules, and other classifiers.

The IC-DISC and FSC statistics are new for 1985 and will be compiled annually. The FSC population is currently estimated at 4,000 with a sample of 1,700. The corresponding population and sample estimates for IC-DISC's are 2,500 and 600, respectively. (See Table 1.) The FSC and IC-DISC samples are included in the complete sample of returns for each corporate program.

U.S. Possessiona Corporations

A U.S. possessions corporation is a domestic corporation that elects to be treated as a possessions corporation by filing a Form 5712, Election to be Treated as a Possession Corporation. In general, this type of corporation is usually a subsidiary of another U.S. corporation. To qualify, the possessions corporation must derive 80 percent or more of its gross income from sources within a U.S. possession and 65 percent or more of its gross income from the active conduct of a trade or business within a U.S. possession. Corporations which meet these requirements for a period of 3 years (the current- and 2-preceding years) are allowed a credit against their U.S. tax liability for that portion of the U.S. tax liability attributable to income derived from U.S. possessions.

All of the information reported on Form 5735, Computation of Possessions Corporation Tax Credit, and selected information reported on Schedule P (Form 5735), Allocation of Income and Expenses Under Section 936(h)(5), is captured for this study. This information includes gross income from the current- and 2-preceding taxable years, applicable deductions and loss adjustments for the current year, and the computation of the possessions tax credit. Also included are data items relating to the allocation of income and expenses from intangible property between possessions corporations and their U.S. affiliates. Selected Form 1120, U.S. Corporation Income Tax Return, and Form 940, Employer's Annual Federal Unemployment Tax Return, data are also included in this study. Form 940 data provide employment and payroll information related to U.S. possessions corporations. The possessions study is based on all returns with elections for treatment as possessions corporations. This study is conducted on a biennial basis for odd-numbered tax years. For 1985, nearly 700 returns are expected to be filed for U.S. possessions corporations.

The most recent data obtained by the Statistics of Income Division are for Tax Year 1982 and are summarized in Figure I. There were 544 returns for 1982 which claimed over $2 billion of U.S. possessions tax credit (compared to 384 returns for 1976, the first year of the credit, with $700 million of credit). The 15 return difference in Figure I represents those corporations that claimed the credit but did not file the supporting information on Forms 5735. Puerto Rico has been the primary beneficiary of the possessions corporation system of taxation. More than 98 percent of U.S. possessions corporations conducted business in Puerto Rico, which is considered to be a U.S. possession for purposes of the credit.

International Boycott Participation

The Tax Reform Act of 1976 instituted provisions of the Internal Revenue Code denying certain benefits to taxpayers who participate in, or cooperate with, an international

Figure I.—Selected Financial Data for Returns with a U.S. Possessions Corporation Tax Credit, 1982

[Money amounts are in millions of dollars]

Item	All returns with a credit	Possessions corporations with Form 5735 attached	
		Total	With operations in Puerto Rico
	(1)	(2)	(3)
Number of returns	544	529	522
Total assets	$18,790	$18,014	$17,997
Retained earnings	13,666	12,995	12,986
Total receipts	14,067	13,478	13,458
Business receipts	13,045	12,504	12,486
Net income (less deficit)	4,610	4,387	4,384
Total income tax	2,092	1,990	1,988
Possessions tax credit	2,056	1,954	1,953
Income tax after credits	35	35	35

NOTE: Form 5735 is entitled "Computation of Possessions Corporation Tax Credit Allowed Under Section 936."

boycott unsanctioned by the United States. U.S. taxpayers are required to report operations (direct and indirect) in or related to a boycotting country, or that are conducted with a government, a company, or a national of a country, that requests participation in, or cooperation with, an unsanctioned boycott. The term "operations" encompasses all forms of business and commercial transactions.

The affected tax benefits include the foreign tax credit, deferral of taxation of foreign subsidiaries, and deferral of taxation on earnings of a Domestic International Sales Corporation (DISC), each of which can be denied under the 1976 Act. The Deficit Reduction Act of 1984 provided that certain tax benefits to be afforded to Interest Charge Domestic International Sales Corporations and Foreign Sales Corporations (previously mentioned as DISC replacements beginning with 1985), also be subject to the international boycott provisions. Therefore, the tax deferral benefit of a DISC is replaced by the deferral of taxation on certain income of an IC-DISC, beginning with 1985. The income of a FSC that can be exempt from taxation is also added (beginning with 1985) to the tax benefits affected by the international boycott provisions. (The foreign tax credit that can be claimed by a FSC is also subject to these provisions.)

