

# Foreign-Controlled Domestic Corporations, 2000

by James R. Hobbs

For Tax Year 2000, the 60,609 domestic corporations each “controlled” by a foreign “person” generated \$2.6 trillion of total receipts and reported \$6.1 trillion of total assets on income tax returns filed with the Internal Revenue Service (IRS). These corporations were relatively few in numbers, just 1.2 percent of the U.S. total. However, they accounted for 12.7 percent and 12.9 percent of the receipts and assets, respectively, reported on all U.S. corporation income tax returns. They also accounted for 12.8 percent of the “taxable income” and 13.8 percent of the total U.S. income tax after credits reported on these returns.

The profits (i.e., “net income (less deficit)” shown in the statistics) reported by foreign-controlled domestic corporations (FCDC’s) for tax purposes under the Internal Revenue Code were \$66.3 billion for 2000. This was an increase of over 10 percent from the \$60.2 billion reported for the prior year [1]. Placed in context, the net income (less deficit) reported on all corporation income tax returns declined very slightly from \$929.0 billion for 1999 to \$927.5 billion for 2000 [2]. As a result, FCDC’s accounted for 7.2 percent of the profits reported by all corporations for Tax Year 2000, up significantly from the 6.5 percent for the prior year.

Of all the FCDC’s, 26,519 reported positive profits (i.e., net income) for 2000, totaling \$118.6 billion, an increase from the \$100.0 billion reported for 1999. The profitable companies for 2000 also reported \$97.5 billion of taxable income after statutory special deductions (i.e., “income subject to tax” shown in the statistics), another significant increase over the previous year. Total statutory special deductions remained essentially unchanged between the 2 years, at just over \$22 billion for both years. The U.S. tax liability (i.e., “total income tax after credits”) of FCDC’s was \$28.1 billion, 17.3 percent greater than that of the prior year.

For 2000, the 3,287 “largest” companies (i.e., those with at least \$250 million of assets, or with at least \$50 million of receipts, or with both) accounted for most of the key financial items of all FCDC’s: 95.1 percent of total assets, 93.3 percent of total

receipts, 91.9 percent of taxable income, and 90.9 percent of total income tax after credits. After an overview of all FCDC’s, this article focuses on the largest foreign-controlled domestic companies and compares them to the largest domestic corporations not controlled by foreign persons.

Tables showing selected balance sheet, income statement, and tax items for FCDC’s are included at the end of this article. Table 1 shows historical FCDC data for selected tax years between 1971 and 2000. Table 2 includes information for all FCDC’s, classified by major industries that conform to the recently adopted North American Industry Classification System (NAICS). Tax Year 2000 is only the third year for which data are presented using NAICS. In years prior to 1998, the Enterprise Standard Industrial Classification system was used. Table 3 also presents data for all FCDC’s, classified by countries of the foreign owners, as well as age of the corporations. Table 4 presents information on the “largest” FCDC’s, classified by industrial sectors. For comparison purposes, this table also contains data for the largest domestic corporations not controlled or owned by foreign persons. For reasons explained later in this article, Table 4 excludes data from Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations).

Direct Foreign Investment in the United States  
Direct foreign investment in the United States can take several forms, including corporations, partnerships, and even joint ventures. Under these forms of direct investment, the foreign investor may have sufficient equity in the enterprise to control and participate in managing its operations [3]. With regard to corporations, a foreign investor can either gain control of an existing U.S. company, create a new company incorporated in the United States, or operate in the United States through a branch of a foreign corporation. There are numerous factors involved in the decision of a foreign investor to operate in the United States through either a domestic or foreign corporation [4, 5].

This article focuses on domestic corporations that are controlled by foreign persons. For the foreign-controlled domestic corporations covered in this article, “control” is generally defined as ownership by

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any foreign person or entity (including an individual, corporation, partnership, estate, or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock (or the value of all of the corporation's stock) at any time during the accounting period. (This is discussed in greater depth in the Data Sources and Limitations section. Also, a description of foreign persons and an explanation of the rules of constructive ownership are given in the Explanation of Selected Terms section.)

Foreign-controlled domestic corporations can file tax returns on: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (3) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (4) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and (5) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. The FCDC statistics shown in this article, unless otherwise stated, include all of these return types. Data for all corporation income tax returns discussed in this article include (unless otherwise stated) the five form types listed above, plus two types filed by domestic corporations: Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*. Also included in the total is Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, for foreign corporations with income effectively connected with a U.S. trade or business. All of these form types are included in the Statistics of Income Corporate Study, from which FCDC statistics are derived [6]. However, FCDC's cannot file Forms 1120-A, 1120-F, or 1120S.

### Foreign-Controlled Domestic Corporations

#### Growth of Corporations

Direct foreign investment in the United States through foreign-controlled domestic corporations grew steadily during the 1990-2000 period [7]. This growth was evident in most of the financial items, such as assets and receipts, while less so in the number of returns.

There were an estimated 60,609 returns of foreign-controlled domestic corporations for 2000, a slight increase from the estimated 59,514 returns for 1999. Returns of FCDC's comprised a rather con-

stant percentage of all U.S. corporation income tax returns, generally between 1.2 percent and 1.4 percent for each year between 1990 and 2000. This is in contrast to the percentages of assets and receipts (discussed below) accounted for by FCDC's, both of which increased substantially over this same time period.

To the extent that FCDC's filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns. FCDC's, like most other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. Consolidated returns contained the combined financial data of two or more corporations in which a common parent corporation owned at least 80 percent of the stock of at least one member of the group, and at least 80 percent of the stock of each other member of the group was owned within the group. A consolidated return filed by a common parent was treated as a unit, with each statistical item being determined on the basis of the combined data of the affiliated group. For 2000, there were 6,718 consolidated returns filed by FCDC's, 11.1 percent of all FCDC returns. These returns accounted for \$5.5 trillion of assets (91.1 percent of the total for all FCDC's), \$2.3 trillion of receipts (87.6 percent of the total), \$59.4 billion of net income less deficits (89.6 percent of the total), \$84.4 billion of taxable income (86.6 percent of the total), and \$23.9 billion of total income tax after credits (85.2 percent of the total).

The assets of domestic corporations controlled by foreign persons increased by 27.5 percent between 1999 and 2000, more than the 13.4-percent increase for the assets reported on all U.S. corporation income tax returns [8]. As a result, the percentage of total corporate assets accounted for by FCDC's rose from 11.5 percent for 1999 to 12.9 percent for 2000. This new level is a considerable increase from the 9.1 percent for 1990 (see Figure A).

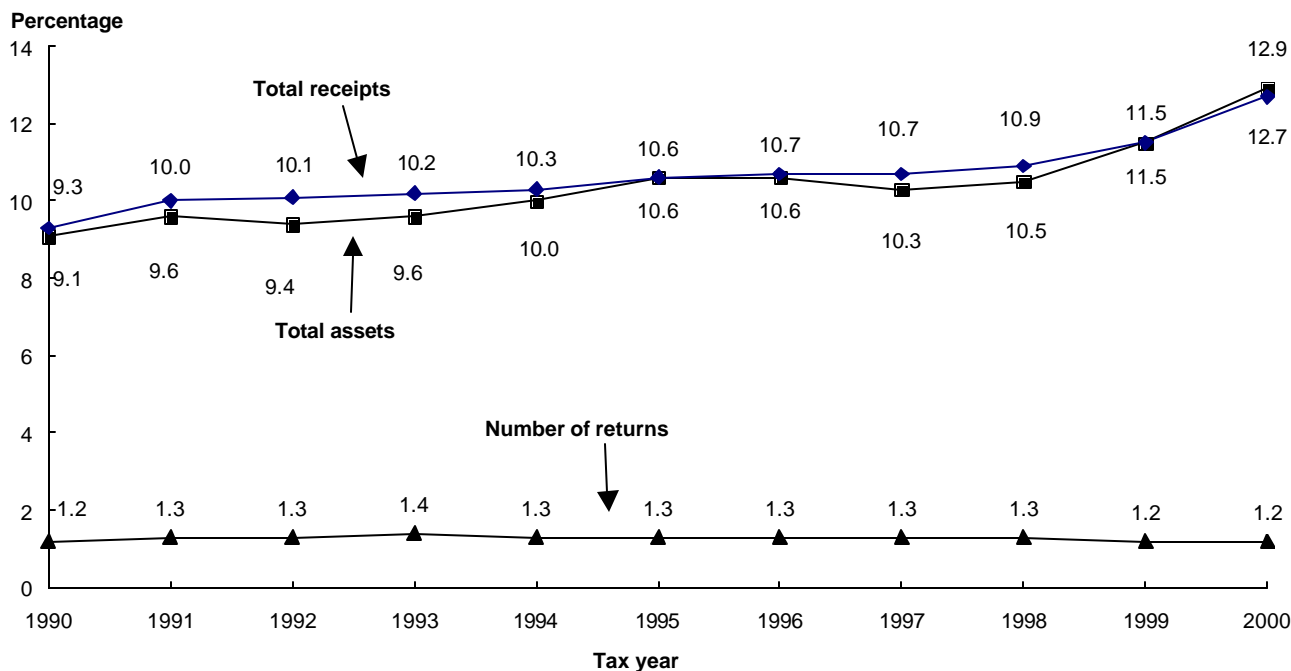
Total receipts of FCDC's increased by 20.5 percent between 1999 and 2000, as compared to the increase of 9.1 percent for all corporations over that time period. FCDC's reported \$2.6 trillion of receipts for 2000. Using a longer time period, the level of

FCDC's accounted for 12.7 percent and 12.9 percent of all corporate receipts and assets, respectively.

## Foreign-Controlled Domestic Corporations, 2000

Figure A

### Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1990-2000



receipts for 2000 was an increase of 146.4 percent (using current dollars) from the \$1.1 trillion of FCDC receipts for 1990. In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$11.4 trillion for 1990 to \$20.6 trillion for 2000, an 80.6-percent increase. As a result of the relative rapid growth rate of FCDC's, their share of the receipts reported on all corporate returns increased from 9.3 percent for 1990 to 12.7 percent for 2000.

The growth of FCDC's can also be measured from the early 1970's, when a question concerning foreign ownership of corporations was first placed on the income tax return. For 1971, the 5,154 FCDC's reported \$36.7 billion of total assets and \$39.2 billion of total receipts. They accounted for just 0.3 percent of the returns, 1.3 percent of the assets, and 2.1 percent of the receipts reported by all corporations for that year (see Table 1).

#### Industry Characteristics

For 2000, foreign-controlled domestic corporations were involved in every type of industrial activity, but, based on number of returns, 76.4 percent were concentrated in six industrial sectors: (1) wholesale

trade (15,554 returns); (2) real estate and rental and leasing (11,062 returns); (3) manufacturing (7,068 returns); (4) professional, scientific, and technical services (6,395 returns); (5) retail trade (3,232 returns); and (6) information (3,008 returns). See Figure B. (The Data Sources and Limitations section discusses how returns were classified by industry.)

Corporations classified as wholesalers accounted for 23.3 percent of the receipts for all FCDC's, a percentage somewhat similar to the 25.7 percent of the total returns they comprised. However, these companies reported only 5.8 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.6 percent of the assets and 0.9 percent of the receipts of all FCDC's. These percentages were both substantially less than the 18.3 percent of the FCDC returns that they filed.

Manufacturing corporations filed 11.7 percent of the FCDC returns for Tax Year 2000. Additionally, these capital-intensive goods-producing companies accounted for far greater percentages of the total FCDC assets (30.6 percent) and receipts (44.1

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Figure B

## Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Industrial Sector, Tax Year 2000

[Money amounts are in millions of dollars]

Industrial sector	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All industries</b> <sup>1</sup> .....	<b>60,609</b>	<b>100.00</b>	<b>6,071,994</b>	<b>100.00</b>	<b>2,612,072</b>	<b>100.00</b>
Agriculture, forestry, fishing, and hunting.....	1,375	2.27	6,363	0.10	3,192	0.12
Mining.....	642	1.06	101,254	1.67	28,500	1.09
Utilities.....	51	0.08	33,363	0.55	13,911	0.53
Construction.....	1,827	3.01	42,123	0.69	38,372	1.47
Manufacturing.....	7,068	11.66	1,859,514	30.62	1,152,776	44.13
Wholesale and retail trade <sup>1</sup> .....	18,786	31.00	428,036	7.05	720,843	27.60
Wholesale trade.....	15,554	25.66	353,088	5.82	607,804	23.27
Retail trade.....	3,232	5.33	74,936	1.23	113,019	4.33
Transportation and warehousing.....	1,385	2.29	36,023	0.59	34,136	1.31
Information.....	3,008	4.96	558,444	9.20	90,352	3.46
Finance and insurance.....	2,071	3.42	2,269,181	37.37	360,441	13.80
Real estate and rental and leasing.....	11,062	18.25	97,822	1.61	22,769	0.87
Professional, scientific, and technical services.....	6,395	10.55	64,965	1.07	40,318	1.54
Management of companies (holding companies).....	2,284	3.77	477,065	7.86	43,222	1.65
Administrative and support and waste management and remediation services.....	1,212	2.00	27,957	0.46	25,007	0.96
Educational services.....	299	0.49	1,595	0.03	953	0.04
Health care and social assistance.....	99	0.16	15,328	0.25	9,509	0.36
Arts, entertainment, and recreation.....	710	1.17	5,001	0.08	2,799	0.11
Accommodation and food services.....	1,458	2.41	40,885	0.67	20,717	0.79
Other services.....	616	1.02	7,070	0.12	4,232	0.16
Not allocable.....	261	0.43	6	( <sup>2</sup> )	21	( <sup>2</sup> )

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

<sup>2</sup> Less than 0.005 percent.

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

percent). These corporations were often large, with reported average amounts of receipts and assets of \$163.1 million and \$263.1 million, respectively.

Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.1 percent of the assets and 1.5 percent of the receipts of all FCDC's. This sector is opposite the manufacturing sector in this regard. Both of the percentages for the services sector are significantly lower than the percentage (10.6 percent) of total FCDC returns they represented. These service corporations were generally smaller than those in manufacturing, with reported average amounts of receipts and assets of \$6.3 million and \$10.2 million, respectively.

Retailers accounted for 5.3 percent of the total FCDC returns filed for Tax Year 2000. This per-

centage was higher than both the percentage of FCDC receipts (4.3 percent) and assets (1.2 percent) they represented.

Corporations classified in the information industrial sector made up 5.0 percent of the total FCDC returns. These corporations also accounted for 3.5 percent of the FCDC receipts and 9.2 percent of the assets.

An additional sector warrants significant discussion at this point. While corporations classified in the finance and insurance industrial sector composed only 3.4 percent of the total returns filed by FCDC's for Tax Year 2000, they accounted for a very large portion of the FCDC assets (37.4 percent). In fact, this was the largest share of the total assets by any of the industrial sectors. Additionally, finance and insurance companies accounted for 13.8 percent of the total FCDC receipts.

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While foreign-controlled domestic corporations accounted for 12.7 percent of the \$20.6 trillion of total receipts reported by all corporations filing U.S. income tax returns for 2000, these companies played disproportionately larger roles in certain industries. For instance, FCDC's produced substantial portions of the total receipts reported for wholesale trade (23.5 percent), manufacturing (20.1 percent), and mining (18.0 percent). Conversely, FCDC involvement in a number of other industries was relatively low and accounted for a small percent of the receipts for all companies classified in the following industries: agriculture, forestry, fishing, and hunting (2.7 percent); other services (2.5 percent); health care and social assistance (2.3 percent); and utilities (1.8 percent). See Figure C.

Companies in different industries often have different financial characteristics. For instance, the

relative levels of total assets and total receipts of companies primarily engaged in wholesale trade activities differ significantly from those primarily engaged in credit intermediation (e.g., savings institutions, commercial banks, and credit unions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.72 of receipts for each dollar of assets for 2000. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDC's produced only \$.09 of receipts for each dollar of assets. See Table 2.

Statistics classified by industry do have certain limitations, which are discussed more thoroughly in the Data Sources and Limitations section, below. However, a brief point should be made here. FCDC's accounted for 23.5 percent and 20.1 percent

Figure C

### Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Total Receipts, by Industrial Sector, Tax Year 2000

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
<b>All industries</b> <sup>1</sup> .....	<b>20,605,808</b>	<b>2,612,072</b>	<b>12.68</b>
Agriculture, forestry, fishing, and hunting.....	117,136	3,192	2.73
Mining.....	158,619	28,500	17.97
Utilities.....	756,808	13,911	1.84
Construction.....	1,051,896	38,372	3.65
Manufacturing.....	5,741,290	1,152,776	20.08
Wholesale and retail trade <sup>1</sup> .....	5,397,025	720,843	13.36
Wholesale trade.....	2,586,607	607,804	23.50
Retail trade.....	2,808,296	113,019	4.02
Transportation and warehousing.....	527,167	34,136	6.48
Information.....	967,190	90,352	9.34
Finance and insurance.....	2,915,540	360,441	12.36
Real estate and rental and leasing.....	235,180	22,769	9.68
Professional, scientific, and technical services.....	658,747	40,318	6.12
Management of companies (holding companies).....	693,453	43,222	6.23
Administrative and support and waste management and remediation services.....	325,400	25,007	7.69
Educational services.....	25,236	953	3.78
Health care and social assistance.....	417,491	9,509	2.28
Arts, entertainment, and recreation.....	70,086	2,799	3.99
Accommodation and food services.....	375,040	20,717	5.52
Other services.....	170,060	4,232	2.49
Not allocable.....	2,443	21	0.86

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

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

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of the receipts of all companies classified as wholesalers and manufacturers, respectively. However, these percentages may overstate the FCDC portion of wholesaling and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of products and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing rather than trade. Conversely, many FCDC's acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These domestic companies would have been classified in the wholesale trade industrial sector.

### Country Characteristics

Persons resident in any country throughout the world can control U.S. corporations. However, for 2000, owners from 31 countries controlled 87.0 percent of the 60,609 domestic corporations classified as 50-percent-or-more controlled by a foreign person. The 52,731 corporations controlled by persons resident in the 31 countries shown in Table 3 accounted for nearly all of the total FCDC financial items, including 98.8 percent of total assets, 97.6 percent of total receipts, 98.8 percent of taxable income, and 98.6 percent of total income tax after credits.

The countries represent the geographic location of the foreign owner's place of residence in the case of individuals; and place of incorporation, organization, creation, or administration in the case of corporations or other entities. Because holding companies located in a country different from that of the ultimate owner may directly own the stock of U.S. affiliates, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. No data on the extent of this potential limitation are available.

Domestic corporations controlled by Japanese persons reported total receipts of \$530 billion for 2000, an amount substantially larger than that for any other country. These receipts represented 20.3 percent of the total for all FCDC's (see Figure D). Companies controlled by Japanese persons also accounted for the largest amount of receipts for each of the years in the 1990-1999 period. For 2000,

domestic corporations with owners resident in the United Kingdom (\$366 billion), Germany (\$334 billion), the Netherlands (\$332 billion), Canada (\$234 billion), France (\$180 billion), and Switzerland (\$136 billion) also accounted for significant amounts of receipts. The receipts for all seven of these leading countries increased from 1999 to 2000, with France having the largest percentage increase (27.0 percent) and Germany the smallest increase (7.2 percent).

For the top seven countries mentioned above, there were some similarities and some differences among the primary industrial activities of the corporations that produced the receipts. Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$530 billion of receipts: wholesale trade (56.1 percent of the total) and manufacturing (33.6 percent). Of the seven countries, Japan is the only one in which manufacturing was not the leading industry in producing receipts. United Kingdom-controlled corporations were concentrated in industries differently than those of the Japanese-controlled corporations. For the United Kingdom, manufacturing was the predominant industry with 57.7 percent of the receipts. Finance and insurance (11.2 percent), wholesale trade (8.5 percent), and information (5.2 percent) also generated substantial receipts.

