

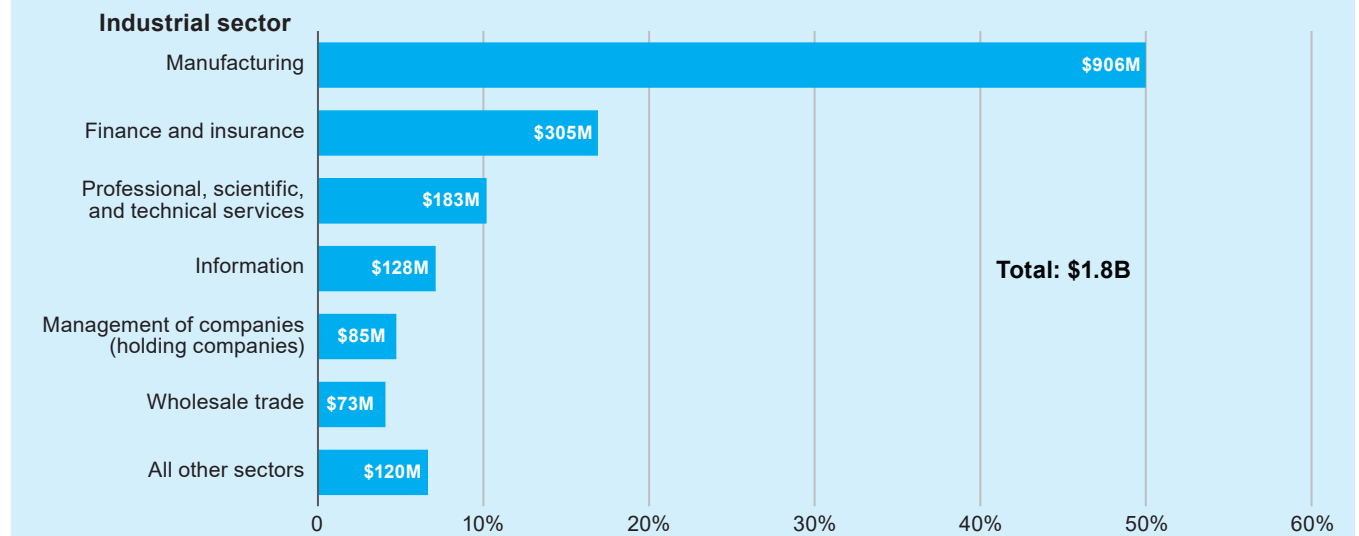
Base Erosion and Anti-Abuse Tax (BEAT), Tax Year 2018



The Base Erosion and Anti-Abuse Tax (BEAT) is generally levied on certain large corporations (with gross receipts of \$500 million or more) that have deductions with respect to amounts paid or accrued to foreign-related parties that are at least 3 percent of their total deductions (2 percent in the case of certain banks or registered securities dealers). The BEAT operates as a minimum tax, so a taxpayer is only subject to additional tax under it if the BEAT tax rate multiplied by the taxpayer’s modified taxable income exceeds the taxpayer’s regular tax liability adjusted for certain credits.

To determine if corporations (excluding Regulated Investment Companies (RICs), Real Estate Investment Trusts (REITs), and S Corporations) are subject to the BEAT, they file *Tax on Base Erosion Payments of Taxpayers with Substantial Gross Receipts* (Form 8991). The IRS Statistics of Income Division (SOI) produced a sample-based collection of aggregate statistics for those corporations filing Form 8991 that were included in the 2018 SOI sample of corporate returns with accounting periods ending between July 2018 and June 2019. These [data](#) include aggregate base erosion tax benefit, total deductions, modified taxable income, regular tax liability adjusted, total base erosion payments and tax benefits, base erosion minimum tax, and other financial data of corporations by industrial sector.

Percentage of Total Base Erosion Minimum Tax, as Reported on Form 8991, by Industrial Sector, Tax Year 2018



Highlights of the BEAT for Tax Year 2018

- Of nearly 6,000 Forms 8991 filed, 3,423 met the average annual gross receipts threshold (\$500 million or more over the past three years) for detailed reporting and these firms reported \$16.4 trillion in total deductions.
- Some 1,089 firms also met the base erosion percentage threshold (base erosion tax benefits divided by the sum of allowable deductions and base erosion tax benefits) of at least 3 percent for most firms; at least 2 percent in the case of certain banks or registered securities dealers.
- Firms that met the base erosion percentage threshold had an aggregate base erosion percentage of 10.4 percent.
- Firms that did not meet the base erosion threshold had an aggregate base erosion percentage of 0.6 percent.
- There were 479 firms that together paid a total base erosion minimum tax of \$1.8 billion, because the computed BEAT amount exceeded their regular income tax liability.
- Nearly 50 percent of the base erosion minimum tax was paid by manufacturing companies (\$906.2 million).



International Tax Statistics

Publication 5586 (11-2021) Catalog Number 737730

Department of the Treasury **Internal Revenue Service** www.irs.gov