Data from those boycott reports indicating a reduction of tax benefits due to boycott participation are produced annually, showing the number of reports and amount of reduced benefits. Additional information based on all boycott reports, with and without tax benefit reductions, is compiled on a 4-year cycle, with the Tax Year 1982 study being the most recently completed "full-scale" study. Tabulated data from the full-scale studies include information on the "person" that filed the boycott report, countries requesting the boycotts, countries in which boycotts are directed, the number and type of requests and agreements to participate in or cooperate with boycotts, and the computations of the reductions in tax benefits.

As shown in Figure J, a loss of tax benefits is reported on only a small portion of the total boycott reports filed. For 1982 and 1983, fewer than 100 reports out of 2,800 received each year included data on the loss of tax benefits resulting from agreements to boycott requests. (U.S. taxpayers do not agree to participate in, or cooperate with, all boycott requests made of them.)

Individual Foreign Tax Credit

The United States imposes its income tax on the worldwide income of individual citizens and residents without regard to the geographic source of that income. U.S. individual taxpayers, who also pay or accrue foreign taxes on their foreign source income, are eligible to use those taxes to claim a tax credit (or an itemized deduction) on their U.S. income tax returns. As in the case of corporations, the credit is generally more advantageous to the individual than a deduction because it results in a dollar-for-dollar reduction of U.S. tax liability. The credit is claimed on Form 1116, Computation of Foreign Tax Credit—Individual, attached to Form 1040, U.S. Individual Income Tax Return.

Figure J.—Number of Boycott Reports, Requests, Agreements, and Tax Effects of International Boycott Participation, 1982 and 1983

[Money amounts are in thousands of dollars]

Item	1982	1983
ALL PERSONS		
Number of boycott reports	2,822	2,789
Number of requests received	16,824	n.a.
Number of agreements	5,809	n.a.
Number of returns indicating a negative tax effect	87	76
Reduction in foreign taxes eligible for a foreign tax credit [1]	$2,001	$1,928
Reduction of foreign tax credit [2]	1,343	1,301
Subpart F boycott income	4,073	6,047
DISC boycott income	1,093	1,030
CORPORATIONS (INCLUDING DISC'S)		
Number of boycott reports	2,583	2,550
Number of requests received	15,072	n.a.
Number of agreements	5,189	n.a.
Number of returns indicating a negative tax effect	87	76
Reduction in foreign taxes eligible for a foreign tax credit [1]	$2,001	$1,928
Reduction of foreign tax credit [2]	1,343	1,301
Subpart F boycott income	4,073	6,047
DISC boycott income	1,093	1,030
NUMBER OF BOYCOTT REPORTS FOR OTHER TYPES OF PERSONS		
Individuals	118	126
Partnerships	95	93
Trusts and others	26	19

n.a. - not available

[1] Represents the reduction in foreign taxes eligible for a foreign tax credit computed under the "specifically attributable taxes and income" method.

[2] Represents the reduction in foreign tax credit computed using the "international boycott factor" method.

NOTE: DISC means Domestic International SalesCorporation.

Figure K compares the number of returns and amount of foreign tax credit claimed for each year of the 13 years, 1972-1984. It also indicates that for the few years just prior to enactment of the Economic Recovery Tax Act of 1981 (ERTA), the vast majority of the credit was claimed by individuals in the upper income classes (adjusted gross income, AGI, of $50,000 or more). However, ERTA lowered the maximum marginal tax rate from 70 percent to 50 percent and reduced the other marginal tax rates across-the-board by approximately 23 percent over a 3-year period (1982-1984). See the "Individual Income Earned Abroad" section of this article for an additional tax law change that resulted from ERTA. A consequence of the various provisions of ERTA was a decrease in the total amount of foreign tax credit claimed, in particular a sharp decrease in the amount claimed on those returns in the higher marginal tax brackets associated with an AGI of $50,000 or more.