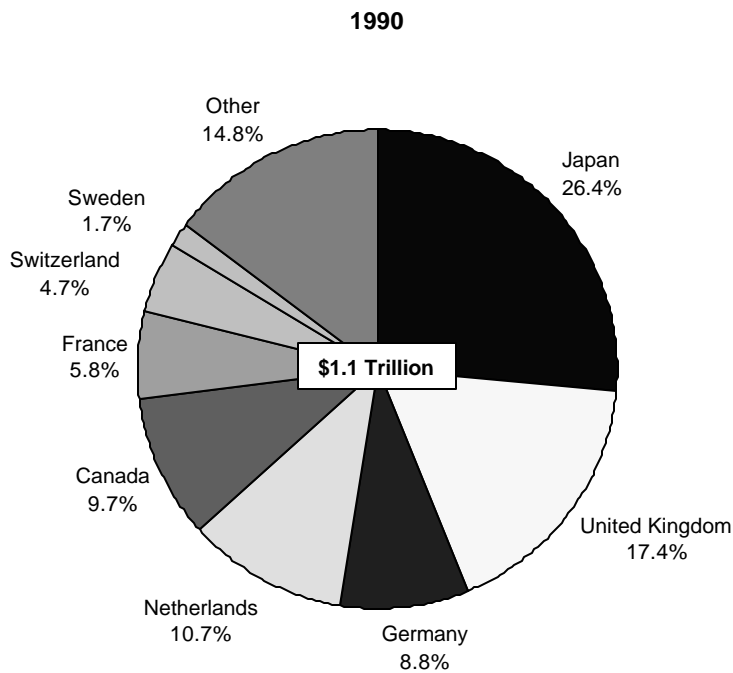
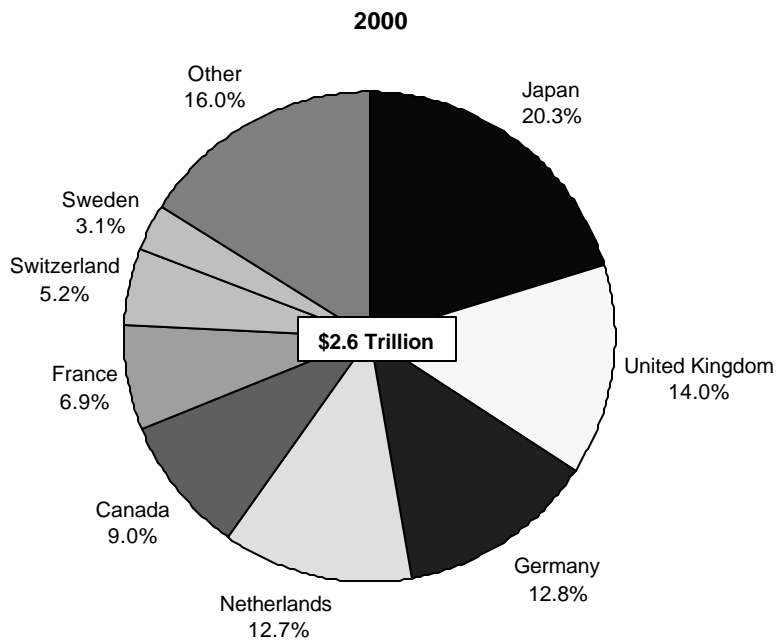
Like the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing with 60.9 percent of the receipts for that country. Finance and insurance (15.0 percent) and wholesale trade (12.1 percent) were the other predominant industries. In the Netherlands, manufacturing was again the largest industry with 39.1 percent of the total receipts, followed by finance and insurance (26.9 percent), retail trade (10.8 percent), and wholesale trade (10.3 percent).

Canadian-controlled corporations were primarily concentrated in manufacturing with 37.5 percent of the receipts for that country. This was followed by finance and insurance (18.4 percent), wholesale trade (13.3 percent), and information (10.9 percent). France had three of the same leading industries as did Canada, with manufacturing producing 45.1 percent of the receipts for that country. This was followed by finance and insurance (24.9 percent) and wholesale trade (20.7 percent). In turn, Switzerland had the same three leading industries as did France, but with somewhat different shares of the total re-

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Figure D

**Foreign-Controlled Domestic Corporations: Total Receipts for Selected Countries of Foreign Owners, Tax Years 1990 and 2000**



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ceipts. Manufacturing was the predominant industry with 46.2 percent of the receipts, followed by finance and insurance with 33.1 percent and wholesale trade with only 7.7 percent.

Domestic corporations controlled by persons resident in the United Kingdom accounted for \$1,041 billion of assets, the largest portion held by any country. Corporations controlled by persons resident in the Netherlands (\$944 billion), Germany (\$774 billion), Canada (\$654 billion), Switzerland (\$645 billion), Japan (\$513 billion), and France (\$489 billion) also accounted for significant amounts of assets. While Japan had the largest receipts of any country, it was only sixth in the amount of assets it controlled. This reflects that the leading industry for Japanese-controlled corporations was wholesale trade, while the capital-intensive manufacturing industry was the predominant activity for corporations from the other countries. Most of the seven countries discussed above reported an increase in assets during the 1999 and 2000 periods, with the assets of corporations controlled by persons resident in Switzerland showing the largest percentage increase of 112.6 percent, rising from \$303 billion for 1999. The assets of corporations controlled by persons resident in Japan and France actually decreased slightly by 2.6 percent and 3.6 percent, respectively.

Although, for 2000, Japanese-controlled domestic corporations accounted for the largest part of the receipts reported for all FCDC's, while corporations controlled by persons resident in the United Kingdom accounted for the largest part of the FCDC assets, neither country was responsible for the largest number of returns filed for FCDC's. Canadian-controlled domestic corporations filed the most returns, 9,596; Japanese-controlled domestic corporations were second with 6,018; United Kingdom-controlled domestic corporations were third with 4,277; and German-controlled domestic corporations were fourth with 3,746. There were only 1,823 Netherlands-controlled domestic corporations. Yet, the Netherlands accounted for the second largest amount of assets and the fourth largest amount of receipts.

For 2000, Japanese-controlled domestic corporations reported the largest amount of U.S. tax liability (\$6.1 billion). U.K.-controlled corporations, with \$5.6 billion of tax liability, followed. The levels of receipts that the tax liabilities resulted from were somewhat different between the Japanese-controlled corpora-

tions and the U.K.-controlled corporations. For the Japanese-controlled corporations, tax liabilities were 1.2 percent of the \$530 billion of receipts. By comparison, tax liabilities were higher at 1.5 percent of the \$366 billion of receipts for the U.K.-controlled corporations. Many factors, including differences in industrial distributions and age distributions (discussed next), may have caused the resulting difference in these percentages.

### Age Characteristics

Table 3 presents FCDC data by the age of the corporations. "New" corporations are those with years of incorporation of 1998 and after reported on their income tax returns [9]. "Old" corporations are those incorporated in or prior to 1997, or with unknown (i.e., unreported) dates of incorporation.

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies that fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified into just one of the categories based on the year of incorporation of the parent company. Another example is a reorganization of an existing old corporation into a new corporation that results in it reporting a recent year of incorporation, even though it is an "old" business. An additional limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return form, and recourse to other sources is not always practical. Thus, it is subject to greater levels of taxpayer reporting and data entry errors. Despite these limitations, an analysis of the data by age of the corporations is meaningful.

Over three-fourths of the foreign-controlled domestic corporations were incorporated prior to 1998, i.e., considered to be "old" corporations. These corporations tended to be larger than the "new" corporations, accounting for 79.0 percent of the FCDC assets and 87.3 percent of the receipts. Further, they tended to be more profitable than the newer corporations, reporting 91.3 percent of the U.S. taxable income and 90.7 percent of the U.S. tax liabilities of all FCDC's.

The industrial activities of the two groups of corporations were similar in some respects and



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different in others. Wholesale trade accounted for the largest number of returns for both groups. This industrial sector made up 27.3 percent of all of the returns for the “old” corporations and 20.2 percent of the “new” corporations. It also accounted for 24.1 percent of the total receipts of the old corporations and 17.8 percent for the new corporations. Manufacturers produced the largest part of the receipts for both groups: 45.7 percent of the total for old corporations and 33.2 percent for the new corporations. These corporations also filed 11.0 percent of the returns for the old corporations and 13.8 percent for the new corporations. Perhaps the most significant industrial difference between the old and new corporations involved retail trade. This industry was more prevalent for the new corporations than for the older companies. It made up only 4.4 percent of the returns filed by the old companies and only 3.2 percent of the receipts for those companies. However, this industry accounted for 8.3 percent of the returns and 12.4 percent of the receipts of the new corporations.

Old corporations were generally more profitable than the newer corporations. For 2000, old corporations reported \$66.3 billion of net profits on \$2.3 trillion of receipts, while the new corporations reported less than \$0.1 billion of net profits on \$0.3 trillion of receipts. Thus, net profits (i.e., net income less deficit) as a percentage of total receipts were 2.91 percent for old corporations, but only 0.02 percent for new corporations. Similarly, the old corporations reported larger amounts of tax liabilities than did the newer corporations. The old corporations had \$25.5 billion of tax liabilities after credits, equaling 1.1 percent of their total receipts. By comparison, the new corporations had \$2.6 billion of tax liabilities after credits, equaling 0.8 percent of their total receipts.

### Receipts, Deductions, and Profits

A domestic corporation, whether controlled by a foreign person or not, could have business activities in foreign countries, as well as in the United States. The estimates shown in this article include business activities in the United States, as well as certain foreign activities as reported on tax returns of domestic corporations. Whether from domestic or foreign sources, income includes receipts from sales and operations, as well as investment income. However, foreign-source income is reported differently, depending on whether it is earned through a

branch or through a foreign subsidiary of a domestic corporation. “Total receipts” shown in this article include the receipts of foreign branch operations of U.S. companies. Also included in these receipts are dividends remitted to U.S. corporations by their foreign subsidiaries. However, for the statistics, two items of constructive taxable income from related foreign corporations (i.e., includable income from Controlled Foreign Corporations and foreign dividend “gross-up”) are not included in “total receipts,” nor are they included in the statistics for “total receipts less total deductions.” These two items are, however, reflected in the data for “net income (less deficit)” [10]. (See the Explanation of Selected Terms section.)

The receipts and deductions shown in this article for foreign-controlled domestic corporations do not include amounts generated by their foreign parent companies. However, FCDC’s could have had business transactions with their foreign parent companies (as well as with other related foreign persons), and FCDC receipts, and deductions stemming from these transactions are included in the statistics [11].

An FCDC that transacts business with a related foreign (or domestic) person must determine “transfer prices” for those transactions. These transactions may affect either the income or the deductions of the FCDC, such as the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined may affect the amount of net income or deficit reported on the U.S. income tax return of an FCDC. Section 482 of the Internal Revenue Code, and the related regulations, provide guidance in determining transfer prices. In general, the objective is to use “arm’s length prices,” which means prices that would be used for transactions between independent enterprises and determined by market forces.

Nearly 86.3 percent of the \$2.6 trillion of total receipts reported by domestic corporations controlled by a foreign person consisted of “business receipts” (i.e., receipts from sales and operations). Taxable interest accounted

For 2000, FCDC's reported \$2.6 trillion and \$2.5 trillion of receipts and deductions, respectively, resulting in a difference of \$62.1 billion.

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for another 6.9 percent of the total receipts. These same companies reported \$2.5 trillion of total deductions. Cost of goods sold was 62.1 percent of that total, while interest paid accounted for an additional 7.3 percent. (See the Explanation of Selected Terms section.)

It is noteworthy to look at the “gross profit” of FCDC’s. Gross profit is the difference between business receipts and cost of goods sold. The manufacturing and wholesale trade industrial sectors accounted for most of the reported amounts of business receipts and cost of goods sold, but manufacturers reported substantially higher gross profits than did wholesalers. For every dollar of business receipts, manufacturers reported \$.72 of cost of goods sold. By comparison, wholesalers reported \$.82 of cost of goods sold for each dollar of business receipts. FCDC’s were similar to other domestic corporations in this respect. For all corporation returns, cost of goods sold equaled \$.69 for every dollar of business receipts reported by manufacturers, and \$.81 by wholesalers.

Total receipts less total deductions for FCDC’s equaled \$62.1 billion for 2000. This is somewhat different from the \$66.3 billion of net income (less deficit) reported by these companies. Total receipts less total deductions include all of the income “actually” (as opposed to “constructively”) received by corporations and reported on tax returns. Unlike net income (less deficit), total receipts less total deductions include nontaxable interest on State and local government obligations and exclude the two items of constructive taxable income from related foreign corporations previously mentioned. For 2000, FCDC’s received \$0.9 billion of tax-exempt interest on State and local government obligations and reported \$5.2 billion of constructive taxable income.

The previous paragraph discussed the difference, for statistical purposes, between “total receipts less total deductions” and net income (less deficit). It is also important to make a distinction between (positive) net income and taxable income (i.e., “income subject to tax” shown in the statistics). Because certain statutory special deductions, including the “net operating loss” deduction, were available to most companies in computing their taxable incomes, the statistics for net income are generally larger than the amounts shown for taxable income. For 2000, FCDC’s reported \$118.6 billion of net income and \$97.5 billion of taxable income.

Net income (less deficit) for foreign-controlled domestic corporations was \$66.3 billion for 2000, up somewhat from the \$60.2 billion for 1999. By comparison, net income (less deficit) reported on all corporation income tax returns decreased slightly between 1999 and 2000, from \$929.0 billion to \$927.5 billion. Thus, while the net profits of all corporations declined by 0.2 percent, the net profits of FCDC’s increased by 10.1 percent.

The \$66.3 billion of total FCDC net income (less deficit) were the result of 26,519 corporations reporting \$118.6 billion of (positive) net income and 34,090 companies reporting \$52.3 billion of deficits [12]. Thus, less than one out of every two (43.8 percent) domestic corporations with foreign owners reported a (positive) net income for 2000. In comparison, 55.9 percent of all corporations filing U.S. income tax returns for the same year reported a (positive) net income.

The percentage of companies reporting (positive) net income varied greatly among the different industrial groups. At the industrial sector level, the percentages ranged from lows of 9.1 percent for health care and social assistance, 12.0 percent for educational services, 18.7 percent for agriculture, forestry, fishing, and hunting, and 18.9 percent for information, to highs of 60.8 percent for finance and insurance, 61.2 percent for manufacturing, and 80.4 percent for other services. At the major industry level, the range was even wider. Percentages ranged from lows of 1.2 percent for forestry and logging, 4.7 percent for heavy construction, 5.9 percent for miscellaneous health care and social assistance, and 7.8 percent for information services and data processing services, to highs of 93.6 percent for truck transportation, 94.3 percent for sporting goods, hobby, book, and music retail stores, and 97.4 percent for general merchandise retail stores.

More than one of every two (56.2 percent) FCDC’s reported a deficit for 2000. Collectively, these companies show \$52.3 billion in deficits, an increase over the \$39.8 billion reported for the previous year. Deficits could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see “net operating loss deduction” in the Explanation of Selected Terms section). When a company “carried back” a deficit to a previous tax year, it could file either Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative*

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*Refund.* Data from these forms are not included in the statistics. Net operating losses “carried forward” to Tax Year 2000 from prior years are included in the statistics and further discussed in the next section.

### Taxes

For 2000, foreign-controlled domestic corporations reported \$97.5 billion of “income subject to tax” (for purposes of the statistics, this is the base on which the income tax was computed), resulting in \$34.0 billion of income tax. The \$34.7 billion of total income tax before credits reported by FCDC’s consisted of the income tax, the alternative minimum tax, and certain other taxes. The alternative minimum tax was \$0.7 billion, and the remaining taxes comprised a very small part of the total.

For 2000, 31.7 percent of FCDC's reported tax liabilities, down from 33.2 percent for the previous year.

The difference between the \$118.6 billion of (positive) net income and \$97.5 billion of income subject to tax was, for the most part, the result of statutory special deductions [13]. These deductions were allowed for most corporations in computing

their taxable incomes and include the deduction for “net operating losses” (NOL’s) from prior years. For 2000, the net operating loss deduction was \$14.8 billion and accounted for 67.0 percent of the \$22.2 billion of total statutory special deductions. FCDC’s reduced their 2000 net incomes by 12.5 percent using NOL’s carried over from prior years. (NOL’s carried back to Tax Year 2000 from 2001 and beyond are not included in the statistics shown in this article.)

Tax credits totaling \$6.6 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$28.1 billion for 2000. The largest credits claimed were \$4.2 billion of foreign tax credits, \$1.3 billion of prior-year minimum tax credits, \$0.7 billion of general business credits, and \$0.3 billion of nonconventional source fuel credit. Other credits included the U.S. possessions tax credit, the qualified zone academy bond credit, and the qualified electric vehicle credit. The \$28.1 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, it does not include any changes made by taxpayers through amended

returns or by IRS as a result of examination or enforcement activities.

The percentage of FCDC’s reporting tax liabilities (i.e., total income tax after credits) for 2000 was 31.7 percent, down somewhat from the 33.2 percent reported for the previous year. The percentages of FCDC’s that had U.S. income tax liabilities varied considerably among countries and industries, but far less so for the age groups. By age classification, 31.6 percent of the “new” FCDC’s reported U.S. income tax liabilities, while 31.8 percent of the “old” companies reported tax liabilities. These two groups were very similar in this respect. However, for 2000, of the 31 countries shown in Table 3, Ireland (6.9 percent) and Brazil (9.3 percent) had the lowest percentages of companies with U.S. income tax liabilities, while Belgium (51.4 percent) and Bermuda (59.0 percent) had the highest percentages. There was an even larger range in the percentages of companies with tax liabilities among the major industries. As an example of the differences among these industries, while 97.4 percent of the general merchandise retail stores reported tax liabilities, only 1.2 percent of the forestry and logging companies reported tax liabilities.

### The “Largest” Foreign-Controlled Domestic Corporations

The “largest” companies accounted for the majority of the key FCDC financial items. This article classifies the largest companies as those with at least \$250 million of total assets, or \$50 million of business receipts, or both. (Within the finance and insurance, and management of companies (holding companies) sectors, total receipts were used in place of business receipts for selecting the largest companies. Total receipts include both business receipts (i.e., gross receipts from sales and operations) plus investment income.)

Both size of assets and size of receipts were used to select the largest companies in order to obtain maximum coverage of the various industrial groupings [14]. As previously discussed, certain industries have different characteristics from other industries. For instance, companies classified in wholesale trade generally report large amounts of receipts compared to their assets. By comparison, credit intermediation corporations generally report large amounts of assets compared to their receipts. If either assets or receipts were used exclusively to select the largest

## Foreign-Controlled Domestic Corporations, 2000

companies, then the largest companies in one of these industrial groups would have been undercovered in comparison to the other group.

Table 4 shows data for the largest FCDC's by industrial sectors. This table also contains data for "other large domestic corporations." These other large domestic corporations were not foreign-controlled or owned (i.e., they were either owned by domestic persons, or no separate foreign person owned 25 percent or more of the corporation's stock). This definition of "other large domestic corporations" is used throughout this article, including the data shown in Figures E through G. (Thus, domestic corporations that had a foreign person who owned between 25 percent and 49 percent of the corporation's stock are not included in either of the two groups shown in Figures E through G, and Table 4.)

