

Transactions of Foreign-Owned Domestic Corporations, Tax Year 2018



Form 5472, *Information Return of a 25-Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*, provides information on transactions between reporting corporations and related foreign persons. Congress, concerned that related party transactions could be manipulated to avoid U.S. taxation, added reporting requirements to corporations so that they provide the Internal Revenue Service with more information about the nature and amount of these transactions. The IRS Statistics of Income Division (SOI) produces a sample-based, biannual collection of aggregate statistics for those corporation income tax returns that have both gross receipts of \$500 million or more and a Form 5472 attached that were included in the Tax Year 2018 SOI sample of corporate returns with accounting periods ending between July 2018 and June 2019.

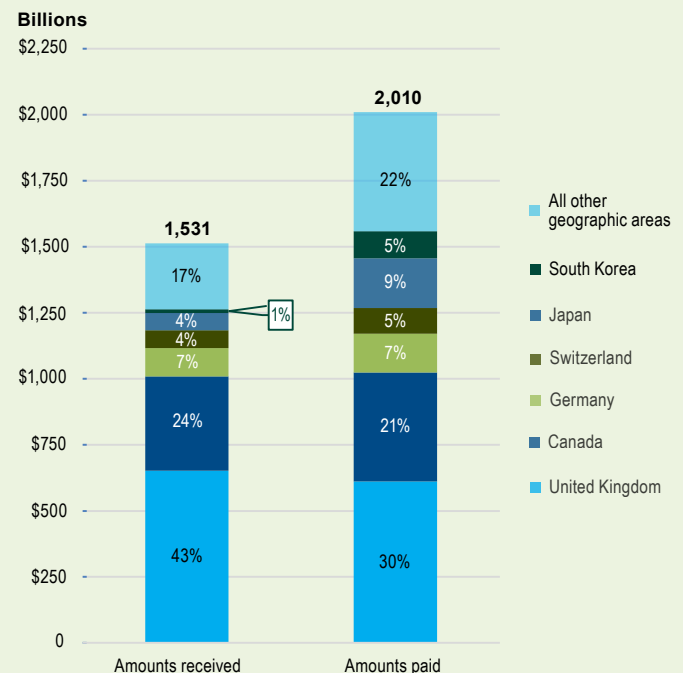
Highlights

- The total value of nonloan transactions between large foreign-owned domestic corporations and related foreign parties amounted to \$3.5 trillion for Tax Year 2018.
- Total amounts received from related foreign parties accounted for 43 percent.
- Total amounts paid to related foreign parties accounted for 57 percent.
- Finance and insurance corporations accounted for \$1.9 trillion of total nonloan transactions (54 percent of total).
- Corporations in the finance and insurance industry accounted for 64 percent of the total nonloan amounts received from related foreign parties and 48 percent of the total nonloan amounts paid to related foreign parties.
- For Tax Year 2018, taxpayers reported new information relating to the Base Erosion Anti-Abuse Tax (Form 8991) and the Section 250 Deduction (Form 8993). Foreign-derived deduction eligible income totaled \$81.8 billion. Base erosion payments totaled \$109.2 billion, and base erosion tax benefits totaled \$90.2 billion.
- About 80 percent (\$2.8 trillion) of the total value of nonloan transactions came from related persons in just six countries: The United Kingdom, Canada, Germany, Switzerland, Japan, and South Korea.

Top Industries: Total Nonloan Transactions



Top Countries: Total Nonloan Transactions



NOTE: Labels represent a percent of the total.
SOURCE: IRS, Statistics of Income Division, Foreign-Owned Domestic Corporations study, July 2021.