The last detailed statistics on the foreign tax credit claimed by individuals, for Tax Year 1979, indicate that ten

Figure K.—Foreign Tax Credit Claimed on Individual Income Tax Returns, 1972-1984

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

Tax year	All returns: Number	All returns: Foreign tax credit	Returns with Adjusted Gross Income of $50,000 or more: Number	Returns with Adjusted Gross Income of $50,000 or more: Foreign tax credit	Returns with Adjusted Gross Income of $50,000 or more: Percent of total credit
	(1)	(2)	(3)	(4)	(5)
1972	202,440	$221,387	48,875	$137,312	62.0%
1973	223,127	255,286	48,861	135,265	53.0
1974	233,191	291,730	57,698	153,816	52.7
1975	231,078	345,928	60,043	168,926	48.8
1976	255,749	427,627	70,728	253,368	59.2
1977	240,874	451,033	70,529	248,766	55.2
1978	278,267	901,030	95,257	585,801	65.0
1979	287,508	842,176	107,778	627,128	74.5
1980	393,074	1,341,675	153,227	996,957	74.3
1981	387,680	1,233,564	169,887	1,019,780	82.7
1982	361,413	757,326	147,725	574,299	75.8
1983	373,360	617,749	147,453	488,432	79.1
1984	434,419	738,014	156,905	626,364	84.9

NOTE: Year-to-year comparability is affected by changes in the law.

countries accounted for $823 million of the total $842 million of foreign tax credit claimed by individuals. The next detailed statistics are currently being compiled for Tax Year 1983. They will contain data for each type of foreign source income by the country to which foreign taxes were paid or accrued. The study is conducted once every 4 years.

Individual Income Earned Abroad

As previously stated, U.S. citizens are generally taxed on their worldwide income regardless of the geographic source of that income; however, qualifying citizens with earned income (i.e., salaries, wages, commissions, and fees) for personal services performed in a foreign country were accorded certain tax advantages.

The Economic Recovery Tax Act of 1981 simplified the foreign earned income provisions. For Tax Year 1982, qualifying taxpayers were allowed to exclude up to $75,000 in foreign earned income from their adjusted gross income. The maximum annual exclusion then increased by $5,000 per year until Tax Year 1986, when the maximum exclusion is $95,000. There is also an exclusion for "excess foreign housing costs." These exclusions are reported on Form 2555, Foreign Earned Income, attached to the Form 1040, U.S. Individual Income Tax Return.

The most recent study for which data are available is for Tax Year 1979. For this tax year, U.S. citizens with foreign earned income were allowed a deduction for excess foreign living expenses and an exclusion of income earned abroad while living in a hardship camp. (As previously explained, these tax benefits were replaced by the 1981 Act with a foreign earned income exclusion.) Figure L shows the number of Forms 2555 filed and total income earned abroad. This study is conducted on the same 4-year cycle as that for the Form 1116 (individual foreign tax credit) study. Statistics for Tax Year 1983 are currently being compiled.

Excluded Income from U.S. Possessions

A U.S. citizen who works as an employee or operates a business in certain U.S. possessions may qualify for an exclusion from gross income, as calculated for U.S. income tax purposes. The exclusion is for that income received from sources outside of the United States. When the exclusion is elected, that individual loses certain other tax benefits, such as the loss of dependent exemptions, a limitation on individual income tax deductions and denial of the foreign tax credit. For this reason, the income exclusion is not always advantageous to qualifying individuals. A study of this income exclusion was last done for 1983. Another study is planned for 1987 and every 4 years thereafter. The statistics will show worldwide and excluded income from U.S. possessions as shown on Forms 4563, Exclusion of Income from Sources in U.S. Possessions, and selected data from related Forms 1040, U.S. Individual Income Tax Returns and from the attached Forms W-2, Wage and Tax Statements.

For Tax Year 1983, there were 134 U.S. citizens who elected to exclude $3.3 million from their gross income for U.S. tax purposes. This excluded income was received from sources outside of the United States, with over 99 percent of it being derived from U.S. possessions. The individuals who qualified for the income exclusion either

Figure L.—Adjusted Gross Income, Tax, and Income Earned Abroad, by Size of Adjusted Gross Income, 1979

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

Size of adjusted gross income	Number of Forms 2555	Adjusted gross income (less deficit)	Total U.S. income tax	Total income earned abroad
	(1)	(2)	(3)	(4)
All returns, total	119,430	$3,859,092	$516,996	$4,527,210
No adjusted gross income	6,009	−17,869	-	81,372
$1 under $5,000	14,434	34,417	149	155,446
$5,000 under $10,000	13,975	106,678	3,614	196,925
$10,000 under $20,000	21,050	307,464	21,700	437,140
$20,000 under $30,000	16,661	413,114	41,734	526,701
$30,000 under $50,000	23,317	906,967	120,099	1,033,059
$50,000 under $100,000	18,371	1,248,003	173,072	1,338,827
$100,000 under $200,000	4,941	641,019	106,248	609,159
$200,000 under $500,000	623	164,783	35,002	128,082
$500,000 or more	48	44,514	15,375	20,499
Taxable returns, total	80,721	3,364,590	516,996	3,651,818
Under $10,000	9,559	71,347	3,763	132,382
$10,000 under $20,000	14,820	220,465	21,700	305,675
$20,000 or more	56,342	3,072,779	491,533	3,213,762
Nontaxable returns, total	38,709	494,501	-	875,392
Under $10,000	24,859	61,879	-	301,361
$10,000 under $20,000	6,230	87,000	-	131,464
$20,000 or more	7,620	345,622	-	442,565