Data for domestic corporations that filed Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations) are excluded from the comparisons between large FCDC's and other large domestic corporations shown in Figures E through G, and Table 4. (However, returns filed on these forms are included in the data of other figures and tables contained in this article, as appropriate.) While corporations filing these income tax returns report their incomes, they generally have little or no tax liabilities. Through separate special provisions of the Internal Revenue Code applicable to each of these types of corporations, the incomes of these corporations are generally taxed at the shareholder level. The Explanation of Selected Terms section discusses in greater detail the nature of real estate investment trusts (REIT's), regulated investment companies (RIC's), and S corporations [15].

Table 4 shows that there were 17,760 large domestic corporations for 2000. Of this total, foreign persons controlled 3,287 corporations, or 18.5 percent. (This percentage is far larger than the 1.2 percent of all returns that FCDC's accounted for, regardless of size.) FCDC's accounted for 30.5 percent of large wholesalers and 27.2 percent of large manufacturers. However, just 5.8 percent of large retailers and 3.6 percent of large health care and social assistance corporations were FCDC's.

For 2000, the largest companies reported 95.1 percent of the total assets, 93.3 percent of the total receipts, 91.9 percent of the taxable income, and 90.9

percent of the total income tax after credits, of all FCDC's. However, these 3,287 companies comprised just 5.4 percent of the number of income tax returns filed by FCDC's.

Table 4 shows that there were 14,473 large domestic corporations that did not have controlling foreign owners for 2000. These large companies also accounted for a small portion of the total number of income tax returns filed by domestic corporations without foreign owners, but did comprise a significant portion of the key financial items (total assets, total receipts, etc.) of this group of returns.

The largest companies generally report profits that are greater than those of the rest of the companies. For 2000, the largest FCDC's reported a combined profit of \$66.4 billion, while the smaller FCDC's reported a combined loss of \$0.1 billion. Later in this article, the profitability of the largest FCDC's is compared to that of the largest domestic corporation not foreign-controlled. This comparison includes industry characteristics of the corporations.

### Industry Characteristics

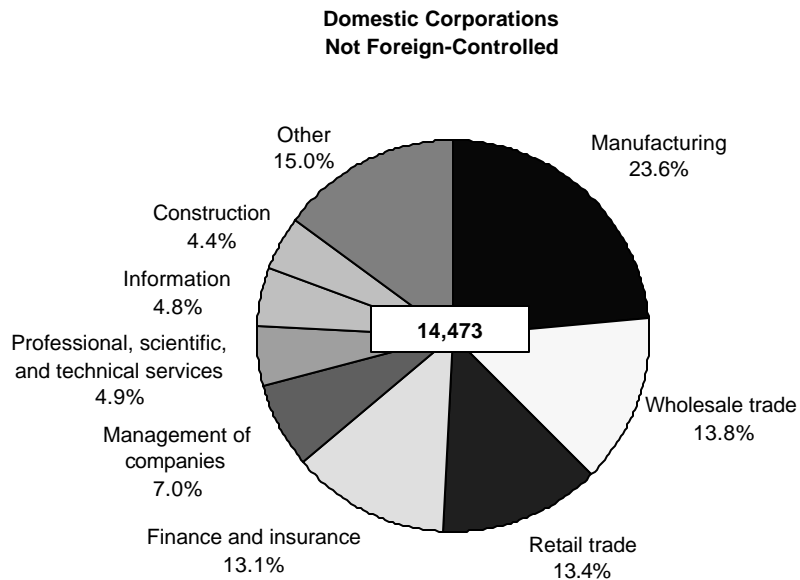
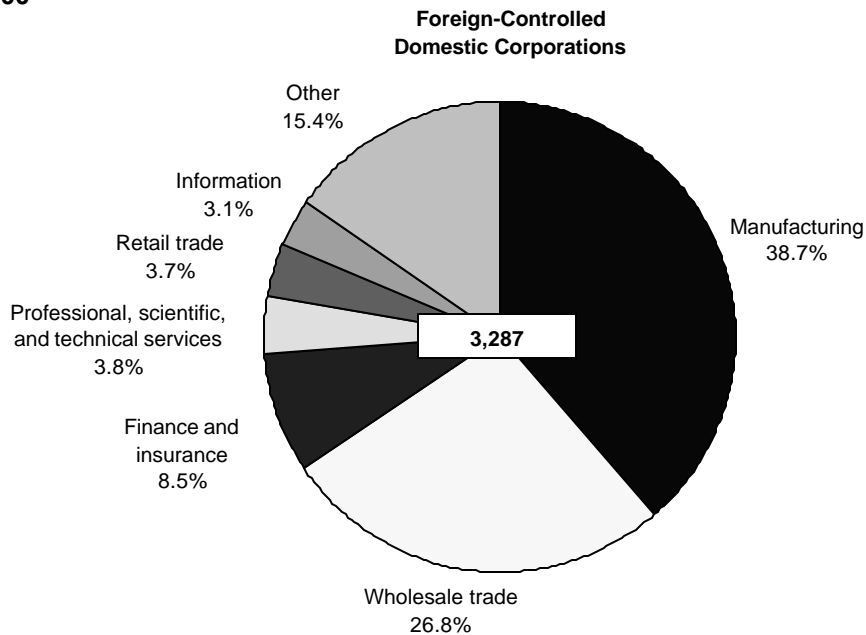
The industrial makeup of the largest companies is somewhat different between domestic corporations that are foreign-controlled and those that are not. For 2000, as an example, 38.7 percent of the largest FCDC's were classified as manufacturers, while 23.6 percent of the largest domestic companies that were not foreign-controlled were classified in the same industrial sector. Conversely, 13.4 percent of the largest domestic companies that were not foreign-controlled were retailers, while only 3.7 percent of the largest FCDC's were similarly classified. See Figure E for other significant differences in the industrial makeup of these two groups of corporations, such as that for wholesale trade (26.8 percent versus 13.8 percent).

Table 4 presents industrial-level data for selected items and percentages for the largest domestic corporations, both foreign- and non-foreign-controlled. In most of the industrial sectors shown in Table 4, the percentage of returns reporting (positive) net income was similar for the largest FCDC's and the other domestic companies (ODC's). The differences were relatively small for agriculture, forestry, fishing, and hunting; mining; manufacturing; wholesale and retail trade; information; finance and insurance; professional, scientific, and technical services; administra-

# Foreign-Controlled Domestic Corporations, 2000

Figure E

**"Large" Domestic Corporations: Number of Returns, by Control Status and Selected Industries, Tax Year 2000**

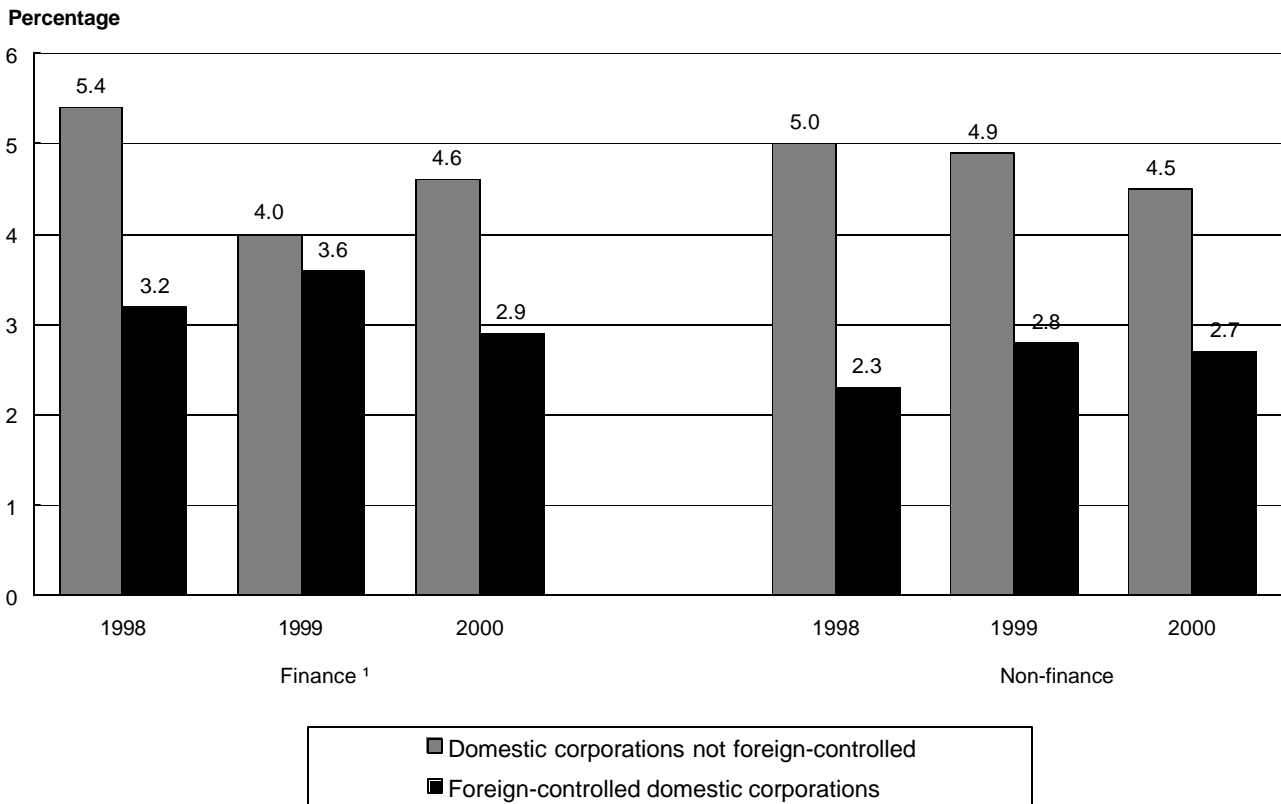


NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. (Total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations).

# Foreign-Controlled Domestic Corporations, 2000

Figure F

**"Large" Domestic Corporations: Percentage of Net Income (Less Deficit) Divided by Total Receipts, by Control Status and Industry, Tax Years 1998-2000**



<sup>1</sup> Includes returns classified in the "finance and insurance" and "real estate and rental and leasing" industrial sectors of the North American Industry Classification System.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations).

tive and support and waste management and remediation services; arts, entertainment, and recreation; and accommodation and food services. (See column 43 of the table.) There were larger differences in some of the other sectors. The percentages were higher for ODC's than for FCDC's, indicating that ODC's had a significantly larger portion of returns that reported profits than did the FCDC's, in each of the following sectors: utilities, construction, management of companies (holding companies), and health care and social assistance. On the other hand, the percentages were higher for FCDC's than for ODC's in transportation and warehousing, real estate and rental and leasing, and other services.

Another key ratio is net income (less deficit) to total receipts. Figure F shows summary information for this ratio. For each of the years 1998 through 2000, net income (less deficit) was a smaller percentage of total receipts for FCDC's as compared to ODC's. This was the case for both financial and non-financial industries.

Table 4 (column 57) shows more detailed information on the ratio of net income (less deficit) to total receipts. Once again, for 14 of the 19 industrial sectors shown in this table, ODC's had higher percentages than did their foreign-controlled counterparts. The differences were most significant for the information sector (4.4 percent for ODC's compared

## Foreign-Controlled Domestic Corporations, 2000

to -1.1 percent for FCDC's) and the educational services sector (7.9 percent for ODC's versus 0.0 percent for FCDC's). On the other side, FCDC's outperformed ODC's in 5 sectors, including wholesale trade, real estate and rental and leasing, and management of companies. FCDC's classified in the latter sector (management of companies) showed especially strong results with a 15.1 percent ratio as compared to 10.8 percent for ODC's.

The finance and insurance sector includes a diverse group of business activities and corporations. Among these are two types of corporations which are taxed under special provisions of the Internal Revenue Code (IRC): regulated investment companies (RIC's) and real estate investment trusts (REIT's). RIC's are typically mutual funds, while REIT's invest in real estate and mortgages. In general, companies electing to qualify under either of these provisions must meet certain requirements, including those related to distributions of income to shareholders. Such income is then taxed at the shareholder level. Thus, the tax liability of RIC's and REIT's is typically low. RIC's and REIT's played a much larger role for ODC's than for FCDC's. Because of the special provisions of the IRC, RIC's and REIT's have been excluded from the data shown in Table 4 (and Figure F). Looking at the ratio of net income (less deficit) to total receipts for the finance and insurance sector, the profitability of FCDC's was significantly less than that for the other domestic corporations, 4.8 percent for ODC's versus 3.0 percent for FCDC's.

Profits are one of the key factors that affect the amount of retained earnings of corporations. Columns 12-14 of Table 4 show total, appropriated, and unappropriated retained earnings, respectively, of the corporations. Appropriated retained earnings were earnings set aside for specific purposes, such as reserves for plant expansion or bond retirements, and not available for distribution to stockholders. The amounts were reported in the end-of-year balance sheets of the corporations' books of account. They represent earnings and profits of the corporations retained from normal and discontinued operations of previous years, as well as "extraordinary" gains and losses, and prior period adjustments. The amounts are also after reductions for dividends and distributions made to stockholders. (For a more extensive

discussion of retained earnings, see *Statistics of Income--2000, Corporation Income Tax Returns* [16].) For 2000, the largest FCDC's reported \$61.7 billion of total retained earnings (only 1.1 percent of their total assets), while other large domestic corporations reported \$2.6 trillion of retained earnings (8.9 percent of their total assets). It should be noted that retained earnings are a component of net worth and thus affect the ratio of net income (less deficit) to net worth, which is shown in column 56 of Table 4.

The ratio of taxable income (i.e., "income subject to tax") to total receipts is shown in column 61 of Table 4. FCDC's generally had lower ratios than those of other domestic corporations, 3.7 percent for FCDC's versus 5.3 percent for ODC's for all industries. The ratios varied among the different industries. ODC's had higher ratios than did the FCDC's in 17 of the 19 sectors, with educational services showing the largest difference (10.8 percent for ODC's and 1.8 percent for FCDC's). FCDC's had higher percentages in only the wholesale trade (2.1 percent versus 2.0 percent) and management of companies (14.7 percent versus 10.7 percent) sectors.

Table 4 also includes the ratio of total U.S. income tax after credits to total receipts (column 64). The total income tax after credits reported by both FCDC's (\$25.5 billion) and ODC's (\$155.6 billion) represents the tax liability of these companies as reported on their originally-filed U.S. income tax returns. However, it does not take into account either of the following changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of examination or enforcement activities. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits.

In using total income tax after credits as a percentage of total receipts, it should also be noted that a small portion of total income tax after credits (for example, the tax recapture of prior-year investment credits) does not relate to the current-year total receipts reported by corporations. However, this is not considered to be a major limitation in using the percentage because the regular income tax and the alternative minimum tax represented 99 percent or more of the total income tax for both ODC's and FCDC's [17].

# Foreign-Controlled Domestic Corporations, 2000

Figure G

## "Large" Domestic Corporations: Selected Items, by Control Status and Percentage of Total Income Tax After Credits Divided by Total Receipts, Tax Year 2000

[Money amounts are in millions of dollars]

Control status and percentage of total income tax after credits divided by total receipts	Returns			Total assets	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax after credits
	Number	Percentage of total	Cumulative percentage					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>"LARGE" FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>								
<b>Total.....</b>	<b>3,287</b>	<b>100.0</b>	<b>N/A</b>	<b>5,776,015</b>	<b>2,437,870</b>	<b>66,419</b>	<b>89,573</b>	<b>25,514</b>
Percentage of total income tax after credits divided by total receipts:								
Zero <sup>1</sup> .....	1,158	35.2	35.2	1,540,191	692,651	-34,668	111	--
Greater than zero and under 0.5 percent.....	841	25.6	60.8	1,690,887	617,178	8,887	3,815	970
0.5 percent under 1.0 percent.....	292	8.9	69.7	663,542	318,007	10,900	9,173	2,421
1.0 percent under 1.5 percent.....	228	6.9	76.6	417,218	275,076	13,002	11,210	3,441
1.5 percent under 2.0 percent.....	161	4.9	81.5	492,172	229,896	18,896	18,251	4,070
2.0 percent under 3.0 percent.....	200	6.1	87.6	267,161	96,494	8,025	7,628	2,323
3.0 percent under 4.0 percent.....	141	4.3	91.9	133,792	78,041	11,746	10,918	2,681
4.0 percent under 5.0 percent.....	57	1.7	93.6	41,122	25,628	3,477	3,197	1,100
5.0 percent under 7.5 percent.....	104	3.2	96.8	272,704	67,846	13,019	12,734	4,264
7.5 percent under 10.0 percent.....	39	1.2	98.0	52,142	20,594	5,191	5,085	1,691
10.0 percent or more.....	65	2.0	100.0	205,084	16,459	7,945	7,451	2,554
<b>"LARGE" DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>								
<b>Total.....</b>	<b>14,473</b>	<b>100.0</b>	<b>N/A</b>	<b>28,797,705</b>	<b>11,260,148</b>	<b>504,491</b>	<b>593,629</b>	<b>155,584</b>
Percentage of total income tax after credits divided by total receipts:								
Zero <sup>1</sup> .....	4,504	31.1	31.1	3,233,239	1,656,364	-142,530	785	2
Greater than zero and under 0.5 percent.....	3,730	25.8	56.9	6,297,592	3,357,530	78,676	56,294	5,845
0.5 percent under 1.0 percent.....	1,353	9.3	66.2	2,892,987	1,401,532	55,298	45,148	9,719
1.0 percent under 1.5 percent.....	908	6.3	72.5	2,620,035	1,225,497	78,379	73,354	15,109
1.5 percent under 2.0 percent.....	641	4.4	76.9	3,086,669	1,047,154	73,474	70,746	17,770
2.0 percent under 3.0 percent.....	869	6.0	82.9	3,417,438	979,312	81,782	78,432	23,894
3.0 percent under 4.0 percent.....	617	4.3	87.2	3,751,463	709,478	88,892	84,920	24,996
4.0 percent under 5.0 percent.....	447	3.1	90.3	1,081,411	311,617	44,391	43,004	13,596
5.0 percent under 7.5 percent.....	827	5.7	96.0	1,696,193	388,418	76,762	73,981	22,815
7.5 percent under 10.0 percent.....	304	2.1	98.1	369,500	91,627	24,854	23,997	7,859
10.0 percent or more.....	274	1.9	100.0	351,177	91,620	44,512	42,968	13,978

N/A--Not applicable.

<sup>1</sup> Includes returns with zero total receipts. These returns may have amounts of total income tax after credits.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Detail may not add to totals because of rounding.

Before looking at total income tax after credits for different industries, it is useful to examine the amount of tax liability as a percentage of the total receipts for all large domestic corporations. Figure G presents such data classified by 11 size categories of this percentage. For 2000, large FCDC's reported \$25.5 billion of total income tax after credits, 1.0 percent of their total receipts. Column 3 of Figure G shows that over one-third of these companies had no

tax liability, that over six out of every ten companies had tax liabilities of less than 0.5 percent of their receipts, that over three-fourths had tax liabilities of less than 1.5 percent of their receipts, and that 93.6 percent had tax liabilities of less than 5 percent of their receipts. Only 104 of the 3,287 companies (3.2 percent) reported tax liabilities of 7.5 percent or more of their receipts. By comparison, large domestic corporations not foreign-controlled reported \$155.6



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billion of total income tax after credits, 1.4 percent of their total receipts. The cumulative percentages for these domestic corporations shown in column 3 of Figure G are lower than those for FCDC's through size categories including tax liabilities of less than 7.5 percent of receipts. For example, 31.1 percent of the ODC's and 35.2 percent of the FCDC's had zero tax liabilities. There were 578 domestic corporations not foreign-controlled that reported tax liabilities of 7.5 percent or more of their receipts, 4.0 percent of the 14,473 corporations.