NOTES: Form 2555 is entitled "Deduction from, or Exclusion of, Income Earned Abroad." Total income earned abroad is before the deduction for excess foreign living expenses and the exclusion of income earned abroad while living in a hardship area camp. Adjusted gross income (less deficit) is after the deduction, exclusion, and other adjustments to income. Detail may not add to total because of rounding.

worked as employees or operated businesses in these possessions. Johnston Island was the principal location of economic activity for individuals electing the exclusion, accounting for 103 of the individuals and $2.4 million of the excluded income.

Foreign Trusts

Foreign trusts which have U.S. "persons" as grantors, transferors, or beneficiaries are subject to U.S. tax laws. For purposes of this study, U.S. persons include citizens and residents of the United States, domestic corporations and partnerships, and estates and trusts. Information filed with the Internal Revenue Service on Forms 3520, Creation of, or Transfers to, Certain Foreign Trusts, and Forms 3520A, Annual Return of Foreign Trusts with U.S. Beneficiaries, is used for the statistics. This study, which is based on returns sampled at a 100-percent rate, was last conducted for 1982 and will be conducted on a 4-year cycle, i.e., again for Tax Years 1986 and 1990. There are between 350 and 400 Forms 3520 and an equal number of Forms 3520A in the population. Tabulations provide data showing the type of trust, type of person filing the return, country of residence of person filing, and country where trust was created. Also shown are the number and value of transfers, assets, income, and year when the trust was created.

As shown in Figure M, transfers by U.S. persons of $11.3 million in money and property were made to trusts located in foreign countries during 1982. There were 342 trusts reporting transfer activity. Most trusts were located in Canada (283) and were Registered Retirement Savings Plans (244). These Canadian retirement accounts were treated for Canadian income tax purposes in a manner similar to the Individual Retirement Arrangements used by U.S. taxpayers to defer taxation on current income set aside for retirement purposes.

INVESTMENT AND ACTIVITY IN THE UNITED STATES BY FOREIGN PERSONS

This broad area includes studies on foreign corporations with income derived from U.S. sources, domestic corporations with 50 percent or more ownership by a foreign entity, and nonresident alien income and tax withheld. Taken together, these studies show increases in the level of investment and activity in the United States. Two other studies are on nonresident alien estates and sales of U.S. real property interests by foreign persons.

Foreign Corporations with Income Derived From U.S. Sources

A foreign corporation is generally any corporation which is not "created or organized" in the United States or under the laws of the United States or any State. Foreign corporations that have income considered "effectively connected" with a U.S. trade or business or that receive income from U.S. investments must file U.S. income tax returns (i.e., Forms 1120F). SOI studies, which are done annually, cover only those returns which show income and deduction items "effectively connected" with U.S. trade or business activities. Some of these same returns, however, also contain amounts of investment income from U.S. sources. Foreign corporations are taxed on their "effectively connected" income in the same general manner as domestic corporations [13]. However, their U.S. investment income is generally taxed at a 30-percent rate unless a lower tax rate had been set by a tax treaty between the United States and the country in which the foreign corporation was incorporated.

Figure N presents selected data from Form 1120F returns filed for Tax Year 1983 compared to 1972 and 1977. Foreign corporations with "effectively connected" income from U.S. sources increased during the period. These corporations were primarily engaged in banking and real estate activities.

U.S. Corporations with 50 Percent or More Ownership by a Foreign Entity

In addition to foreign corporations with income from sources in the United States described above, there are

Figure M.—Number of Trusts, With Total and Average Transfer Value, by Country Where Trust Was Created, 1980–1982

[Money amounts are in thousands of dollars]

Country where trust was created	1980			1981			1982		
	Number of trusts	Total transfer value	Average transfer value per trust	Number of trusts	Total transfer value	Average transfer value per trust	Number of trusts	Total transfer value	Average transfer value per trust
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	331	$15,946	$48	357	$6,731	$19	342	$11,321	$33
Canada	260	5,955	23	315	1,715	5	283	1,253	4
Cayman Islands	27	5,152	191	16	2,860	179	8	1,513	189
Bermuda	14	2,407	172	4	76	19	8	639	80
United Kingdom	(1)	(1)	(1)	-	-	-	9	65	7
The Bahamas	(1)	(1)	(1)	-	-	-	11	5,247	477
Channel Islands	16	74	5	11	963	88	6	421	70
Other countries	14	2,358	168	11	1,117	102	17	2,183	128

[1] Data were combined with "Other countries" to avoid disclosure of information about specific trusts.

Figure N.—Active Foreign Corporations with U.S. Business Operations, 1972-1983

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

Item	1972	1977	1983
	(1)	(2)	(3)
Number of active foreign corporations with U.S. business operations, total	796	3,093	8,001
Total receipts	$3,567	$10,398	$20,794
Business receipts	2,490	7,157	5,477
Interest	886	2,454	13,567
Dividends received from domestic corporations	85	53	65
Total deductions	3,379	10,572	21,882
Cost of sales and operations	1,687	4,476	3,723
Taxes paid	57	219	272
Interest paid	584	2,501	13,460
Depreciation	37	257	449
Net income (less deficit)	161	−188	−1,118
Total income tax	77	124	469
Foreign tax credit	4	9	25

NOTE: Data exclude returns of foreign corporations whose only income was derived from U.S. investments (subject to U.S. withholding tax).

domestic corporations whose voting stock is 50 percent or more directly or indirectly owned by at least one foreign entity, such as a corporation. These foreign-owned domestic corporations could result from stock acquisitions by foreign entities, be newly-formed subsidiary corporations, or result from joint ventures between two or more corporations, at least one of which is a foreign corporation (to mention a few of the possibilities). These corporations are taxed by the United States in a manner similar to that of other domestic corporations [14].

Data for these corporations are compiled annually, generally by the industry of the domestic corporation and by the country of the foreign owner. The data include income statements, balance sheets, tax items, and distributions to stockholders.

Figure O shows for two years the number of domestic corporations that indicated they were 50 percent or more owned by a foreign entity, together with selected financial data for them. From 1972 to 1983, the number of these corporations rose from 6,198 to 33,622. Their assets similarly rose from $46.9 billion to $530.3 billion, and the receipts they generated increased from $50.8 billion to $389.9 billion. For 1983, these corporations accounted for 5.2 percent and 5.5 percent of total assets and receipts, respectively, for all corporation income tax returns.

Nonresident Alien Income and Tax Withheld

In general, U.S. individuals or organizations paying income to nonresident aliens are subject to a U.S. withholding tax. A nonresident alien is an individual who is neither a U.S. citizen nor a resident of the United States. However, the term also includes corporations, estates, and trusts that are created outside of the United States. The tax liability is withheld by the U.S. payor or by its representative, usually

Figure O.—Domestic Corporations Indicating 50 Percent or More Ownership by a Foreign Entity, 1972 and 1983

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

Item	1972	1983
Number of returns	6,198	33,622
Total assets	$46,868	$530,334
Total receipts	50,814	389,909
Business receipts	48,932	359,793
Interest received	752	17,590
Total deductions	49,496	387,981
Cost of sales and operations	37,613	271,373
Interest paid	1,071	22,255
Net income (less deficit)	1,295	1,849
Total income tax before credits	741	4,849
Foreign tax credit	28	671
Total income tax after credits	658	3,419
Distributions to stockholders except in own stock	568	4,327

a financial institution. Forms 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code, are filed each year by domestic tax withholding agents. The Form 1042S provides information on the gross income paid to nonresident aliens and the tax withheld at the source on such income. The form also provides information on the type of income paid (e.g., dividend, interest, royalty, or personal services), applicable withholding rate, type of recipient (e.g., individual, corporation, or a nominee), and the recipient's country of legal residence.

U.S. payers are generally subject to a 30-percent withholding tax on dividends, interest, and certain other income paid to nonresident aliens. However, the withholding tax rate may be reduced (even to zero) if the country of the nonresident alien has an Income Tax Convention (tax treaty) with the United States [15].

Each annual study includes all Form 1042S returns filed with the Internal Revenue Service. Most payments go to individuals, although the size of the payments are substantially less than those made to corporations. As one might expect, dividends and interest represent the majority of income paid. Figure P shows gross income paid and tax withheld classified by country of recipient, for 1984. Starting with Tax Year 1985, Social Security Administration (SSA) and Railroad Retirement Board (RRB) payments made to nonresident aliens will be included in the statistics. The estimated number of additional Forms 1042S to be filed by SSA and RRB for 1985 was 240,000.