For 15 of the 19 industrial sectors shown in Table 4, ODC's have a higher percentage of total income tax after credits divided by total receipts than that for FCDC's. The greatest difference was in the educational services sector, in which FCDC's reported taxes that amounted to 0.3 percent of their receipts, while ODC's reported 3.7 percent. Some other sectors also had substantial differences in the percentages, with ODC's having the higher percentage: construction (0.7 percent versus 1.4 percent); health care and social assistance (0.1 percent versus 0.9 percent); and information (1.7 percent versus 2.6 percent). The percentages were higher for FCDC's in wholesale trade; real estate and rental and leasing; management of companies; and arts, entertainment, and recreation. The differences in the percentages for these four sectors were generally small, with the management of companies sector showing the largest difference (3.6 percent for FCDC's and 3.0 percent for ODC's).

ODC's claimed relatively more credits than did FCDC's. Thus, tax credits were factors that caused the percentages of total income tax after credits divided by total receipts for FCDC's to become more similar to those of the ODC's [18]. For 2000, large FCDC's claimed \$6.4 billion of credits, equaling 20.1 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$54.8 billion of credits during the same period, equaling 26.0 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$4.1 billion by large FCDC's and \$44.0 billion by other large domestic corporations.

The differences in financial characteristics of different industries once again become evident when reviewing the percentages shown in Table 4. For instance, when the percentage of net income (less

deficit) divided by total receipts (column 57) is used, finance and insurance companies have a substantially higher percentage (3.0 percent for the largest FCDC's) than do wholesalers (1.8 percent). However, when total assets are used as the denominator in place of total receipts (column 55), the difference is reversed (the largest FCDC's in finance and insurance have a 0.5 percentage and those in wholesale trade have a 3.1 percentage). Because the distribution of industrial activities based on principal businesses is not the same for the largest FCDC's as it is for other domestic companies, this, again, illustrates the importance of comparing FCDC's to ODC's on an industrial basis.

### Age Characteristics

This study classifies companies into one of two age categories. "New" corporations are those with years of incorporation of 1998 and after reported on their income tax returns. "Old" corporations are those incorporated prior to 1998, or with unknown (i.e., unreported) dates of incorporation.

Looking at the age characteristics of both the largest FCDC's and other large domestic corporations provides some additional information on the attributes of FCDC's. For 2000, most of the largest corporations were old corporations. For the FCDC's, 2,842 of the 3,287 largest corporations were old corporations (86.5 percent). The other large domestic corporations were similar to FCDC's in this respect, with 91.1 percent classified as old corporations (i.e., 13,179 out of 14,473).

In general, new ODC's reported lower profits than did their older counterparts. Startup costs of new businesses may be one reason for the lower profits. These new corporations reported amounts of net income (less deficit) equal to 1.9 percent of their total receipts for 2000, while the percentage was 4.6 for the older corporations. This type of difference also occurred for the FCDC's. While the new FCDC's reported amounts of net income (less deficit) equal to 1.1 percent of their total receipts, the percentage was substantially larger at 3.0 percent for the older FCDC's.

Thus, in addition to comparing FCDC's to other domestic corporations on the bases of industry and size, a thorough analysis would include comparisons based on the same age groupings. While this article has briefly looked at the age characteristics of

## Foreign-Controlled Domestic Corporations, 2000

FCDC's and other domestic corporations, a more detailed analysis is left for further study.

### Country Characteristics

The country information discussed in this section is based on the location of the owner's country of residence, incorporation, organization, creation, or administration, as reported on the U.S. income tax returns of the foreign-controlled domestic corporations. (See the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis.)

The owners of nearly 72 percent of the 3,287 large FCDC's resided in just seven countries: Japan (753 FCDC's), Canada (367), the United Kingdom (361), Germany (289), the Netherlands (229), France (200), and Switzerland (157). Japanese persons controlled 23 percent of these large domestic corporations.

The seven countries noted above accounted for over 84 percent of the \$5.8 trillion of assets for all of the large FCDC's. Domestic corporations controlled by persons from the United Kingdom reported the largest assets (\$1.0 trillion), followed by the Netherlands (\$0.9 trillion), Germany (\$0.8 trillion), Switzerland (\$0.6 trillion), Canada (\$0.6 trillion), Japan (\$0.5 trillion), and France (\$0.4 trillion).

The same seven countries accounted for over 82 percent of the \$2.4 trillion of receipts for all of the large FCDC's. Domestic corporations controlled by persons from Japan reported the largest receipts (\$0.5 trillion), followed by the United Kingdom (\$0.4 trillion), the Netherlands (\$0.3 trillion), Germany (\$0.3 trillion), Canada (\$0.2 trillion), France (\$0.2 trillion), and Switzerland (\$0.1 trillion).

### Summary

Direct foreign investment and activity in the United States through FCDC's continued to grow for 2000. FCDC's reported \$2.6 trillion of total receipts for that year, an increase of \$444.5 billion over the 1999 level. While total receipts reported on all U.S. corporation income tax returns increased by 9.1 percent over the previous year, receipts of domestic corporations controlled by foreign persons increased by 20.5 percent. As a result, the share of total corporate receipts accounted for by FCDC's rose to 12.7 percent.

Two industrial sectors, manufacturing and wholesale trade, generated over 67 percent of the total

receipts of all FCDC's. Manufacturers produced \$1.2 trillion of receipts, while wholesalers accounted for an additional \$0.6 trillion. From a country perspective, domestic corporations controlled by persons in Japan reported total receipts of \$530 billion, 20.3 percent of the FCDC total. In addition, the United Kingdom, Germany, the Netherlands, and Canada accounted for 14.0 percent, 12.8 percent, 12.7 percent, and 9.0 percent of the total, respectively.

The collective net income (less deficit) reported by foreign-controlled domestic corporations rose to \$66.3 billion, a 10.1-percent increase from the \$60.2 billion for 1999. Total income tax after credits moved in the same direction as did profits, increasing from \$23.9 billion for 1999 to \$28.1 billion for 2000, an increase of 17.3 percent.

Of the 60,609 foreign-controlled domestic corporations, the 3,287 "largest" companies accounted for most of the total amounts of key financial items (e.g., 95.1 percent of the total assets, 93.3 percent of the total receipts, 91.9 percent of the taxable income, and 90.9 percent of the total income tax after credits). In comparing these large companies to other large domestic companies on the basis of industry, the ratio related to profitability, i.e., net income (less deficit) compared to total receipts, was smaller for the FCDC's in most cases. While this article has been able to compare the profits of FCDC's to other domestic corporations on the same bases of size and industry, additional research is needed to explain the remaining differences in the profitability of the two groups of companies with different owners [19].

When calculating the percentage of total income tax after credits to total receipts, for 2000, large FCDC's generally had percentages that were smaller than those of other large domestic corporations within the same industrial group. This calculation takes into account only the U.S. tax liabilities of the corporations. Additional data would be required to examine the worldwide tax liabilities of the corporations, which are beyond the scope of this article.

### Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income--2000, Corporation Income Tax Returns*.

*Alternative Minimum Tax.*--This tax was designed to ensure that a taxpayer with substantial

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economic income would not avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. It is included in the amounts reported for both total income tax before (and after) credits.

*Business Receipts.*--These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of "cost of goods sold" or as "taxes paid"); others reported their receipts after adjustment for these taxes. Business receipts include rents reported as the principal business income by real estate operators and certain manufacturing, public utility, trade, and service corporations. Business receipts include such banking items as fees, commissions, trust department earnings, and service charges. Interest, the principal operating income of banking and savings institutions, was excluded from business receipts, but included in the separate statistics for "interest received." Also, premium income of most insurance companies was included in business receipts.

*Constructive Ownership Rules.*--The constructive ownership rules of Internal Revenue Code section 318 apply in determining if a U.S. corporation is foreign-owned. However, if a corporation is owned by two or more "unrelated" foreign persons, neither of which owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these persons may have met the 50-percent-or-more ownership criterion. See also, Foreign Person, defined below.

*Constructive Taxable Income from Related Foreign Corporations.*--This item represented the sum of includable income from Controlled Foreign Corporations and foreign dividend gross-up. Includable income is deemed distributions, and represents the income of foreign corporations that is taxable to the U.S. parent corporation, regardless of whether or not it is actually received. Foreign dividend gross-up is an amount of income, taxable to the U.S. parent, that equals the foreign tax deemed paid based on both foreign dividends received and includable income from foreign corporations.

*Cost of Goods Sold.*--This item generally consisted of the direct costs incurred by corporations in producing goods or providing services. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and

certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, sales and excise taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers in cost of goods sold schedules were transferred to their respective and separate deduction categories.

*Current and Noncurrent Assets.*--In this article, current assets include cash, notes and accounts receivable (less the allowance for bad debts), inventories, investments in Government obligations, tax-exempt securities, and other current assets, such as short-term prepaid expenses. Noncurrent assets include loans to stockholders, mortgage and real estate loans, other investments, depreciable assets (less accumulated depreciation), depletable assets (less accumulated depletion), land, intangible assets (less accumulated amortization), and other assets, including those not identified on the tax return as either current or long-term.

*Current and Noncurrent Liabilities.*--In this article, current liabilities include accounts payable; mortgages, notes, and bonds payable in less than 1 year; and other current liabilities, such as accrued expenses. Noncurrent liabilities include loans from stockholders; mortgages, notes, and bonds payable in 1 year or more; and other liabilities, including those not identified on the tax return as either current or long-term.

*Foreign Person.*--A foreign person (or entity) includes: (1) a foreign citizen or nonresident alien, (2) an individual who is a citizen of a U.S. possession (but who is not a U.S. citizen or resident), (3) a foreign corporation, (4) a foreign partnership, (5) a foreign estate or trust within the meaning of Internal Revenue Code (IRC) section 7701(a)(31), and (5) a foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity as described in IRC section 892.

*Foreign Tax Credit.*--Although the United States taxes the worldwide income of U.S. persons (including corporations), foreign source income is often taxed as well by the country where the income is earned. The foreign tax credit provisions were enacted to mitigate the potential impact of the double

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taxation of foreign-source income. U.S. persons are allowed a credit against U.S. income tax for income taxes paid (or accrued) to foreign countries or U.S. possessions, subject to a limitation that prevented corporations from using foreign tax credits to reduce U.S. tax liability on U.S.-sourced income. A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign taxes paid. The foreign tax credit was not allowed for taxes paid to certain foreign countries whose governments were not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, or which provided support for international terrorism.

*Income Subject to Tax.*--For most corporations, income subject to tax, i.e., taxable income, was defined by Internal Revenue Code section 63 and consisted of (positive) net income minus certain statutory special deductions. There were special provisions in the Code for determining the taxable income of S corporations, life and nonlife insurance companies, regulated investment companies, and real estate investment trusts. On Form 1120, this item was reported on page 1, line 30.

*Net Income (or Deficit).*--This is the difference between taxable receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. In this article, for a group of returns, this item may be referred to as either "profits" (i.e., net income exceeds deficits) or "losses" (deficits exceed net income). It reflects not only actual receipts, but "constructive" receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend "gross-up"). Tax-exempt interest on State and local government obligations is excluded from this item, but is included in "total receipts." Because certain statutory special deductions, such as the net operating loss deduction, reduce the corporation's "taxable income" (or "income subject to tax"), the statistics for (positive) net income are generally larger than the amounts shown for (U.S.) "income subject to tax" (i.e., the base on which the income tax was computed). On Form 1120, "net income (or deficit)" was reported on page 1, line 28.

*Net Operating Loss Deduction (NOLD).*--For tax years beginning after August 5, 1997, a statutory "net operating loss" (NOL) for a given tax year could be carried back, in general, 2 years to reduce the

taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward to offset income for a period not exceeding 20 years. (For tax years beginning before August 6, 1997, NOL's could be carried back 3 years, but forward for only 15 years.) The amount of the deduction included in the statistics, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2000) tax year. Losses incurred after the 2000 Tax Year and carried back to that year at a later date were not reported on the tax returns used for this article. Net operating losses on which the 2000 deduction was based include: (1) the excess of ordinary and necessary business expenses over income for previous loss years, and (2) statutory special deductions claimed for a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

*Net Worth.*--This item represented the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. It is the net result of adding capital stock, paid-in or capital surplus, appropriated retained earnings, unappropriated retained earnings, and adjustments to shareholders' equity, and then subtracting the cost of treasury stock. Adjustments to shareholders' equity could be either positive or negative, and included unrealized gains and losses on securities held "available for sale." Treasury stock is common or preferred stock originally issued by the corporation which has been reacquired and held at the end of the accounting period by the issuing corporation.

*Number of Returns.*--The data contained in this article are based on the number of returns filed for Tax Year 2000. For simplicity, the number of returns is sometimes referred to in this article as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit. The number of returns shown in this article represent returns of "active" corporations, i.e., those which

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reported any income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with the Internal Revenue Service were for active corporations. Part-year returns, those filed for accounting periods of less than 12 months, were included in the number of returns and other data shown in this article. Continuing corporations changing their accounting periods, new corporations in existence less than 12 months, merging corporations, and liquidating corporations filed such returns. To avoid double counting, data from the balance sheets of part-year returns were not included in the statistics, except for those from initial returns of newly incorporated businesses.

*Real Estate Investment Trusts.*--Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as a real estate investment trust (REIT). REIT's generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; gains from the sale of stock, securities, and real property; abatements and refunds of taxes on real property; income and gains from foreclosure property; amounts received or accrued for entering into agreements to make loans secured by mortgages or to purchase or lease real property; etc. Additionally, at least 75 percent of total gross income must be derived from rents from real property; interest on mortgages on real property; gains from sales of real property and mortgages; dividends and gains from the sale of transferable shares in other REIT's; abatements and refunds of taxes on real property; income and gains from foreclosure property; amounts received or accrued for entering into agreements concerning real property; etc. The tax liability of REIT's is generally very low. This is because through a statutory special deduction for dividends paid, REIT's are not taxed on amounts distributed to shareholders. In general, REIT's must distribute to their shareholders at least 95 percent of their taxable

income. Such distributions are taxed to the shareholders (i.e., beneficiaries).

*Regulated Investment Companies.*--A regulated investment company (RIC) is a domestic corporation registered with the Securities and Exchange Commission as a management company, business development company, unit investment trust, common trust fund, or a similar fund. Typically, it is a mutual fund. A RIC must meet certain Internal Revenue Code requirements, including deriving at least 90 percent of its gross income from dividends, interest, payments related to securities loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities, or currencies. The tax liability of RIC's is generally very low. This is because through a statutory special deduction for dividends paid, RIC's are not taxed on amounts distributed to shareholders. In general, RIC's must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed at the shareholder level.

*S Corporations.*--An S corporation is a corporation that has elected S corporation status and whose shareholders have agreed to that election. The number of shareholders of an S corporation is limited. Shareholders must be U.S. citizens or residents. Additionally, shareholders must be individuals, estates, or trusts. Other corporations, for instance, cannot be shareholders of S corporations. An S corporation must be a domestic corporation, with only one class of stock, and not a member of an affiliated group eligible for inclusion in a consolidated return. An S corporation is mostly an income-reporting, but not taxpaying, entity. There is, in general, no corporate-level tax; instead, income is taxed to the shareholders immediately, whether or not actually distributed. Each shareholder's share of the net income from the corporation's ordinary trade or business activities, plus the income and expenses from the corporation's passive activities and portfolio investments, is passed through pro-rata on a per-share, daily basis.

*Statutory Special Deductions.*--This item was the sum of: (1) deductions for net operating losses of prior years, (2) intercorporate dividends received deductions, (3) deductions for dividends paid on certain preferred stock of public utilities, (4) deductions for dividends paid by regulated investment

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companies and real estate investment trusts, (5) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (6) Code section 806(a) small life insurance company deductions. Since these deductions were allowed by law in addition to ordinary and necessary business deductions, they are shown in the statistics as deductions from net income. In general, (positive) net income less statutory special deductions equals income subject to tax. However, there are exceptions to this generality for S corporations, insurance companies, RIC's, and REIT's.

*Total Assets.*--This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the allowance for bad debts.

*Total Income Tax Before and After Credits.*--For 2000, total income tax of FCDC's was primarily comprised of the income tax imposed on corporate income subject to tax (98.0 percent of the total tax) and the alternative minimum tax (2.0 percent). A small number of corporation income tax returns without net income reported amounts of income tax. The income tax, in these cases, resulted from special provisions of the Internal Revenue Code applicable to life insurance operations. These provisions applied to FCDC's with life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture tax on investment credits. Thus, a small number of corporations without net income and income tax reported such taxes on their income tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were the taxes on undistributed net capital gains of regulated investment companies. For 2000, the credits used to reduce the total income tax of FCDC's primarily included the foreign tax credit (64.0 percent of the \$6.6 billion of total credits), the prior-year minimum tax credit (19.8 percent), the general business credit (11.1 percent), the nonconventional source fuel credit (4.0 percent), and the U.S. possessions tax credit (1.1 percent). The statistics shown for this item may differ somewhat from the actual income tax collected and the final income tax liability of corporations for Tax Year 2000. Ad-

justments could be made to income tax returns after they were filed, which could affect the final tax liability. Such adjustments are not reflected in the statistics. Adjustments could result from tax examination and enforcement activities by IRS, or the use of carry-back provisions for net operating losses and unused foreign tax and general business credits by taxpayers.

*Total Receipts.*--This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts, before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. However, total receipts exclude certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Long-term capital gains of regulated investment companies, as well as both short-term and long-term capital gains of S corporations are also excluded.

*Total Receipts Less Total Deductions.*--This item differs from the "net income (less deficit)" shown in the statistics in that it includes nontaxable interest received on State and local Government obligations, and excludes constructive taxable income from related foreign corporations.

### Data Sources and Limitations

#### Time Period Covered

Data for Tax Year 2000 are based on returns with accounting periods that ended between July 2000 and June 2001. The sampling frame for the 2000 statistics consisted, in general, of tax returns with these accounting periods that also posted to the IRS Business Master File between July 2000 and June 2002. Corporation returns were usually required to be filed within 2 1/2 months after the close of the accounting period. However, most corporations could receive filing extensions of 6 months. As a

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result of the 12-month span for ending accounting periods, the statistics shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 2000, that span was from August 1999 through June 2001. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2000. Of the 60,609 FCDC returns filed for Tax Year 2000, 38,178 had accounting periods that ended in December 2000, 63.0 percent of the total. These returns accounted for 73.0 percent of the receipts and 72.8 percent of the deductions reported by all FCDC's, as well as 77.7 percent of the FCDC assets.

### Sample

This article presents statistical estimates based on a stratified sample of more than 10,600 unaudited tax returns selected from over 60,600 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2000. The statistics for FCDC's are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDC's include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*). For Tax Year 2000, FCDC's filed only 78 Forms 1120L, 103 Forms 1120-RIC, 37 Forms 1120-REIT, and 35 Forms 1120-PC. As previously mentioned, FCDC's could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDC's shown in Figures E through G, and in Table 4, exclude Forms 1120-RIC and 1120-REIT.

Form 1120 sampled returns were stratified, based on the size of total assets and the size of "proceeds" (which were used as a measure of income and were the larger of the absolute value of net income or deficit or the absolute value of "cash flow," i.e., net income plus depreciation plus depletion). Forms 1120L, 1120-RIC, 1120-REIT, and 1120-PC were sampled, based solely on the size of total assets.

For 2000, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In

general, Form 1120 returns with assets of \$10 million or more, or with "proceeds" of \$2.5 million or more, were selected for the Statistics of Income study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income--2000, Corporation Income Tax Returns*.

Because the data presented are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. Figure H shows CV's for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of CV's, see the Appendix located near the back of this issue of the *Statistics of Income Bulletin*.