Nonresident Alien Estates

Forms 706NA, U.S. Nonresident Alien Estate Tax Returns, are filed for U.S. estates of decedents who at the time of death were neither residents nor citizens of the United States and for decedents who acquired U.S. citizenship solely in connection with a U.S. possession. The U.S. estates were valued above a certain limit, generally $60,000, in order to be taxable. Statistics were recently

Figure P.—Number of Forms 1042S, Tax Withheld, and Income Paid to Nonresident Aliens, by Selected Country of Recipient, 1984

[Money amounts are in thousands of dollars]

Selected country	Number of Forms 1042S	Tax withheld	Income paid			
			Total	Interest	Dividends	Rents and royalties
	(1)	(2)	(3)	(4)	(5)	(6)
All countries, total	780,708	$969,553	$17,106,632	$10,035,675	$5,617,707	$899,426
United Kingdom	136,555	178,172	3,091,489	1,560,455	1,308,979	144,309
Netherlands Antilles	3,257	18,844	2,812,549	2,619,895	115,981	62,090
Netherlands	9,919	66,137	1,918,889	995,643	865,187	39,645
Canada	310,976	124,055	1,814,713	842,381	715,657	130,400
Switzerland	23,904	141,565	1,450,913	463,715	909,130	55,332
Japan	12,264	130,418	1,393,545	886,476	280,717	165,819
Germany	46,638	42,398	963,166	539,477	287,934	88,437
Belgium	12,264	16,896	826,995	746,165	53,115	14,242
France	18,565	60,396	819,180	251,052	430,028	116,488
Saudi Arabia	3,370	1,532	351,990	327,576	15,969	145

NOTE: Form 1042S is entitled "Income Subject to Withholding Under Chapter 3, Internal Revenue Code."

compiled for the 169 nonresident alien estate tax returns with 1982 year of death. These estates had $148 million of worldwide assets, of which 32 percent or $47 million were assets located in the United States. Nonresident aliens from 36 countries left estates with large amounts of U.S. property. The net U.S. estate tax payable on the U.S. property was nearly $4 million, or 8 percent of the value of the property.

The estimated population for the next study (for estates of 1986 decedents) is 225 returns. Tables will show data classified by country of residence at time of death and by size of the gross estate both in and outside the United States.

Sales of U.S. Real Property Interests by Foreign Persons

This new study will be conducted beginning with sales of U.S. real property interests in 1985 and will be continued annually thereafter. In general, a 10-percent withholding tax is imposed on the buyer or other transferee when a U.S. real property interest is acquired from a foreign person. This withholding is required under the Foreign Investment in Real Property Tax Act (FIRPTA). The Form 8288 is used to report and transmit the total amount withheld, while the Form 8288A is used to show the gain realized and tax withheld attributable to each foreign transferor of U.S. real property.

Each annual study is based on the population of Forms 8288 and 8288A filed. The estimated population for Form 8288 in 1985 is 3,050 and the estimated population for Form 8288A is 9,150. Data will be produced showing the total amount realized, total tax withheld, and the number of Forms 8288A filed, by the transferor's country of residence (and the tax treaty status of the country).

INTERNATIONAL STUDIES PRODUCTS

The Statistics of Income Division regularly produces articles for the quarterly *Statistics of Income Bulletin* that present statistics on topics in the international area. In the last year, articles have appeared on Nonresident Alien Income and Tax Withheld, 1983; Corporate Foreign Tax Credit by Industry, 1982; and Controlled Foreign Corporations by Industry, 1982. Previously, articles also appeared on International Boycotts, 1976–1982; and Domestic International Sales Corporations, 1980. In the current issue, articles appear on Nonresident Alien Income and Tax Withheld, 1984; and Foreign Tax Credit by Country, 1982. Articles are now planned on Controlled Foreign Corporations by Country, 1982; U.S. Possessions Corporations, 1983; and Individual Foreign Income and Tax, 1983.

The first "compendium" on international studies was published by the Statistics of Income Division in September 1985. This compendium contains in one volume results from all of the recent studies conducted on international income and taxes. The majority of data presented are for Tax Years 1979 through 1983. The material selected for the compendium is comprised chiefly of articles and tables previously published in the *Statistics of Income Bulletin* and facsimiles of tax forms and instructions. Also included are research papers and previously unpublished articles and tables. This material is intended as a reference source for statisticians, economists and other researchers with interests and responsibilities in the international area; however, the articles are designed so that readers unfamiliar with these studies can also gain an understanding of them.