### Nonsampling Limitations

Nonsampling errors can be categorized as coverage errors, nonresponse errors, processing errors, or response errors. These errors can be the result of the inability to obtain information about all returns in the sample, differing interpretations of tax concepts or instructions by the taxpayer, inability of a corporation to provide accurate information at the time of filing (data are collected before auditing), inability to obtain all tax schedules and attachments, errors in recording or coding the data, errors in collecting or cleaning the data, errors made in estimating for missing data, and failure to represent all population units.

Returns were selected for this study based on taxpayers' responses to two questions that appeared on the various types of Form 1120. The first question asked whether any "foreign person" owned, directly or indirectly, 25 percent or more of the filing corporation's voting stock, or the total value of all the corporation's stock, at any time during the tax year. If this question was answered "Yes," then a second question asked for the percentage owned [20]. If the first question was answered "Yes," and the second question was answered with a percentage between 50 and 100, then the return was included in the FCDC statistics [21, 22]. Taxpayers sometimes incorrectly answered these questions or did not answer them at all [23]. However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 1999 and 2000, were researched, and the answers to the questions were verified. These

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Figure H

**Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2000**

Selected industry or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>Total</b> .....	<b>3.98</b>	<b>0.03</b>	<b>0.14</b>	<b>0.18</b>	<b>0.45</b>	<b>0.17</b>	<b>0.19</b>
<b>Selected industrial sectors:</b>							
Manufacturing.....	9.29	0.04	0.11	0.14	0.53	0.14	0.18
Wholesale trade.....	7.86	0.25	0.48	0.70	1.85	0.77	0.78
Information.....	19.87	0.06	0.88	0.86	1.14	0.85	0.90
Finance and insurance.....	17.87	0.02	0.14	0.32	0.83	0.20	0.21
Real estate and rental and leasing.....	8.45	0.74	2.64	3.07	2.51	4.54	4.31
Professional, scientific, and technical services.....	14.36	0.67	2.27	3.05	2.30	2.62	2.59
Management of companies (holding companies).....	16.18	0.08	0.24	0.68	2.62	0.62	0.74
<b>Selected countries of foreign owners:</b>							
Canada.....	10.40	0.10	0.69	0.94	1.63	0.97	0.94
France.....	22.39	0.06	0.28	0.38	1.06	0.52	0.53
Germany.....	15.29	0.06	0.25	1.06	0.92	1.18	1.28
Japan.....	10.41	0.13	0.29	0.29	1.04	0.33	0.30
Netherlands.....	22.44	0.03	0.32	0.54	0.98	0.25	0.33
Sweden.....	16.82	0.14	0.26	0.14	7.06	0.14	0.20
Switzerland.....	20.97	0.06	0.41	0.49	1.33	0.34	0.36
United Kingdom.....	14.27	0.05	0.33	0.22	1.18	0.22	0.34

large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

Each return used for the statistics had an industry code reported, or was assigned one during administrative or statistical processing. For 2000, the North American Industry Classification System (NAICS) was used as a classifier of the returns. The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of the total receipts) of the corporation filing the return. However, a given return may summarize the activity of a company engaged in several businesses or may have been a consolidated return filed for an affiliated group of corporations that conducted different business activities. To the extent that some consolidated (and nonconsolidated) returns covered corporations that were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

There is an additional limitation related to data presented by industrial classification. Companies that sell similar products may not be classified in the same

industry. For instance, those FCDC's that were primarily U.S. distributors of products made in foreign countries by their parent or other related companies were classified as wholesalers. However, other domestic corporations that were also distributors may have been included in consolidated returns covering both the manufacture and distribution of similar products and classified as manufacturers.

Each return was assigned a foreign country code during statistical processing that identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate foreign parent, the data may not be entirely related to the foreign country under which they are shown.

#### Notes and References

- [1] For 1999 data covering FCDC's, see Hobbs, James R., "Foreign-Controlled Domestic Corpo-



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rations, 1999,” *Statistics of Income Bulletin*, Summer 2002, Volume 22, Number 1. In addition, FCDC data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats.

- [2] Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Winter 2002-2003, Volume 22, Number 3; (2) *Statistics of Income--Corporation Income Tax Returns*, selected years; (3) *Source Book of Statistics of Income--Corporation Income Tax Returns*, selected years; and (4) unpublished Statistics of Income tabulations.
- [3] Direct investment is different from portfolio investment in that the latter exerts no control over the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments, an increase in the value of the shares of stock, or both.
- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is “one which is not domestic.”
- [5] There are separate tabulations covering foreign-controlled domestic corporations and branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business in *Statistics of Income--2000, Corporation Income Tax Returns*.
- [6] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for “all corporations” exclude certain out-of-scope returns, such as returns for homeowners’ associations (Form 1120-H) and certain political organizations (Form 1120-POL). For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income--2000, Corporation Income Tax Returns*. On the other hand, in addition to legally defined corporations, the

Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies and unincorporated associations (e.g., certain partnerships, savings and loan associations, and mutual savings banks). These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. They filed Forms 1120 and were included in the SOI corporation sample.

- [7] For additional information on foreign investment in the United States, see *Survey of Current Business* reports, produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA periodically produces several articles related to this subject, including: (a) “Foreign Direct Investment in the United States: Detail for Historical-Cost Position and Related Capital and Income Flows, 2001,” September 2002; (b) “U.S. Affiliates of Foreign Companies: Operations in 2000,” August 2002; and (c) “Foreign Direct Investment in the United States: New Investment in 2001,” June 2002. In addition to the printed versions of these articles, electronic versions can be obtained from the Internet at: [www.bea.doc.gov](http://www.bea.doc.gov). The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to time periods covered and levels of foreign ownership.
- [8] The 27.5-percent increase between 1999 and 2000 in the assets of domestic corporations controlled by foreign persons, as well as the 13.4-percent increase for all corporations, may overstate the actual “growth in investment.” Assets are generally reported at book value on tax returns (i.e., at the value at the time of acquisition). The book value of newly-acquired assets is generally greater than the book value of similar assets they replaced. Therefore, new corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations comprised a different portion of FCDC’s than they did for other companies, the comparability of 27.5 percent to 13.4 percent (above) may be limited.

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- [9] Dates of incorporation are reported, for example, on Form 1120, page 1, question C.
- [10] In general, the computation of net income (less deficit) can be shown as follows:
- Begin With:* Total Receipts  
(Includes Business Receipts)
- Less:* Total Deductions  
(Includes Cost of Goods Sold)
- Equals:* Total Receipts Less Total Deductions
- Plus:* Constructive Taxable Income from Related Foreign Corporations  
(Includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-Up)
- Less:* Tax-exempt Interest on State and Local Government Obligations (Included in Total Receipts, above)
- Equals:* Net Income (Less Deficit)
- [11] For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Duffy, Heather R., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 1998,” *Statistics of Income Bulletin*, Fall 2001, Volume 21, Number 2. Unfortunately, the data contained in that article are not completely comparable to the data contained in this article, since they cover different time periods. Also, the statistics contained in the above-mentioned article are for U.S. corporations that were owned, 25 percent or more, by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the “foreign-owned” study showed total receipts of \$500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25 Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Neither of these conditions was a requirement for inclusion in the FCDC study.
- [12] The 34,090 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

- [13] There were certain exceptions to the relationship of net income minus statutory special deductions equaling income subject to tax. In some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. Also, the tax bases of life insurance companies, regulated investment companies, and real estate investment trusts were not defined as net income less statutory special deductions.
- [14] Most, if not all, of the largest FCDC’s and other domestic corporations were selected for this study at the 100-percent sampling rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data. A complete discussion on sampling rates is presented in *Statistics of Income--2000, Corporation Income Tax Returns*.
- [15] Shown below are data for all REIT’s, RIC’s, and S corporations filed by foreign-controlled domestic corporations (FCDC’s) and by other domestic corporations (ODC’s). Money amounts are in millions of dollars.

Type of corporation and item	FCDC's	ODC's
<b>Real Estate Investment Trusts:</b>		
Number of returns	37	1,062
Total assets	21,869	523,067
Total receipts	1,730	57,847
Net income (less deficit)	1,169	34,933
Income subject to tax	--	76
Total income tax after credits	*	36
<b>Regulated Investment Companies:</b>		
Number of returns	103	10,888
Total assets	54,049	7,744,882
Total receipts	3,042	318,424
Net income (less deficit)	2,689	231,688
Income subject to tax	--	1
Total income tax after credits	--	25
<b>S Corporations:</b>		
Number of returns	--	2,860,478
Total assets	--	1,790,712
Total receipts	--	3,617,477
Net income (less deficit)	--	139,109
Income subject to tax	--	1,348
Total income tax after credits	--	575
* Less than \$500,000.		

## Foreign-Controlled Domestic Corporations, 2000

- [16] *Statistics of Income--2000, Corporation Income Tax Returns*, IRS Publication 16, page 255.
- [17] One focus of this article is U.S. total income tax after credits. The reader might chose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. Using this procedure, the foreign tax credit approximates the foreign tax liabilities of the corporations. Table 4 shows amounts of foreign tax credits in addition to U.S. total income tax after credits.
- [18] The narrowing of the differences between the two types of corporations by replacing “net income (less deficit)” with “total income tax after credits” as the numerator in the calculation may reflect the following: (1) the elimination of deficits, (2) the amount of statutory special deductions, and (3) the amounts of credits claimed against taxes. Each of these items is shown in Table 4.
- [19] See Grubert, Harry, “Another Look at the Low Taxable Income of Foreign-Controlled Companies in the United States,” U.S. Department of the Treasury, Office of Tax Analysis, Paper 74, 1997; Mataloni, Raymond J., Jr., “An Examination of the Low Rates of Return of Foreign-Owned U.S. Companies,” U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, March 2000; and “Tax Administration: Foreign- and U.S.-Controlled Corporations That Did Not Pay U.S. Income Taxes, 1989-95,” U.S. General Accounting Office, GAO/GGD-99-39, March 1999.
- [20] On Form 1120, Page 3, Schedule K, the actual questions were: “(7) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation?” and “(7a) If ‘Yes,’ enter percentage owned.” There was an additional question used for the country distribution of these statistics, which was: “(7b) If ‘Yes,’ enter owner’s country.”
- [21] Returns for this study may exclude certain domestic companies that are effectively controlled by foreign persons, such as public companies in which “control” may be exercised with as little as 10 percent to 20 percent of the stock holdings.
- [22] The Statistics of Income program also compiles data on domestic corporations with 25-percent to 49-percent foreign ownership. If a company was classified as an FCDC based on 50-percent or more foreign stock ownership, then it was not included in the 25-percent to 49-percent foreign ownership category, even if it had an unrelated foreign owner with 25-percent to 49-percent stock ownership. For 2000, there were only 5,031 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$261.0 billion of assets, \$107.3 billion of receipts, \$4.1 billion of taxable income, and \$1.2 billion of total income tax after credits. All of these amounts were small in comparison to data for the FCDC’s.
- [23] The FCDC statistics include data from returns in which the first question (see footnote 20) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,968 returns for Tax Year 2000 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$123.7 billion of assets and \$55.7 billion of receipts.
- Source: IRS Statistics of Income Bulletin, Summer 2003, Publication 1136 (Rev. 09-2003.)

# Foreign-Controlled Domestic Corporations, 2000

**Table 1.--Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971-2000**

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

Item	1971	1990	1995	1998	1999	2000
	(1)	(2)	(3)	(4)	(5)	(6)
<b>ALL CORPORATIONS</b>						
Number of returns, total.....	1,733,332	3,716,650	4,474,167	4,848,888	4,935,904	5,045,274
Number with net income.....	1,063,940	1,910,670	2,455,492	2,760,814	2,812,175	2,819,153
Total assets.....	2,889,221	18,190,058	26,013,689	37,347,353	41,464,153	47,026,872
Total receipts.....	1,906,008	11,409,520	14,539,050	17,323,955	18,892,386	20,605,808
Business receipts.....	1,763,760	9,860,442	12,785,798	15,010,265	16,313,971	17,636,551
Interest received <sup>1</sup> .....	65,596	942,238	993,173	1,276,769	1,301,772	1,576,101
Total deductions.....	1,824,063	11,032,575	13,821,278	16,489,425	17,966,972	19,691,592
Cost of goods sold.....	1,241,282	6,610,770	8,206,073	9,362,392	10,284,098	11,135,288
Interest paid.....	64,697	825,372	744,765	966,659	1,018,972	1,271,679
Total receipts less total deductions.....	81,945	376,945	717,773	834,530	925,414	914,216
Net income (less deficit).....	79,700	370,633	714,193	838,224	928,956	927,526
Net income.....	96,688	552,527	880,653	1,091,150	1,229,296	1,336,620
Deficit.....	16,988	181,894	166,460	252,926	300,340	409,094
Income subject to tax.....	83,165	366,353	564,733	663,386	693,736	760,404
Total income tax before credits.....	37,510	128,186	198,787	231,400	241,988	266,282
Income tax.....	37,143	119,434	193,564	228,022	238,722	262,233
Total income tax after credits.....	30,220	96,403	156,393	181,545	193,028	204,044
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
Number of returns, total.....	5,154	44,113	60,157	61,658	59,514	60,609
Number with net income.....	2,575	17,360	26,397	29,172	27,509	26,519
Total assets.....	36,674	1,652,255	2,762,747	3,917,687	4,761,072	6,071,994
Total receipts.....	39,181	1,060,295	1,536,705	1,890,493	2,167,523	2,612,072
Business receipts.....	38,043	950,083	1,372,489	1,662,560	1,888,652	2,253,215
Interest received <sup>1</sup> .....	420	67,315	96,269	129,040	142,325	180,006
Total deductions.....	38,050	1,056,921	1,499,219	1,851,059	2,109,522	2,549,986
Cost of goods sold.....	28,804	709,052	1,000,691	1,177,416	1,322,100	1,584,513
Interest paid.....	733	77,562	92,417	128,845	144,833	186,835
Total receipts less total deductions.....	1,132	3,374	37,486	39,434	58,002	62,085
Net income (less deficit).....	1,111	3,966	38,455	40,615	60,213	66,312
Net income.....	1,496	29,410	64,339	75,409	99,974	118,598
Deficit.....	384	25,444	25,884	34,794	39,762	52,287
Income subject to tax.....	1,344	23,704	43,111	59,352	78,638	97,515
Total income tax before credits.....	650	8,719	15,834	21,262	28,107	34,650
Income tax.....	631	8,008	14,956	20,599	27,358	33,950
Total income tax after credits.....	610	7,438	13,157	18,273	23,937	28,073
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS</b>						
Number of returns, total.....	0.30	1.19	1.34	1.27	1.21	1.20
Number with net income.....	0.24	0.91	1.08	1.06	0.98	0.94
Total assets.....	1.27	9.08	10.62	10.49	11.48	12.91
Total receipts.....	2.06	9.29	10.57	10.91	11.47	12.68
Business receipts.....	2.16	9.64	10.73	11.08	11.58	12.78
Interest received <sup>1</sup> .....	0.64	7.14	9.69	10.11	10.93	11.42
Total deductions.....	2.09	9.58	10.85	11.23	11.74	12.95
Cost of goods sold.....	2.32	10.73	12.19	12.58	12.86	14.23
Interest paid.....	1.13	9.40	12.41	13.33	14.21	14.69
Total receipts less total deductions.....	1.38	0.90	5.22	4.73	6.27	6.79
Net income (less deficit).....	1.39	1.07	5.38	4.85	6.48	7.15
Net income.....	1.55	5.32	7.31	6.91	8.13	8.87
Deficit.....	2.26	13.99	15.55	13.76	13.24	12.78
Income subject to tax.....	1.62	6.47	7.63	8.95	11.34	12.82
Total income tax before credits.....	1.73	6.80	7.97	9.19	11.62	13.01
Income tax.....	1.70	6.70	7.73	9.03	11.46	12.95
Total income tax after credits.....	2.02	7.72	8.41	10.07	12.40	13.76

<sup>1</sup> Excludes interest received on State and local government obligations.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data; see Statistics of Income--Corporation Income Tax Returns, selected years, for discussions of changes affecting the comparability of the data over time.

# Foreign-Controlled Domestic Corporations, 2000

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2000**

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries<sup>1</sup></b> .....	<b>60,609</b>	<b>26,519</b>	<b>19,222</b>	<b>6,071,994</b>	<b>1,663,716</b>	<b>2,612,072</b>	<b>2,253,215</b>	<b>2,549,986</b>
Agriculture, forestry, fishing, and hunting.....	1,375	257	213	6,363	2,928	3,192	2,825	3,340
Agricultural production.....	1,026	234	202	5,391	2,474	2,471	2,140	2,616
Forestry and logging.....	259	3	3	375	163	139	135	140
Support activities and fishing, hunting, and trapping.....	90	19	8	596	292	583	549	584
Mining.....	642	194	146	101,254	49,800	28,500	25,645	27,848
Utilities.....	51	21	22	33,363	5,705	13,911	12,849	13,722
Construction.....	1,827	565	392	42,123	14,928	38,372	36,234	38,139
Building, developing, and general contracting.....	1,433	490	341	21,106	6,697	23,487	22,045	23,279
Heavy construction.....	295	14	15	17,142	6,886	11,757	11,245	11,767
Special trade contractors.....	99	61	36	3,876	1,345	3,128	2,943	3,092
Manufacturing.....	7,068	4,329	3,859	1,859,514	719,940	1,152,776	1,069,950	1,118,191
Food manufacturing.....	503	397	385	75,732	22,058	48,089	44,545	47,062
Beverage and tobacco product manufacturing.....	73	58	54	19,182	1,893	14,958	13,980	13,756
Textile mills and textile product mills.....	132	73	47	5,767	1,888	6,052	5,858	6,067
Apparel manufacturing.....	355	49	49	2,925	294	4,113	3,954	4,445
Leather and allied product manufacturing.....	7	4	4	127	31	159	151	162
Wood product manufacturing.....	267	119	102	3,347	1,133	3,812	3,776	3,894
Paper manufacturing.....	80	54	55	19,589	5,593	19,052	18,059	18,760
Printing and related support activities.....	55	37	36	17,324	9,625	9,503	9,067	9,467
Petroleum and coal products manufacturing.....	25	17	17	469,256	206,824	230,354	213,227	213,549
Chemical manufacturing.....	576	343	328	329,963	107,652	179,936	157,865	170,877
Plastics and rubber products manufacturing.....	443	297	222	125,186	89,209	41,002	38,453	41,009
Nonmetallic mineral product manufacturing.....	391	196	99	56,767	19,327	37,507	35,721	35,932
Primary metal manufacturing.....	151	99	95	24,951	9,470	28,989	27,731	29,160
Fabricated metal product manufacturing.....	673	329	316	44,653	12,981	33,866	32,275	33,025
Machinery manufacturing.....	984	773	762	91,203	27,612	62,555	59,097	62,625
Computer and electronic product manufacturing.....	867	562	503	157,523	62,791	138,245	131,485	136,745
Electrical equipment, appliance, and component manufacturing.....	171	104	76	19,557	6,832	19,337	18,880	18,826
Transportation equipment manufacturing.....	435	225	187	360,997	123,648	248,093	229,665	245,657
Furniture and related product manufacturing.....	105	23	23	896	334	1,727	1,674	1,682
Miscellaneous manufacturing.....	774	571	498	34,570	10,745	25,429	24,488	25,493
Wholesale and retail trade <sup>1</sup> .....	18,786	8,232	5,998	428,036	98,057	720,843	696,255	711,154
Wholesale trade.....	15,554	6,560	5,121	353,088	79,216	607,804	587,336	598,222
Wholesale trade, durable goods.....	10,180	4,429	3,665	274,146	59,649	461,852	445,763	453,803
Wholesale trade, nondurable goods.....	5,373	2,132	1,457	78,943	19,567	145,952	141,573	144,419
Retail trade.....	3,232	1,670	877	74,936	18,834	113,019	108,899	112,912
Motor vehicle dealers and parts dealers.....	58	26	26	2,679	704	5,942	5,798	5,830
Furniture and home furnishings stores.....	60	24	**	2,220	495	3,584	3,492	3,414
Electronics and appliance stores.....	707	424	91	5,497	789	5,502	5,142	6,171
Building material and garden equipment and supplies dealers.....	32	26	13	632	196	1,075	1,070	1,077
Food, beverage, and liquor stores.....	56	14	14	39,555	10,449	70,710	68,677	70,058
Health and personal care stores.....	43	23	23	4,754	1,137	5,312	5,094	5,065
Gasoline stations.....	287	188	**	321	87	1,831	1,747	1,850
Clothing and clothing accessories stores.....	810	109	106	10,322	3,259	9,806	9,185	9,896
Sporting goods, hobby, book, and music stores.....	70	66	65	435	133	955	941	968
General merchandise stores.....	229	223	223	422	121	721	706	734
Miscellaneous store retailers.....	360	258	248	3,751	716	2,925	2,680	3,018
Nonstore retailers.....	520	289	55	4,349	747	4,656	4,369	4,831