The international compendium represents only a sampling of the statistical information that might be of value to practitioners and researchers. Although public use microdata files are not now available, research efforts are underway to investigate whether they can be released in the future. This research will determine whether the microdata can be included in the files in such a way that the identity of individual taxpayers is protected. Unpublished or special tabulations from SOI studies, edited to protect taxpayer's confidentiality, are also available on a cost-reimbursable basis. Requests for these tabulations should be addressed to the Director, Statistics of Income Division, D:R:S, Internal

Revenue Service, 1111 Constitution Ave., NW, Washington, DC 20224.

INTERNATIONAL INCOME AND TAXATION STATISTICAL SERVICE

The Statistics of Income Division has introduced a new statistical service relating to international income and taxes. This service was introduced in response to numerous requests for more detailed and previously unpublished information on our international studies.

Subscribers to this service will receive a copy of the report, *Compendium of Studies of International Income and Taxes, 1979–1983* (Publication 1267), described above, and updated data (as it becomes available) on the studies mentioned in this article.

The price of the service is $45.00 for the first year. The one-year period for receiving additional information can be extended at a cost of $35.00 for each additional year. A long-term subscription ($150.00) includes Publication 1267 and additional information as it becomes available through August 1990. The next compendium is scheduled for release in September 1990.

FOOTNOTES

[1] These two areas are meant to be very broad in nature. Specific descriptions of each study are provided later in this article.

[2] The term "persons" includes individuals, corporations, trusts, estates, partnerships, ships, and associations.

[3] The Congressionally-mandated reports are U.S. Possessions Corporations; International Boycott Participation Reports; Individual Foreign Tax Credit and Individual Income Earned Abroad (combined for one report); and Foreign Sales Corporations and Interest Charge Domestic International Sales Corporations (which will be combined for a report that will replace the existing reports on Domestic International Sales Corporations). These reports are prepared by the Office of Tax Analysis and issued by the Office of the Secretary of the Treasury.

[4] U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, November 1984, Vol. 64, No. 11, pp. 24–27.

[5] U.S. corporations may deduct foreign taxes rather than claim a credit for them. However, corporations almost always benefit more by crediting the foreign taxes.

[6] An extensive description of total taxable income is available under the heading "Income Subject to Tax," in *Statistics of Income—1982, Corporation Income Tax Returns*, pp. 76–77.

[7] Returns of giant corporations are selected at a rate of 100 percent for the corporate studies. These corporations account for the largest part of the totals included in the foreign tax credit studies. For instance, for 1982, giant corporations accounted for 96 percent of both foreign-source taxable income and foreign tax credit claimed by all corporations which had a foreign tax credit.

[8] Beginning with accounting periods starting in 1985, Forms 5471 will include the new Foreign Sales Corporations. See the separate discussion on these corporations in this article.

[9] Under Subpart F provisions of the Internal Revenue Service Code (section 952), the United States taxes U.S. shareholders of Controlled Foreign Corporations on certain types of income that, although undistributed to them, were deemed to have been distributed (and were thereby taxable, generally at the same rate(s) as dividends).

[10] A Foreign Personal Holding Company generally derives at least 60 percent of its gross income from interest, dividends, rents, royalties, annuities, gains from stock and commodity transactions, and personal service contracts. In addition, over 50 percent of its outstanding stock is directly or indirectly owned by five or less U.S. citizens or residents.

[11] Foreign corporations controlled by U.S. corporations with $250 million or more in total assets generally account for the largest part of the CFC statistics. For instance, for 1980, CFC's owned by these "giant" U.S. corporations accounted for the major portion of total assets (94 percent) and business receipts (93 percent) of CFC's owned by all U.S. corporations.

[12] The total U.S. export statistics come from the U.S. Department of Commerce, Bureau of the Census, *Highlights of U.S. Export and Import Trade*, FT 990, monthly.

[13] Foreign corporations with income derived from U.S. sources are included in the sample used for the SOI corporate program.

[14] Domestic corporations with 50 percent or more ownership by a foreign entity are included in the sample used for the SOI corporate program.

[15] If income paid to nonresident aliens is considered "effectively connected" with the conduct of a trade or business within the United States, then the tax rate applicable to the income is substantially the same as that for U.S. residents.

Table 1.—International Statistical Programs: Measures of Population and Sample

Study	Tax Year								
	1984	1985	1986	1987	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Corporation Foreign Tax Credit:									
Form 1120 Population	4,900	4,950	5,000	5,050	5,100	5,150	5,200	5,250	5,300
Form 1120 Sample	2,400	N/A	2,400	N/A	2,200	N/A	2,200	N/A	2,400
Foreign Corporation Information Returns:									
Population:									
Form 1120	5,100	5,175	5,250	5,325	5,400	5,475	5,550	5,575	5,650
Form 5471	45,000	46,000	47,000	48,000	48,000	49,000	49,000	50,000	50,000
Sample:									
Form 1120	1,100	N/A	4,000	N/A	1,000	N/A	1,000	N/A	4,050
Form 5471	32,000	N/A	40,000	N/A	30,500	N/A	30,500	N/A	41,000
Domestic International Sales Corporations, Form 1120-DISC:									
Population	10,900[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sample	2,200[1]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Charge Domestic International Sales Corporations, Form 1120-IC-DISC:									
Population	1,750[2]	2,500	2,560	2,620	2,680	2,740	2,800	2,860	2,920
Sample	1,750[2]	600	615	625	640	650	665	680	690
Foreign Sales Corporations, Form 1120-FSC:									
Population	2,850[2]	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700
Sample	2,850[2]	1,700	1,725	1,750	1,775	1,800	1,825	1,850	1,875
U.S. Possessions Tax Credit, Form 5735:									
Population	700	700	720	720	720	740	740	740	760
Sample	N/A	700	N/A	720	N/A	740	N/A	740	N/A
Employer's Annual Federal Unemployment Tax Return for Possessions Corporations, Form 940:									
Population	700	700	720	720	720	740	740	740	760
Sample	N/A	700	N/A	720	N/A	740	N/A	740	N/A
International Boycott Participation Report, Form 5713:									
Population	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Sample	3,000[3]	3,000[3]	3,000	3,000[3]	3,000[3]	3,000[3]	3,000	3,000[3]	3,000[3]
Individual Foreign Tax Credit, Form 1116:									
Population	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sample	N/A	N/A	N/A	13,000	N/A	N/A	N/A	13,000	N/A
Individual Income Earned Abroad, Form 2555:									
Population	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Sample	N/A	N/A	N/A	7,000	N/A	N/A	N/A	7,000	N/A

Footnotes at end of table.

Table 1.—International Statistical Programs: Measures of Population and Sample—Continued

Study	Tax Year								
	1984	1985	1986	1987	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Excluded Income from U.S. Possessions, Forms 1040 and 4563:									
Population	140	150	160	170	180	190	200	210	220
Sample	N/A	N/A	N/A	170	N/A	N/A	N/A	210	N/A
Creation of, or Transfers to, Certain Foreign Trusts, Forms 3520 and 3520A:									
Population [4]	370	380	390	400	410	420	430	440	450
Sample [4]	N/A	N/A	390	N/A	N/A	N/A	430	N/A	N/A
Foreign Corporations with Income Derived from U.S. Sources, Form 1120F:									
Population	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000
Sample	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000
U.S. Corporations with 50 Percent or More Ownership by a Foreign Entity, Form 1120:									
Population	40,000	44,000	48,000	52,000	56,000	60,000	64,000	68,000	72,000
Sample	3,000	3,300	3,600	3,900	4,200	4,500	4,800	5,100	5,400
Nonresident Alien Income and Tax Withheld, Form 1042S:									
Population	780,000	1,020,000	1,020,000	1,025,000	1,025,000	1,030,000	1,030,000	1,035,000	1,035,000
Sample	780,000	1,020,000	1,020,000	1,025,000	1,025,000	1,030,000	1,030,000	1,035,000	1,035,000
Nonresident Alien Estates, Form 706N/A:									
Population	200	225	225	250	250	250	275	275	275
Sample	N/A	N/A	225	N/A	N/A	N/A	275	N/A	N/A
Sales of U.S. Real Property Interests by Foreign Persons, Forms 8288 and 8288A:									
Population:									
Form 8288	N/A	3,050	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Form 8288A	N/A	9,150	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Sample:									
Form 8288	N/A	3,050	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Form 8288A	N/A	9,150	12,000	12,000	12,000	12,000	12,000	12,000	12,000

N/A - Items not applicable because there will be no study conducted for the tax year.

[1] The 1984 Form 1120-DISC study includes only returns with accounting periods ending between July and December of 1984.

[2] The 1984 Forms 1120-IC-DISC and 1120-FSC studies are "special" studies. Because of the effective date of the enacting legislation, only returns with accounting periods ending between January and June 1985 will be included.

[3] Data will be tabulated for only approximately 100 reports which show a denial of certain tax benefits. For the remaining reports for these years, only a count of reports filed will be obtained.

[4] Counts reflect population and sample estimates for *each* of Forms 3520 and 3520A.