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2000**  
**--Continued**

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All industries<sup>1</sup></b> .....	<b>1,584,513</b>	<b>62,085</b>	<b>66,312</b>	<b>118,598</b>	<b>-52,287</b>	<b>97,515</b>	<b>34,650</b>	<b>28,073</b>
Agriculture, forestry, fishing, and hunting.....	1,909	-148	-148	146	-295	39	14	13
Agricultural production.....	1,358	-145	-146	121	-267	34	12	11
Forestry and logging.....	105	-2	-2	4	-6	2	1	1
Support activities and fishing, hunting, and trapping.....	446	-1	-1	21	-22	3	1	1
Mining.....	15,455	652	878	1,957	-1,078	1,436	570	254
Utilities.....	9,363	190	198	293	-95	232	87	79
Construction.....	30,976	234	238	1,260	-1,022	802	286	276
Building, developing, and general contracting.....	20,484	208	206	782	-576	397	143	141
Heavy construction.....	8,134	-10	-5	340	-345	321	114	107
Special trade contractors.....	2,359	36	37	138	-101	84	29	28
Manufacturing.....	769,035	34,585	37,249	54,972	-17,722	47,454	16,928	12,532
Food manufacturing.....	28,720	1,027	1,116	1,574	-458	1,304	464	339
Beverage and tobacco product manufacturing.....	4,959	1,202	1,209	1,285	-76	1,187	416	399
Textile mills and textile product mills.....	4,197	-15	-16	162	-177	140	50	49
Apparel manufacturing.....	3,280	-332	-332	36	-368	24	9	9
Leather and allied product manufacturing.....	116	-4	-4	2	-6	1	( <sup>2</sup> )	( <sup>2</sup> )
Wood product manufacturing.....	2,899	-82	-82	64	-146	56	19	18
Paper manufacturing.....	14,551	292	326	589	-263	319	157	122
Printing and related support activities.....	6,085	36	36	226	-190	130	46	39
Petroleum and coal products manufacturing.....	160,814	16,805	17,257	17,443	-186	16,583	5,963	3,125
Chemical manufacturing.....	88,264	9,060	10,748	13,844	-3,096	12,292	4,321	3,347
Plastics and rubber products manufacturing.....	28,390	-7	6	1,248	-1,243	948	334	315
Nonmetallic mineral product manufacturing.....	23,814	1,575	1,669	2,091	-422	1,902	671	600
Primary metal manufacturing.....	23,371	-171	-166	1,010	-1,175	614	221	200
Fabricated metal product manufacturing.....	23,073	841	851	1,331	-480	1,221	428	403
Machinery manufacturing.....	42,222	-70	-10	1,642	-1,652	1,355	475	427
Computer and electronic product manufacturing.....	93,772	1,500	1,654	4,446	-2,792	3,113	1,143	1,024
Electrical equipment, appliance, and component manufacturing.....	13,581	511	530	1,007	-477	860	300	291
Transportation equipment manufacturing.....	189,398	2,436	2,467	6,049	-3,582	4,713	1,669	1,617
Furniture and related product manufacturing.....	1,237	45	45	60	-15	59	20	20
Miscellaneous manufacturing.....	16,291	-64	-58	862	-919	633	222	190
Wholesale and retail trade <sup>1</sup> .....	561,568	9,690	9,890	17,953	-8,063	15,226	5,409	5,027
Wholesale trade.....	484,186	9,582	9,762	15,652	-5,890	13,158	4,690	4,377
Wholesale trade, durable goods.....	366,390	8,049	8,191	12,310	-4,118	10,412	3,726	3,510
Wholesale trade, nondurable goods.....	117,796	1,533	1,570	3,342	-1,772	2,746	964	867
Retail trade.....	77,365	107	129	2,301	-2,172	2,069	720	650
Motor vehicle dealers and parts dealers.....	5,118	112	120	156	-36	154	54	51
Furniture and home furnishings stores.....	1,985	170	172	194	-23	188	66	65
Electronics and appliance stores.....	4,017	-669	-657	98	-755	40	14	13
Building material and garden equipment and supplies dealers.....	826	-2	-2	18	-19	14	5	5
Food, beverage, and liquor stores.....	50,956	652	652	838	-186	785	275	218
Health and personal care stores.....	2,694	247	247	288	-41	285	99	97
Gasoline stations.....	1,510	-19	-19	5	-24	4	1	1
Clothing and clothing accessories stores.....	4,658	-90	-90	447	-537	405	141	138
Sporting goods, hobby, book, and music stores.....	650	-13	-13	19	-32	16	5	5
General merchandise stores.....	468	-13	-13	7	-20	2	( <sup>2</sup> )	( <sup>2</sup> )
Miscellaneous store retailers.....	1,739	-93	-93	66	-159	48	16	15
Nonstore retailers.....	2,745	-176	-176	164	-340	128	44	40

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2000  
--Continued**

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transportation and warehousing.....	1,385	441	376	36,023	10,904	34,136	30,716	33,702
Air, rail, and water transportation.....	420	105	58	13,076	4,155	10,908	8,910	10,515
Truck transportation.....	78	73	73	2,303	631	1,387	1,332	1,383
Transit and ground passenger transportation.....	20	13	12	8,514	1,762	7,470	6,718	7,630
Pipeline transportation.....	38	6	7	2,215	1,069	356	272	377
Other transportation and support activities.....	762	204	202	8,356	2,629	12,609	12,220	12,539
Warehousing and storage.....	68	40	24	1,559	658	1,407	1,265	1,259
Information.....	3,008	569	372	558,444	292,347	90,352	71,409	93,386
Publishing industries.....	538	210	97	67,335	12,076	32,894	27,207	32,283
Motion picture and sound recording industries.....	659	186	186	279,962	132,631	32,121	24,981	33,687
Broadcasting and telecommunications.....	937	104	55	199,253	144,086	19,930	14,768	21,539
Information services and data processing services.....	874	68	34	11,895	3,554	5,406	4,454	5,877
Finance and insurance.....	2,071	1,259	846	2,269,181	300,075	360,441	192,932	345,880
Credit intermediation.....	281	191	165	219,948	19,810	19,587	3,718	18,463
Securities, commodity contracts, and other financial investments and related activities.....	1,125	627	383	1,156,229	55,829	113,804	32,643	111,659
Insurance carriers and related activities.....	291	129	124	793,351	155,606	220,384	156,553	213,173
Other financial vehicles and other investment companies.....	374	312	174	99,653	68,830	6,667	19	2,584
Real estate and rental and leasing.....	11,062	4,707	2,985	97,822	30,140	22,769	15,964	22,243
Real estate.....	10,787	4,613	2,892	64,797	22,711	11,775	6,551	10,918
Rental and leasing services.....	269	91	90	32,812	7,405	10,928	9,390	11,262
Lessors of nonfinancial intangible assets (except copyrighted works).....	6	3	3	213	24	67	23	63
Professional, scientific, and technical services.....	6,395	3,286	2,024	64,965	29,172	40,318	36,662	42,150
Management of companies (holding companies).....	2,284	881	818	477,065	78,663	43,222	4,259	37,280
Administrative and support and waste management and remediation services.....	1,212	474	297	27,957	7,199	25,007	23,843	25,168
Administrative and support services.....	1,189	455	278	25,184	7,378	23,110	22,016	23,219
Waste management and remediation services.....	23	19	19	2,773	-179	1,898	1,826	1,949
Educational services.....	299	36	**	1,595	450	953	865	999
Health care and social assistance.....	99	9	8	15,328	5,486	9,509	9,023	9,664
Offices of health practitioners and outpatient care centers.....	6	--	--	10,716	4,477	5,923	5,790	5,982
Miscellaneous health care and social assistance.....	85	5	5	3,353	712	2,428	2,108	2,402
Hospitals, nursing, and residential care facilities.....	8	4	3	1,259	297	1,159	1,125	1,279
Arts, entertainment, and recreation.....	710	388	267	5,001	1,564	2,799	2,121	2,651
Other arts, entertainment, and recreation.....	615	330	249	1,543	571	1,291	947	1,251
Amusement, gambling, and recreation industries.....	95	57	18	3,458	993	1,508	1,174	1,400
Accommodation and food services.....	1,458	358	156	40,885	16,301	20,717	17,874	20,345
Accommodation.....	959	269	133	33,436	15,007	11,704	9,635	11,208
Food services and drinking places.....	498	89	23	7,449	1,294	9,014	8,239	9,138
Other services.....	616	495	433	7,070	53	4,232	3,790	4,123
Repair and maintenance.....	198	125	63	2,131	643	2,206	2,136	2,168
Personal and laundry services.....	418	371	370	4,938	-590	2,026	1,655	1,955
Not allocable.....	261	18	**	6	5	21	--	1

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2000**  
**--Continued**

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing.....	12,138	434	630	1,376	-745	984	347	268
Air, rail, and water transportation.....	4,334	393	402	537	-135	241	89	86
Truck transportation.....	429	4	4	40	-35	19	7	7
Transit and ground passenger transportation.....	949	-160	-160	62	-222	24	8	8
Pipeline transportation.....	90	-21	-21	70	-90	70	24	21
Other transportation and support activities.....	6,092	70	257	496	-238	477	164	100
Warehousing and storage.....	244	148	148	172	-24	153	54	46
Information.....	31,656	-3,034	-2,907	5,440	-8,348	4,612	1,615	1,479
Publishing industries.....	10,156	611	703	2,594	-1,891	2,283	798	693
Motion picture and sound recording industries.....	12,173	-1,566	-1,533	330	-1,864	295	104	102
Broadcasting and telecommunications.....	8,400	-1,609	-1,606	2,318	-3,924	1,874	657	631
Information services and data processing services.....	928	-471	-472	198	-669	161	57	54
Finance and insurance.....	104,458	14,562	14,622	20,715	-6,092	15,522	5,454	5,031
Credit intermediation.....	135	1,124	1,149	1,800	-652	1,573	555	467
Securities, commodity contracts, and other financial investments and related activities.....	835	2,144	2,686	4,840	-2,154	3,996	1,408	1,212
Insurance carriers and related activities.....	103,485	7,211	6,705	9,921	-3,216	9,684	3,397	3,259
Other financial vehicles and other investment companies.....	3	4,082	4,082	4,153	-70	269	93	92
Real estate and rental and leasing.....	4,967	526	537	2,503	-1,966	1,318	463	453
Real estate.....	1,513	857	852	2,273	-1,421	1,186	415	407
Rental and leasing services.....	3,435	-334	-319	225	-544	127	46	44
Lessors of nonfinancial intangible assets (except copyrighted works).....	18	4	4	5	-1	5	2	2
Professional, scientific, and technical services.....	15,458	-1,831	-1,801	2,240	-4,041	1,660	573	525
Management of companies (holding companies).....	186	5,942	6,542	7,553	-1,011	6,803	2,398	1,730
Administrative and support and waste management and remediation services.....	13,513	-161	-157	483	-639	331	114	110
Administrative and support services.....	12,347	-110	-106	464	-571	313	108	104
Waste management and remediation services.....	1,166	-51	-50	18	-69	18	6	6
Educational services.....	259	-47	-42	20	-62	12	4	2
Health care and social assistance.....	3,874	-155	-85	204	-290	185	65	10
Offices of health practitioners and outpatient care centers.....	2,742	-59	-59	--	-59	--	--	--
Miscellaneous health care and social assistance.....	1,083	25	95	194	-100	179	62	8
Hospitals, nursing, and residential care facilities.....	48	-121	-121	10	-131	6	2	2
Arts, entertainment, and recreation.....	424	148	149	351	-202	248	86	85
Other arts, entertainment, and recreation.....	123	40	40	87	-46	62	22	21
Amusement, gambling, and recreation industries.....	302	108	108	265	-156	185	65	64
Accommodation and food services.....	7,302	372	389	905	-516	509	190	153
Accommodation.....	3,504	496	509	848	-338	472	177	144
Food services and drinking places.....	3,798	-124	-121	57	-178	37	13	9
Other services.....	1,972	109	109	207	-98	140	46	46
Repair and maintenance.....	1,527	38	38	105	-67	91	31	31
Personal and laundry services.....	445	71	71	102	-31	49	15	15
Not allocable.....	--	20	20	20	-1	3	1	1

\*\* Not shown to avoid disclosure of information about specific corporations.

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

<sup>2</sup> Less than \$500,000.

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



# Foreign-Controlled Domestic Corporations, 2000

**Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Countries of Foreign Owners, Tax Year 2000**

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

Age of corporations and countries of foreign owners	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All corporations.....</b>	<b>60,609</b>	<b>26,519</b>	<b>19,222</b>	<b>6,071,994</b>	<b>1,663,716</b>	<b>2,612,072</b>	<b>2,253,215</b>	<b>2,549,986</b>
<b>Age of corporations:</b>								
Old corporations:								
Number or amount.....	46,561	21,372	14,786	4,796,712	1,285,640	2,279,728	1,989,603	2,216,885
Percentage of all corporations.....	76.8	80.6	76.9	79.0	77.3	87.3	88.3	86.9
New corporations:								
Number or amount.....	14,047	5,147	4,436	1,275,282	378,076	332,344	263,612	333,101
Percentage of all corporations.....	23.2	19.4	23.1	21.0	22.7	12.7	11.7	13.1
<b>Countries of foreign owners:</b>								
Selected countries, total.....	52,731	22,893	16,632	6,000,610	1,647,505	2,548,502	2,196,705	2,485,579
Percentage of all countries.....	87.0	86.3	86.5	98.8	99.0	97.6	97.5	97.5
Selected countries:								
Australia.....	616	293	170	196,218	77,350	33,403	26,067	33,582
Belgium.....	469	262	241	51,060	13,038	27,273	24,281	26,843
Bermuda.....	312	189	184	202,690	129,064	32,908	28,784	33,990
Brazil.....	1,459	134	135	10,361	1,026	7,451	6,929	7,326
Canada.....	9,596	5,144	4,204	653,779	208,187	234,006	195,390	229,419
Cayman Islands.....	1,234	665	520	45,601	23,063	13,080	11,103	13,782
China.....	1,356	589	533	2,370	658	4,020	3,945	4,011
China (Taiwan).....	2,343	815	520	12,421	3,267	16,765	16,096	16,649
Denmark.....	413	82	74	13,937	4,134	11,775	11,076	11,738
Finland.....	187	53	49	19,884	5,970	17,635	16,606	17,588
France.....	2,292	962	802	488,782	150,591	179,555	145,697	171,509
Germany.....	3,746	1,581	1,264	773,866	195,644	333,761	281,131	335,158
Hong Kong.....	1,502	576	477	4,841	1,917	3,468	3,212	3,525
India.....	1,096	193	150	1,113	192	1,948	1,912	2,028
Ireland.....	403	95	28	72,254	24,231	19,281	16,201	19,083
Israel.....	1,119	526	393	18,540	4,212	5,969	4,951	6,587
Italy.....	1,092	661	269	19,944	6,900	15,099	14,215	14,874
Japan.....	6,018	2,655	2,009	512,739	141,921	529,797	490,391	513,915
Leeward Islands.....	2,363	847	456	16,657	4,051	14,591	13,453	14,681
Luxembourg.....	612	221	187	40,278	6,564	24,283	21,965	24,227
Mexico.....	2,123	672	261	24,625	7,522	13,537	12,054	13,254
Netherlands.....	1,823	859	636	943,763	188,464	331,993	267,966	323,868
Netherlands Antilles.....	723	162	98	13,777	3,821	8,546	7,653	8,368
Norway.....	193	81	61	7,554	2,114	12,088	11,510	12,408
Panama.....	1,222	296	183	9,043	70	3,997	3,795	3,972
South Africa, Republic of.....	558	284	282	5,681	1,511	5,289	5,023	5,255
South Korea, Republic of.....	389	210	139	17,823	1,676	39,742	38,581	39,606
Sweden.....	295	111	92	120,807	14,560	80,109	69,984	76,453
Switzerland.....	2,126	1,127	902	644,928	54,708	136,129	106,519	130,382
United Kingdom.....	4,277	2,080	1,093	1,041,224	367,238	365,723	315,643	346,755
Venezuela.....	774	468	220	14,050	3,841	25,281	24,572	24,743

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Countries of Foreign Owners, Tax Year 2000--Continued**

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

Age of corporations and countries of foreign owners	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All corporations.....</b>	<b>1,584,513</b>	<b>62,085</b>	<b>66,312</b>	<b>118,598</b>	<b>-52,287</b>	<b>97,515</b>	<b>34,650</b>	<b>28,073</b>
<b>Age of corporations:</b>								
Old corporations:								
Number or amount.....	1,412,591	62,842	66,252	106,713	-40,461	89,049	31,660	25,451
Percentage of all corporations.....	89.1	101.2	99.9	90.0	77.4	91.3	91.4	90.7
New corporations:								
Number or amount.....	171,922	-757	59	11,886	-11,826	8,466	2,991	2,622
Percentage of all corporations.....	10.9	-1.2	0.1	10.0	22.6	8.7	8.6	9.3
<b>Countries of foreign owners:</b>								
Selected countries, total.....	1,541,140	62,926	67,114	116,434	-49,319	96,304	34,211	27,676
Percentage of all countries.....	97.3	101.4	101.2	98.2	94.3	98.8	98.7	98.6
Selected countries:								
Australia.....	14,111	-178	-87	1,438	-1,526	1,046	372	226
Belgium.....	17,316	430	448	985	-537	881	310	293
Bermuda.....	17,232	-1,083	-1,203	1,245	-2,448	1,009	354	315
Brazil.....	6,134	125	122	212	-89	159	55	52
Canada.....	128,189	4,587	4,598	10,305	-5,707	8,103	2,879	2,695
Cayman Islands.....	7,857	-701	-727	488	-1,215	211	83	76
China.....	3,523	9	9	83	-74	75	23	23
China (Taiwan).....	13,592	116	122	600	-479	447	156	115
Denmark.....	6,937	37	48	483	-435	240	98	90
Finland.....	13,226	48	50	291	-241	125	45	40
France.....	103,338	8,046	8,326	11,444	-3,118	8,248	2,896	2,656
Germany.....	206,583	-1,397	-726	5,976	-6,701	4,367	1,665	1,349
Hong Kong.....	2,030	-57	-57	153	-210	79	27	27
India.....	1,107	-79	-79	52	-131	31	10	10
Ireland.....	9,922	197	112	477	-364	308	108	101
Israel.....	3,531	-617	-621	349	-970	154	52	52
Italy.....	8,876	225	238	808	-570	578	202	194
Japan.....	391,670	15,882	16,255	23,806	-7,551	18,775	6,633	6,133
Leeward Islands.....	10,108	-90	-88	596	-684	422	148	144
Luxembourg.....	14,007	56	66	705	-639	488	169	164
Mexico.....	9,183	283	293	742	-449	374	138	121
Netherlands.....	169,204	8,125	8,803	12,769	-3,966	11,004	3,873	2,800
Netherlands Antilles.....	3,916	178	327	441	-114	284	108	66
Norway.....	9,883	-320	-320	167	-487	105	37	37
Panama.....	3,175	25	26	118	-91	78	27	26
South Africa, Republic of.....	3,733	34	37	126	-90	79	41	40
South Korea, Republic of.....	34,590	137	141	710	-570	642	224	212
Sweden.....	45,252	3,656	4,680	5,362	-681	5,121	1,794	1,241
Switzerland.....	52,905	5,747	5,847	8,688	-2,841	7,924	2,776	2,550
United Kingdom.....	206,689	18,968	19,933	26,229	-6,296	24,719	8,676	5,599
Venezuela.....	23,321	537	541	586	-45	228	232	229

NOTES: "New" corporations were those with dates of incorporation between 1998 and 2001; "old" corporations were those with dates of incorporation prior to 1998, or with unknown dates of incorporation. Detail may not add to totals because of rounding.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b> <sup>1</sup> .....	<b>3,287</b>	<b>2,135</b>	<b>2,129</b>	<b>5,776,015</b>	<b>2,388,686</b>	<b>3,387,330</b>	<b>39,006</b>
Agriculture, forestry, fishing, and hunting .....	14	9	9	2,154	786	1,368	--
Mining.....	53	33	35	96,938	29,402	67,537	227
Utilities.....	15	9	10	32,399	4,931	27,468	184
Construction.....	64	33	36	35,514	16,291	19,223	5
Manufacturing.....	1,272	801	801	1,818,564	639,240	1,179,324	5,347
Wholesale and retail trade <sup>1</sup> .....	1,001	707	700	387,020	219,156	167,864	259
Wholesale trade.....	881	632	625	317,635	196,143	121,492	227
Retail trade.....	120	75	75	69,385	23,013	46,372	32
Transportation and warehousing.....	78	55	52	31,489	6,988	24,502	95
Information.....	101	38	40	549,142	120,326	428,816	1,046
Finance and insurance.....	281	201	204	2,172,330	972,848	1,199,482	31,027
Real estate and rental and leasing.....	49	27	27	59,497	18,645	40,853	45
Professional, scientific, and technical services.....	125	70	66	51,077	16,193	34,885	27
Management of companies (holding companies).....	87	65	64	455,582	324,388	131,194	323
Administrative and support and waste management and remediation services.....	53	30	29	25,599	7,419	18,180	26
Educational services.....	5	**	**	1,075	234	841	165
Health care and social assistance.....	15	4	3	14,951	2,968	11,983	183
Arts, entertainment, and recreation.....	10	6	6	2,730	433	2,298	1
Accommodation and food services.....	47	31	32	34,171	5,772	28,399	39
Other services.....	15	10	9	5,781	2,667	3,114	9
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b> <sup>1</sup> .....	<b>14,473</b>	<b>9,991</b>	<b>9,974</b>	<b>28,797,705</b>	<b>11,126,070</b>	<b>17,671,635</b>	<b>58,440</b>
Agriculture, forestry, fishing, and hunting .....	87	54	49	17,014	6,062	10,952	2
Mining.....	198	124	133	257,337	40,583	216,754	5,214
Utilities.....	189	137	144	1,479,841	458,215	1,021,625	218
Construction.....	632	523	536	112,052	60,802	51,249	497
Manufacturing.....	3,410	2,224	2,230	5,433,361	1,893,613	3,539,748	35,075
Wholesale and retail trade <sup>1</sup> .....	3,946	2,878	2,851	1,164,758	546,127	618,631	3,557
Wholesale trade.....	2,003	1,521	1,490	444,601	225,478	219,122	3,036
Retail trade.....	1,943	1,357	1,361	720,157	320,649	399,509	521
Transportation and warehousing.....	333	183	179	410,911	79,920	330,991	711
Information.....	699	288	292	2,279,238	507,558	1,771,679	824
Finance and insurance.....	1,899	1,481	1,490	9,760,454	3,177,777	6,582,677	7,603
Real estate and rental and leasing.....	167	75	80	133,329	28,051	105,278	147
Professional, scientific, and technical services.....	714	405	398	244,587	110,884	133,703	126
Management of companies (holding companies).....	1,015	963	966	6,976,042	4,118,290	2,857,753	3,278
Administrative and support and waste management and remediation services.....	337	215	206	135,742	30,228	105,514	99
Educational services.....	38	22	23	6,084	2,256	3,828	10
Health care and social assistance.....	407	176	156	139,163	28,308	110,855	110
Arts, entertainment, and recreation.....	67	40	39	30,569	6,828	23,741	845
Accommodation and food services.....	249	163	161	188,932	23,456	165,475	115
Other services.....	83	40	40	28,293	7,111	21,182	7

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b> <sup>1</sup> .....	<b>2,450,021</b>	<b>1,788,246</b>	<b>122,821</b>	<b>1,537,748</b>	<b>61,720</b>	<b>7,454</b>	<b>54,265</b>
Agriculture, forestry, fishing, and hunting .....	411	962	64	781	-236	--	-236
Mining.....	23,652	24,387	934	48,899	-1,632	46	-1,678
Utilities.....	5,289	21,623	1	5,487	-339	--	-339
Construction.....	13,883	8,695	2,004	12,936	-6,263	1	-6,263
Manufacturing.....	598,887	511,992	55,690	707,685	53,029	436	52,592
Wholesale and retail trade <sup>1</sup> .....	200,169	94,945	8,655	91,906	-4,915	14	-4,929
Wholesale trade.....	176,185	67,145	8,127	74,306	-3,039	14	-3,054
Retail trade.....	23,984	27,801	528	17,600	-1,876	--	-1,876
Transportation and warehousing.....	6,666	15,522	1,344	9,301	-1,416	216	-1,632
Information.....	112,579	144,372	26,861	292,191	-9,070	3	-9,073
Finance and insurance.....	1,111,307	831,027	16,100	229,996	39,844	6,568	33,276
Real estate and rental and leasing.....	20,821	19,758	2,739	18,918	-2,198	--	-2,198
Professional, scientific, and technical services.....	15,236	10,787	622	25,055	-7,260	36	-7,295
Management of companies (holding companies).....	323,934	64,297	1,658	67,351	9,262	134	9,127
Administrative and support and waste management and remediation services.....	7,767	11,154	3,418	6,679	-2,294	--	-2,294
Educational services.....	233	498	52	343	-79	--	-79
Health care and social assistance.....	2,658	6,890	1,937	5,404	-988	--	-988
Arts, entertainment, and recreation.....	1,032	694	2	1,004	-322	--	-322
Accommodation and food services.....	4,570	15,462	696	14,138	-2,319	--	-2,319
Other services.....	927	5,178	44	-324	-1,084	--	-1,084
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b> <sup>1</sup> .....	<b>13,559,974</b>	<b>8,511,098</b>	<b>84,824</b>	<b>6,726,632</b>	<b>2,558,651</b>	<b>96,215</b>	<b>2,462,436</b>
Agriculture, forestry, fishing, and hunting .....	4,817	6,254	66	5,943	1,646	1	1,645
Mining.....	34,882	102,074	1,282	120,381	31,980	15	31,965
Utilities.....	523,685	589,561	1,638	366,595	108,997	2,002	106,995
Construction.....	38,273	36,873	432	36,905	17,947	81	17,865
Manufacturing.....	1,822,700	1,630,301	27,488	1,980,360	893,066	2,355	890,711
Wholesale and retail trade <sup>1</sup> .....	403,273	318,784	8,235	442,701	201,056	287	200,769
Wholesale trade.....	156,416	122,285	3,616	165,900	79,186	167	79,019
Retail trade.....	246,858	196,499	4,618	276,801	121,870	121	121,750
Transportation and warehousing.....	93,294	183,254	473	134,363	54,602	24	54,579
Information.....	534,861	799,292	3,709	945,084	49,421	289	49,132
Finance and insurance.....	4,732,203	3,722,438	11,295	1,305,812	737,322	87,518	649,803
Real estate and rental and leasing.....	35,964	64,777	1,238	32,589	8,663	5	8,658
Professional, scientific, and technical services.....	77,163	56,078	572	111,345	-9,988	520	-10,508
Management of companies (holding companies).....	5,153,661	756,781	26,392	1,065,600	454,322	2,847	451,475
Administrative and support and waste management and remediation services.....	33,214	61,693	338	40,834	3,255	97	3,157
Educational services.....	1,942	841	61	3,301	231	--	231
Health care and social assistance.....	28,713	62,064	375	48,386	-16,932	4	-16,936
Arts, entertainment, and recreation.....	6,533	15,328	1,096	8,707	-321	10	-331
Accommodation and food services.....	29,561	91,273	125	68,097	19,834	128	19,705
Other services.....	5,233	13,431	8	9,629	3,550	30	3,521

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Receipts						
	Total	Business receipts	Interest <sup>2</sup>	Rents	Royalties	Dividends received from:	
						Domestic corporations	Foreign corporations
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries <sup>1</sup>.....</b>	<b>2,437,870</b>	<b>2,099,868</b>	<b>174,608</b>	<b>14,402</b>	<b>16,246</b>	<b>3,212</b>	<b>5,192</b>
Agriculture, forestry, fishing, and hunting .....	1,621	1,568	12	1	4	--	2
Mining.....	26,760	24,167	1,102	35	182	30	64
Utilities.....	13,587	12,590	269	346	1	15	48
Construction.....	35,465	33,897	536	184	54	87	21
Manufacturing.....	1,109,178	1,028,038	22,204	7,496	10,945	1,344	2,525
Wholesale and retail trade <sup>1</sup> .....	648,742	625,826	6,153	2,676	1,799	190	256
Wholesale trade.....	543,339	524,169	5,362	2,110	1,123	169	245
Retail trade.....	105,403	101,658	791	566	676	21	11
Transportation and warehousing.....	29,705	26,683	891	146	6	15	45
Information.....	83,929	65,604	6,529	184	2,500	47	218
Finance and insurance.....	350,822	190,085	106,018	2,007	133	1,061	745
Real estate and rental and leasing.....	14,756	11,681	966	287	33	2	5
Professional, scientific, and technical services.....	27,368	25,389	427	35	18	149	53
Management of companies (holding companies).....	41,022	4,055	28,345	825	14	270	967
Administrative and support and waste management and remediation services.....	22,504	21,511	308	33	38	--	2
Educational services.....	656	599	11	1	33	--	5
Health care and social assistance.....	9,254	8,785	99	14	23	--	127
Arts, entertainment, and recreation.....	1,550	1,211	39	25	1	1	--
Accommodation and food services.....	17,876	15,469	422	106	458	1	106
Other services.....	3,076	2,711	276	3	3	--	2
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries <sup>1</sup>.....</b>	<b>11,260,148</b>	<b>9,313,072</b>	<b>1,069,097</b>	<b>83,114</b>	<b>102,765</b>	<b>15,578</b>	<b>54,288</b>
Agriculture, forestry, fishing, and hunting .....	17,221	16,288	149	41	67	10	19
Mining.....	93,223	82,689	3,250	261	409	114	787
Utilities.....	722,688	677,125	11,656	2,575	172	296	653
Construction.....	159,062	153,494	1,351	547	131	68	93
Manufacturing.....	3,668,752	3,286,845	108,166	25,656	71,024	2,053	40,784
Wholesale and retail trade <sup>1</sup> .....	2,264,797	2,192,054	17,440	3,835	9,336	1,326	2,596
Wholesale trade.....	873,902	848,423	5,996	1,274	2,382	154	2,263
Retail trade.....	1,390,895	1,343,631	11,444	2,561	6,954	1,172	333
Transportation and warehousing.....	309,484	295,668	4,478	1,358	226	328	518
Information.....	760,071	636,497	30,841	6,788	11,343	564	3,327
Finance and insurance.....	1,929,838	1,192,197	497,009	12,222	816	8,834	1,686
Real estate and rental and leasing.....	73,069	64,843	1,955	361	173	25	73
Professional, scientific, and technical services.....	188,344	172,568	4,312	433	3,074	46	353
Management of companies (holding companies).....	610,165	115,328	380,290	27,149	278	1,761	2,947
Administrative and support and waste management and remediation services.....	122,246	115,659	1,540	138	1,786	60	245
Educational services.....	6,804	6,179	83	21	28	--	7
Health care and social assistance.....	129,225	122,811	1,341	448	252	19	25
Arts, entertainment, and recreation.....	18,002	15,920	752	134	146	9	4
Accommodation and food services.....	163,412	144,872	3,665	1,059	3,401	44	147
Other services.....	23,746	22,036	817	90	103	21	26

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b> <sup>1</sup> .....	<b>2,375,658</b>	<b>1,483,275</b>	<b>12,434</b>	<b>157,097</b>	<b>180,816</b>	<b>30,501</b>	<b>83,498</b>
Agriculture, forestry, fishing, and hunting .....	1,676	1,163	12	108	83	19	59
Mining.....	25,811	14,603	79	1,274	1,944	683	2,122
Utilities.....	13,430	9,230	20	425	1,121	348	660
Construction.....	35,017	29,181	169	1,800	633	274	412
Manufacturing.....	1,073,629	739,568	3,298	60,376	46,505	14,523	45,572
Wholesale and retail trade <sup>1</sup> .....	638,492	507,267	1,632	29,610	12,521	5,036	18,061
Wholesale trade.....	533,744	434,514	1,345	19,054	9,990	3,522	15,803
Retail trade.....	104,748	72,753	287	10,555	2,531	1,514	2,258
Transportation and warehousing.....	29,432	9,983	161	5,637	1,593	861	1,326
Information.....	84,947	28,556	674	11,093	11,004	1,613	5,844
Finance and insurance.....	340,387	103,624	4,492	26,687	78,117	3,301	3,535
Real estate and rental and leasing.....	14,709	4,110	108	1,776	2,303	511	2,084
Professional, scientific, and technical services.....	28,074	11,028	790	6,336	866	1,081	544
Management of companies (holding companies).....	35,420	109	808	3,560	20,995	478	1,554
Administrative and support and waste management and remediation services.....	22,608	12,541	66	2,969	1,048	688	754
Educational services.....	661	183	11	165	24	25	11
Health care and social assistance.....	9,362	3,798	30	1,559	498	219	208
Arts, entertainment, and recreation.....	1,530	218	9	264	97	57	106
Accommodation and food services.....	17,479	6,708	65	3,029	1,130	720	588
Other services.....	2,995	1,406	9	431	334	64	58
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b> <sup>1</sup> .....	<b>10,795,617</b>	<b>5,856,978</b>	<b>71,025</b>	<b>1,075,666</b>	<b>903,317</b>	<b>212,728</b>	<b>395,036</b>
Agriculture, forestry, fishing, and hunting .....	16,910	12,934	96	710	610	221	453
Mining.....	88,362	45,571	877	5,194	6,917	2,551	6,207
Utilities.....	695,518	495,604	2,345	17,108	36,678	18,642	28,834
Construction.....	153,181	121,659	1,395	7,507	2,599	1,953	1,921
Manufacturing.....	3,494,957	2,266,446	18,373	257,987	153,906	70,441	135,607
Wholesale and retail trade <sup>1</sup> .....	2,221,338	1,688,072	7,517	192,428	34,488	27,412	34,999
Wholesale trade.....	860,775	714,577	3,282	45,755	13,593	6,502	11,141
Retail trade.....	1,360,562	973,496	4,234	146,673	20,895	20,909	23,857
Transportation and warehousing.....	303,149	80,938	1,643	66,821	10,763	11,754	21,235
Information.....	728,717	149,656	6,756	135,462	58,800	20,991	71,034
Finance and insurance.....	1,830,470	747,563	17,643	155,794	307,787	25,097	20,857
Real estate and rental and leasing.....	73,810	19,375	539	9,712	6,339	1,606	14,577
Professional, scientific, and technical services.....	190,207	63,762	4,722	51,703	5,142	5,310	4,632
Management of companies (holding companies).....	542,837	6,843	6,114	74,849	257,398	9,123	39,175
Administrative and support and waste management and remediation services.....	121,944	49,785	695	23,687	4,702	5,134	3,345
Educational services.....	6,267	1,214	57	2,029	132	217	232
Health care and social assistance.....	128,785	30,813	1,078	38,822	5,126	4,097	3,549
Arts, entertainment, and recreation.....	18,039	3,552	215	3,193	1,713	1,332	1,270
Accommodation and food services.....	157,893	63,149	833	28,941	8,600	6,134	6,321
Other services.....	23,232	10,040	126	3,718	1,618	712	788

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b> <sup>1</sup> .....	<b>62,212</b>	<b>5,097</b>	<b>66,419</b>	<b>103,539</b>	<b>-37,121</b>	<b>15,008</b>	<b>11,706</b>
Agriculture, forestry, fishing, and hunting .....	-55	--	-55	33	-88	17	16
Mining.....	949	227	1,176	1,779	-603	475	413
Utilities.....	157	13	166	245	-79	62	48
Construction.....	448	7	453	978	-525	323	251
Manufacturing.....	35,549	2,706	38,211	52,690	-14,479	7,423	5,379
Wholesale and retail trade <sup>1</sup> .....	10,251	203	10,451	15,516	-5,066	2,307	2,091
Wholesale trade.....	9,595	182	9,773	13,494	-3,721	2,177	1,977
Retail trade.....	656	22	677	2,022	-1,345	130	114
Transportation and warehousing.....	273	195	467	990	-522	269	259
Information.....	-1,018	133	-895	5,110	-6,004	759	722
Finance and insurance.....	10,434	663	10,502	16,085	-5,583	1,631	1,086
Real estate and rental and leasing.....	47	15	60	878	-818	514	509
Professional, scientific, and technical services.....	-706	24	-682	1,311	-1,993	244	117
Management of companies (holding companies).....	5,602	809	6,182	6,524	-342	543	378
Administrative and support and waste management and remediation services.....	-103	5	-98	359	-458	139	138
Educational services.....	-5	5	--	12	-11	--	--
Health care and social assistance.....	-108	69	-38	191	-229	18	18
Arts, entertainment, and recreation.....	19	--	19	58	-39	6	6
Accommodation and food services.....	397	20	417	680	-264	244	243
Other services.....	81	2	83	101	-18	34	34
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b> <sup>1</sup> .....	<b>464,532</b>	<b>59,580</b>	<b>504,491</b>	<b>656,965</b>	<b>-152,473</b>	<b>66,214</b>	<b>43,770</b>
Agriculture, forestry, fishing, and hunting .....	310	31	340	644	-304	180	159
Mining.....	4,861	606	5,461	7,801	-2,340	1,950	1,665
Utilities.....	27,170	941	28,015	33,564	-5,550	4,717	4,464
Construction.....	5,880	49	5,909	6,875	-967	420	367
Manufacturing.....	173,795	44,431	216,068	253,252	-37,184	24,813	13,747
Wholesale and retail trade <sup>1</sup> .....	43,460	2,517	45,754	64,087	-18,332	5,288	2,893
Wholesale trade.....	13,126	1,758	14,821	20,318	-5,496	2,855	1,671
Retail trade.....	30,333	759	30,933	43,769	-12,836	2,433	1,222
Transportation and warehousing.....	6,335	399	6,686	11,508	-4,822	1,665	1,023
Information.....	31,353	2,492	33,204	76,533	-43,328	13,114	11,760
Finance and insurance.....	99,368	4,034	91,932	106,500	-14,568	9,528	4,880
Real estate and rental and leasing.....	-741	27	-717	2,085	-2,802	251	226
Professional, scientific, and technical services.....	-1,863	455	-1,559	9,498	-11,057	882	767
Management of companies (holding companies).....	67,327	3,190	65,833	67,002	-1,170	2,031	550
Administrative and support and waste management and remediation services.....	302	175	449	3,413	-2,964	317	273
Educational services.....	537	4	536	756	-221	24	24
Health care and social assistance.....	439	11	382	3,964	-3,582	399	385
Arts, entertainment, and recreation.....	-36	2	-40	830	-870	137	131
Accommodation and food services.....	5,519	200	5,712	7,706	-1,993	465	435
Other services.....	514	16	525	947	-423	36	21

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Income subject to tax	Total income tax before credits	Income tax	Alternative minimum tax	Total credits	Foreign tax credit	Total income tax after credits
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries</b> <sup>1</sup> .....	<b>89,573</b>	<b>31,953</b>	<b>31,301</b>	<b>645</b>	<b>6,437</b>	<b>4,130</b>	<b>25,514</b>
Agriculture, forestry, fishing, and hunting .....	16	6	5	--	1	1	5
Mining.....	1,318	528	461	67	298	283	230
Utilities.....	186	71	65	6	5	5	66
Construction.....	657	236	230	5	7	1	229
Manufacturing.....	45,673	16,317	15,961	353	4,371	2,674	11,946
Wholesale and retail trade <sup>1</sup> .....	13,291	4,767	4,637	129	373	108	4,394
Wholesale trade.....	11,399	4,105	3,977	127	304	92	3,800
Retail trade.....	1,892	662	660	2	68	16	593
Transportation and warehousing.....	721	257	251	6	65	62	192
Information.....	4,374	1,536	1,530	5	132	67	1,404
Finance and insurance.....	14,918	5,245	5,220	25	418	254	4,827
Real estate and rental and leasing.....	364	138	127	11	4	1	134
Professional, scientific, and technical services.....	1,070	374	372	2	28	22	346
Management of companies (holding companies).....	6,024	2,131	2,108	23	640	576	1,488
Administrative and support and waste management and remediation services.....	221	78	77	1	2	--	75
Educational services.....	12	4	4	--	2	2	2
Health care and social assistance.....	172	60	60	--	54	53	6
Arts, entertainment, and recreation.....	52	18	18	--	1	--	18
Accommodation and food services.....	437	163	153	11	35	20	128
Other services.....	67	23	23	--	--	--	23
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries</b> <sup>1</sup> .....	<b>593,629</b>	<b>210,377</b>	<b>207,504</b>	<b>2,945</b>	<b>54,781</b>	<b>43,962</b>	<b>155,584</b>
Agriculture, forestry, fishing, and hunting .....	466	165	162	3	3	--	161
Mining.....	5,855	2,100	2,047	52	760	402	1,340
Utilities.....	28,870	10,294	10,105	188	1,206	154	9,088
Construction.....	6,458	2,284	2,249	28	106	48	2,177
Manufacturing.....	229,386	81,164	80,227	1,033	35,275	29,834	45,888
Wholesale and retail trade <sup>1</sup> .....	59,296	20,870	20,701	176	1,500	1,102	19,370
Wholesale trade.....	17,482	6,228	6,087	139	902	749	5,326
Retail trade.....	41,814	14,642	14,614	36	598	353	14,044
Transportation and warehousing.....	9,860	3,518	3,442	74	487	203	3,030
Information.....	63,591	22,835	22,226	605	3,464	2,964	19,371
Finance and insurance.....	98,263	35,022	34,346	675	6,184	4,627	28,838
Real estate and rental and leasing.....	1,841	655	642	12	65	4	590
Professional, scientific, and technical services.....	8,643	3,030	3,014	16	419	341	2,612
Management of companies (holding companies).....	64,997	22,760	22,718	30	4,325	3,651	18,423
Administrative and support and waste management and remediation services.....	3,125	1,101	1,091	9	255	182	846
Educational services.....	732	257	256	1	6	4	251
Health care and social assistance.....	3,398	1,196	1,187	9	29	8	1,166
Arts, entertainment, and recreation.....	694	251	241	8	53	35	199
Accommodation and food services.....	7,244	2,559	2,532	25	627	390	1,931
Other services.....	911	318	318	--	17	12	301

Footnotes at end of table.



# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages					
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	Total liabilities divided by net worth
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	(48)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries</b> <sup>1</sup> .....	<b>64.95</b>	<b>64.77</b>	<b>42.42</b>	<b>30.96</b>	<b>26.62</b>	<b>275.62</b>
Agriculture, forestry, fishing, and hunting .....	64.29	64.29	19.08	44.66	36.26	175.80
Mining.....	62.26	66.04	24.40	25.16	50.44	98.24
Utilities.....	60.00	66.67	16.32	66.74	16.94	490.47
Construction.....	51.56	56.25	39.09	24.48	36.43	174.54
Manufacturing.....	62.97	62.97	32.93	28.15	38.91	156.97
Wholesale and retail trade <sup>1</sup> .....	70.63	69.93	51.72	24.53	23.75	321.10
Wholesale trade.....	71.74	70.94	55.47	21.14	23.39	327.47
Retail trade.....	62.50	62.50	34.57	40.07	25.37	294.23
Transportation and warehousing.....	70.51	66.67	21.17	49.29	29.54	238.55
Information.....	37.62	39.60	20.50	26.29	53.21	87.94
Finance and insurance.....	71.53	72.60	51.16	38.26	10.59	844.51
Real estate and rental and leasing.....	55.10	55.10	35.00	33.21	31.80	214.50
Professional, scientific, and technical services.....	56.00	52.80	29.83	21.12	49.05	103.86
Management of companies (holding companies).....	74.71	73.56	71.10	14.11	14.78	576.43
Administrative and support and waste management and remediation services.....	56.60	54.72	30.34	43.57	26.09	283.29
Educational services.....	**	**	21.67	46.33	31.91	213.12
Health care and social assistance.....	26.67	20.00	17.78	46.08	36.14	176.68
Arts, entertainment, and recreation.....	60.00	60.00	37.80	25.42	36.78	171.91
Accommodation and food services.....	65.96	68.09	13.37	45.25	41.37	141.69
Other services.....	66.67	60.00	16.04	89.57	-5.60	-1,884.26
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries</b> <sup>1</sup> .....	<b>69.03</b>	<b>68.91</b>	<b>47.09</b>	<b>29.55</b>	<b>23.36</b>	<b>328.11</b>
Agriculture, forestry, fishing, and hunting .....	62.07	56.32	28.31	36.76	34.93	186.29
Mining.....	62.63	67.17	13.55	39.67	46.78	113.77
Utilities.....	72.49	76.19	35.39	39.84	24.77	303.67
Construction.....	82.75	84.81	34.16	32.91	32.94	203.62
Manufacturing.....	65.22	65.40	33.55	30.01	36.45	174.36
Wholesale and retail trade <sup>1</sup> .....	72.93	72.25	34.62	27.37	38.01	163.10
Wholesale trade.....	75.94	74.39	35.18	27.50	37.31	167.99
Retail trade.....	69.84	70.05	34.28	27.29	38.44	160.17
Transportation and warehousing.....	54.95	53.75	22.70	44.60	32.70	205.82
Information.....	41.20	41.77	23.47	35.07	41.46	141.17
Finance and insurance.....	77.99	78.46	48.48	38.14	13.38	647.46
Real estate and rental and leasing.....	44.91	47.90	26.97	48.58	24.44	309.13
Professional, scientific, and technical services.....	56.72	55.74	31.55	22.93	45.52	119.67
Management of companies (holding companies).....	94.88	95.17	73.88	10.85	15.28	554.66
Administrative and support and waste management and remediation services.....	63.80	61.13	24.47	45.45	30.08	232.42
Educational services.....	57.89	60.53	31.92	13.82	54.26	84.31
Health care and social assistance.....	43.24	38.33	20.63	44.60	34.77	187.61
Arts, entertainment, and recreation.....	59.70	58.21	21.37	50.14	28.48	251.07
Accommodation and food services.....	65.46	64.66	15.65	48.31	36.04	177.44
Other services.....	48.19	48.19	18.50	47.47	34.03	193.83

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries</b> <sup>1</sup> .....	<b>42.21</b>	<b>70.64</b>	<b>7.42</b>	<b>1.08</b>	<b>4.05</b>	<b>2.55</b>
Agriculture, forestry, fishing, and hunting .....	75.26	74.17	5.12	-2.55	-7.04	-3.39
Mining.....	27.61	60.43	7.26	0.98	1.94	3.55
Utilities.....	41.94	73.31	8.25	0.48	2.86	1.16
Construction.....	99.86	86.09	1.78	1.26	3.46	1.26
Manufacturing.....	60.99	71.94	4.19	1.95	5.02	3.20
Wholesale and retail trade <sup>1</sup> .....	167.62	81.06	1.93	2.65	11.15	1.58
Wholesale trade.....	171.06	82.90	1.84	3.02	12.91	1.77
Retail trade.....	151.91	71.57	2.40	0.95	3.73	0.62
Transportation and warehousing.....	94.33	37.41	5.36	0.87	2.94	0.92
Information.....	15.28	43.53	13.11	-0.19	-0.35	-1.21
Finance and insurance.....	16.15	54.51	22.27	0.48	4.54	2.97
Real estate and rental and leasing.....	24.80	35.19	15.61	0.08	0.25	0.32
Professional, scientific, and technical services.....	53.58	43.44	3.16	-1.38	-2.82	-2.58
Management of companies (holding companies).....	9.00	2.69	51.18	1.23	8.32	13.66
Administrative and support and waste management and remediation services.....	87.91	58.30	4.66	-0.40	-1.54	-0.46
Educational services.....	61.02	30.55	3.66	-0.47	-1.46	-0.76
Health care and social assistance.....	61.90	43.23	5.38	-0.72	-2.00	-1.17
Arts, entertainment, and recreation.....	56.78	18.00	6.26	0.70	1.89	1.23
Accommodation and food services.....	52.31	43.36	6.32	1.16	2.81	2.22
Other services.....	53.21	51.86	10.86	1.40	-25.00	2.63
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries</b> <sup>1</sup> .....	<b>39.10</b>	<b>62.89</b>	<b>8.02</b>	<b>1.61</b>	<b>6.91</b>	<b>4.13</b>
Agriculture, forestry, fishing, and hunting .....	101.22	79.41	3.54	1.82	5.22	1.80
Mining.....	36.23	55.11	7.42	1.89	4.04	5.21
Utilities.....	48.84	73.19	5.08	1.84	7.41	3.76
Construction.....	141.95	79.26	1.63	5.25	15.93	3.70
Manufacturing.....	67.52	68.96	4.20	3.20	8.78	4.74
Wholesale and retail trade <sup>1</sup> .....	194.44	77.01	1.52	3.73	9.82	1.92
Wholesale trade.....	196.56	84.22	1.56	2.95	7.91	1.50
Retail trade.....	193.14	72.45	1.50	4.21	10.96	2.18
Transportation and warehousing.....	75.32	27.37	3.48	1.54	4.71	2.05
Information.....	33.35	23.51	7.74	1.38	3.32	4.13
Finance and insurance.....	19.77	62.70	15.95	1.02	7.61	5.15
Real estate and rental and leasing.....	54.80	29.88	8.68	-0.56	-2.27	-1.01
Professional, scientific, and technical services.....	77.00	36.95	2.73	-0.76	-1.67	-0.99
Management of companies (holding companies).....	8.75	5.93	42.18	0.97	6.32	11.03
Administrative and support and waste management and remediation services.....	90.06	43.04	3.85	0.22	0.74	0.25
Educational services.....	111.83	19.65	1.94	8.83	16.27	7.89
Health care and social assistance.....	92.86	25.09	3.97	0.32	0.91	0.34
Arts, entertainment, and recreation.....	58.89	22.31	9.52	-0.12	-0.41	-0.20
Accommodation and food services.....	86.49	43.59	5.26	2.92	8.10	3.38
Other services.....	83.93	45.56	6.81	1.82	5.34	2.16

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
	(55)	(56)	(57)	(58)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>				
<b>All industries</b> <sup>1</sup> .....	<b>1.15</b>	<b>4.32</b>	<b>2.72</b>	<b>11.31</b>
Agriculture, forestry, fishing, and hunting .....	-2.55	-7.04	-3.39	48.48
Mining.....	1.21	2.40	4.39	23.22
Utilities.....	0.51	3.03	1.22	19.59
Construction.....	1.28	3.50	1.28	25.66
Manufacturing.....	2.10	5.40	3.44	10.21
Wholesale and retail trade <sup>1</sup> .....	2.70	11.37	1.61	13.48
Wholesale trade.....	3.08	13.15	1.80	14.65
Retail trade.....	0.98	3.85	0.64	5.64
Transportation and warehousing.....	1.48	5.02	1.57	26.16
Information.....	-0.16	-0.31	-1.07	14.13
Finance and insurance.....	0.48	4.57	2.99	6.75
Real estate and rental and leasing.....	0.10	0.32	0.41	57.97
Professional, scientific, and technical services.....	-1.34	-2.72	-2.49	8.92
Management of companies (holding companies).....	1.36	9.18	15.07	5.79
Administrative and support and waste management and remediation services.....	-0.38	-1.47	-0.44	38.44
Educational services.....	--	--	--	--
Health care and social assistance.....	-0.25	-0.70	-0.41	9.42
Arts, entertainment, and recreation.....	0.70	1.89	1.23	10.34
Accommodation and food services.....	1.22	2.95	2.33	35.74
Other services.....	1.44	-25.62	2.70	33.66
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>				
<b>All industries</b> <sup>1</sup> .....	<b>1.75</b>	<b>7.50</b>	<b>4.48</b>	<b>6.66</b>
Agriculture, forestry, fishing, and hunting .....	2.00	5.72	1.97	24.69
Mining.....	2.12	4.54	5.86	21.34
Utilities.....	1.89	7.64	3.88	13.30
Construction.....	5.27	16.01	3.71	5.34
Manufacturing.....	3.98	10.91	5.89	5.43
Wholesale and retail trade <sup>1</sup> .....	3.93	10.34	2.02	4.51
Wholesale trade.....	3.33	8.93	1.70	8.22
Retail trade.....	4.30	11.18	2.22	2.79
Transportation and warehousing.....	1.63	4.98	2.16	8.89
Information.....	1.46	3.51	4.37	15.37
Finance and insurance.....	0.94	7.04	4.76	4.58
Real estate and rental and leasing.....	-0.54	-2.20	-0.98	10.84
Professional, scientific, and technical services.....	-0.64	-1.40	-0.83	8.08
Management of companies (holding companies).....	0.94	6.18	10.79	0.82
Administrative and support and waste management and remediation services.....	0.33	1.10	0.37	8.00
Educational services.....	8.81	16.24	7.88	3.17
Health care and social assistance.....	0.27	0.79	0.30	9.71
Arts, entertainment, and recreation.....	-0.13	-0.46	-0.22	15.78
Accommodation and food services.....	3.02	8.39	3.50	5.64
Other services.....	1.86	5.45	2.21	2.22

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages--Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(59)	(60)	(61)	(62)	(63)	(64)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries</b> <sup>1</sup> .....	<b>1.55</b>	<b>5.82</b>	<b>3.67</b>	<b>0.44</b>	<b>1.66</b>	<b>1.05</b>
Agriculture, forestry, fishing, and hunting .....	0.74	2.05	0.99	0.23	0.64	0.31
Mining.....	1.36	2.70	4.93	0.24	0.47	0.86
Utilities.....	0.57	3.39	1.37	0.20	1.20	0.49
Construction.....	1.85	5.08	1.85	0.64	1.77	0.65
Manufacturing.....	2.51	6.45	4.12	0.66	1.69	1.08
Wholesale and retail trade <sup>1</sup> .....	3.43	14.46	2.05	1.14	4.78	0.68
Wholesale trade.....	3.59	15.34	2.10	1.20	5.11	0.70
Retail trade.....	2.73	10.75	1.80	0.85	3.37	0.56
Transportation and warehousing.....	2.29	7.75	2.43	0.61	2.06	0.65
Information.....	0.80	1.50	5.21	0.26	0.48	1.67
Finance and insurance.....	0.69	6.49	4.25	0.22	2.10	1.38
Real estate and rental and leasing.....	0.61	1.92	2.47	0.23	0.71	0.91
Professional, scientific, and technical services.....	2.09	4.27	3.91	0.68	1.38	1.26
Management of companies (holding companies).....	1.32	8.94	14.68	0.33	2.21	3.63
Administrative and support and waste management and remediation services.....	0.86	3.31	0.98	0.29	1.12	0.33
Educational services.....	1.12	3.50	1.83	0.19	0.58	0.30
Health care and social assistance.....	1.15	3.18	1.86	0.04	0.11	0.06
Arts, entertainment, and recreation.....	1.90	5.18	3.35	0.66	1.79	1.16
Accommodation and food services.....	1.28	3.09	2.44	0.37	0.91	0.72
Other services.....	1.16	-20.68	2.18	0.40	-7.10	0.75
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries</b> <sup>1</sup> .....	<b>2.06</b>	<b>8.83</b>	<b>5.27</b>	<b>0.54</b>	<b>2.31</b>	<b>1.38</b>
Agriculture, forestry, fishing, and hunting .....	2.74	7.84	2.71	0.95	2.71	0.93
Mining.....	2.28	4.86	6.28	0.52	1.11	1.44
Utilities.....	1.95	7.88	3.99	0.61	2.48	1.26
Construction.....	5.76	17.50	4.06	1.94	5.90	1.37
Manufacturing.....	4.22	11.58	6.25	0.84	2.32	1.25
Wholesale and retail trade <sup>1</sup> .....	5.09	13.39	2.62	1.66	4.38	0.86
Wholesale trade.....	3.93	10.54	2.00	1.20	3.21	0.61
Retail trade.....	5.81	15.11	3.01	1.95	5.07	1.01
Transportation and warehousing.....	2.40	7.34	3.19	0.74	2.26	0.98
Information.....	2.79	6.73	8.37	0.85	2.05	2.55
Finance and insurance.....	1.01	7.53	5.09	0.30	2.21	1.49
Real estate and rental and leasing.....	1.38	5.65	2.52	0.44	1.81	0.81
Professional, scientific, and technical services.....	3.53	7.76	4.59	1.07	2.35	1.39
Management of companies (holding companies).....	0.93	6.10	10.65	0.26	1.73	3.02
Administrative and support and waste management and remediation services.....	2.30	7.65	2.56	0.62	2.07	0.69
Educational services.....	12.03	22.18	10.76	4.13	7.60	3.69
Health care and social assistance.....	2.44	7.02	2.63	0.84	2.41	0.90
Arts, entertainment, and recreation.....	2.27	7.97	3.86	0.65	2.29	1.11
Accommodation and food services.....	3.83	10.64	4.43	1.02	2.84	1.18
Other services.....	3.22	9.46	3.84	1.06	3.13	1.27

Footnotes at end of table.

## Foreign-Controlled Domestic Corporations, 2000

**Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2000--Continued**

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### Footnotes

\*\* Not shown to avoid disclosure of information about specific corporations.

<sup>1</sup> Includes "Wholesale and retail trade not allocable," not shown separately.

<sup>2</sup> Excludes interest received on State and local government obligations, which totaled \$19.6 billion for large domestic corporations not foreign-controlled, and \$0.9 billion for large foreign-controlled domestic corporations.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts were used in lieu of business receipts for the finance and insurance, and management of companies sectors). Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Percentages were calculated using rounded data. Detail may not add to totals because of rounding.