

Foreign-Controlled Domestic Corporations, 2003

by James R. Hobbs

For Tax Year 2003, the 58,945 domestic corporations each controlled by a foreign “person” generated \$2.6 trillion of total receipts and reported \$6.2 trillion of total assets on income tax returns filed with the Internal Revenue Service (IRS). While total receipts for 2003 were slightly larger than those reported for 2002, total assets decreased somewhat during this time period [1]. These corporations were relatively few in numbers, just 1.1 percent of the U.S. total. However, they accounted for 12.4 percent of the receipts and 11.5 percent of the assets reported on all U.S. corporation income tax returns.

The profits (i.e., “net income (less deficit)” shown in the statistics of this article) reported by foreign-controlled domestic corporations (FCDCs) for tax purposes under the Internal Revenue Code were \$32.0 billion for 2003. This was a substantial increase from the \$7.8 billion reported for the prior year. Placed in context, the profits reported on all corporation income tax returns also increased, to \$780.0 billion for 2003 from \$563.7 billion for 2002 [2]. FCDCs accounted for 4.1 percent of the profits reported by all corporations for 2003, up from 1.4 percent for 2002.

Of all the FCDCs, 27,269 reported positive profits (i.e., net income) for 2003, totaling \$92.8 billion. This was a 12.3-percent increase over the prior-year amount. The profitable companies for 2003 also reported \$73.5 billion of taxable income (i.e., “income subject to tax”), another significant increase of 13.8 percent over the prior year. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$19.1 billion for 2003, 7.3 percent more than that of the prior year.

For 2003, there were 3,266 “large” foreign-controlled domestic corporations, each with at least \$250 million of assets, or with at least \$50 million of receipts, or with both. These large FCDCs accounted for most of the key financial items of all FCDCs: 95.1 percent of total assets, 93.5 percent of total receipts, 92.1 percent of taxable income, and 90.3 percent of total income tax after credits. After

an overview of all FCDCs, this article focuses on the large foreign-controlled domestic companies and compares them to other large domestic corporations, i.e., those not controlled by foreign persons.

Tables showing selected balance sheet, income statement, and tax items for FCDCs are included at the end of this article. Table 1 shows historical FCDC data for selected tax years between 1971 and 2003. Table 2 includes information for all FCDCs, classified by major industries that conform to the North American Industry Classification System (NAICS). Table 3 also presents data for all FCDCs, classified by countries of the foreign owners, as well as age of the corporations. Table 4 presents information on the “large” FCDCs, classified by industrial sectors. For comparison purposes, this table also contains data for the large domestic corporations not controlled by foreign persons.

Foreign Investment in the United States

Foreign investment in the United States can take several forms, including corporations. With regard to corporations, a foreign investor may own stock of a domestic (i.e., United States) company or operate in the United States through a branch of a foreign corporation [3]. This article focuses on domestic corporations that are “controlled” by foreign persons. For the foreign-controlled domestic corporations covered in this article, control is defined as ownership by one foreign “person,” directly or indirectly, of 50 percent or more of the U.S. corporation’s voting stock, or of 50 percent or more of the value of all of the corporation’s stock, at any time during the accounting period. A person is an entity, including an individual, corporation, partnership, estate, or trust. (This is discussed in greater depth in the Data Sources and Limitations section. Also, see “constructive ownership rules” and “foreign person” in the Explanation of Selected Terms section.)

As specified in the above paragraph, this study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or

The net profits of FCDCs were \$32.0 billion for 2003, a substantial increase over the \$7.8 billion for 2002.

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less. However, the tax return forms filed by domestic corporations do indicate the presence of 25-percent to 49-percent foreign owners, and the Statistics of Income program does separately compile unpublished data on these domestic corporations [4].

Returns of certain domestic companies that are effectively controlled by foreign persons, i.e., those public companies in which “control” may be exercised with as little as 10 percent to 20 percent of the stock holdings, are excluded from both the 50-percent-or-more and the 25-percent to 49-percent tabulations. Tax return forms filed by domestic corporations do not include information about foreign persons with less than 25-percent stock holdings.

The foreign-controlled domestic corporation statistics shown in this article, as well as the unpublished tabulations for domestic corporations with 25-percent to 49-percent foreign owners, exclude domestic corporations with only foreign “portfolio” investment. A foreign portfolio investor, having only a minimal interest in a domestic company, exerts no control over the management of the domestic corporation, except to the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. A foreign portfolio investor is primarily seeking dividend payments, an increase in the value of the shares of stock, or both. The Statistics of Income program does not conduct studies covering foreign portfolio investors of domestic corporations.

In addition to the foreign-controlled domestic corporations study discussed in this article, the Statistics of Income program conducts a separate study covering branches of foreign corporations operating in the United States. Statistics from that study are available to the public [5].

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 include all of these return types (unless otherwise stated). 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 corporate 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, FCDCs cannot file Forms 1120-A, 1120-F, or 1120S.

Foreign-Controlled Domestic Corporations

Growth of Corporations

The estimated numbers of returns filed by FCDCs have remained rather constant during the 10-year period of 1994-2003 [7]. There were 54,620 returns of foreign-controlled domestic corporations for 1994; 58,945 for 2003. With the more rapid increase in the total numbers of U.S. corporation income tax returns, FCDCs comprised a slowly decreasing percentage of those returns, from 1.3 percent for 1994 down to 1.1 percent for 2003.

To the extent that FCDCs filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns. FCDCs, 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 2003, there were 6,354 consolidated returns filed by FCDCs, 10.8 percent of all FCDC returns. These returns accounted for \$5.7 trillion of assets (91.6 percent of the total for all FCDCs), \$2.3 trillion of receipts (88.6 percent of the total), \$31.3 billion of net income less deficits (97.9 percent of the total), \$65.0 billion of taxable income (88.4 percent of the total), and \$16.5 billion of total income tax after credits (86.5 percent of the total).

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In contrast to the numbers of returns, the growth of foreign investment in the United States through foreign-controlled domestic corporations during the last 10 years was evident in most of the financial items. In particular, the percentages of both assets and receipts accounted for by FCDCs increased over the 1994-2003 time period.

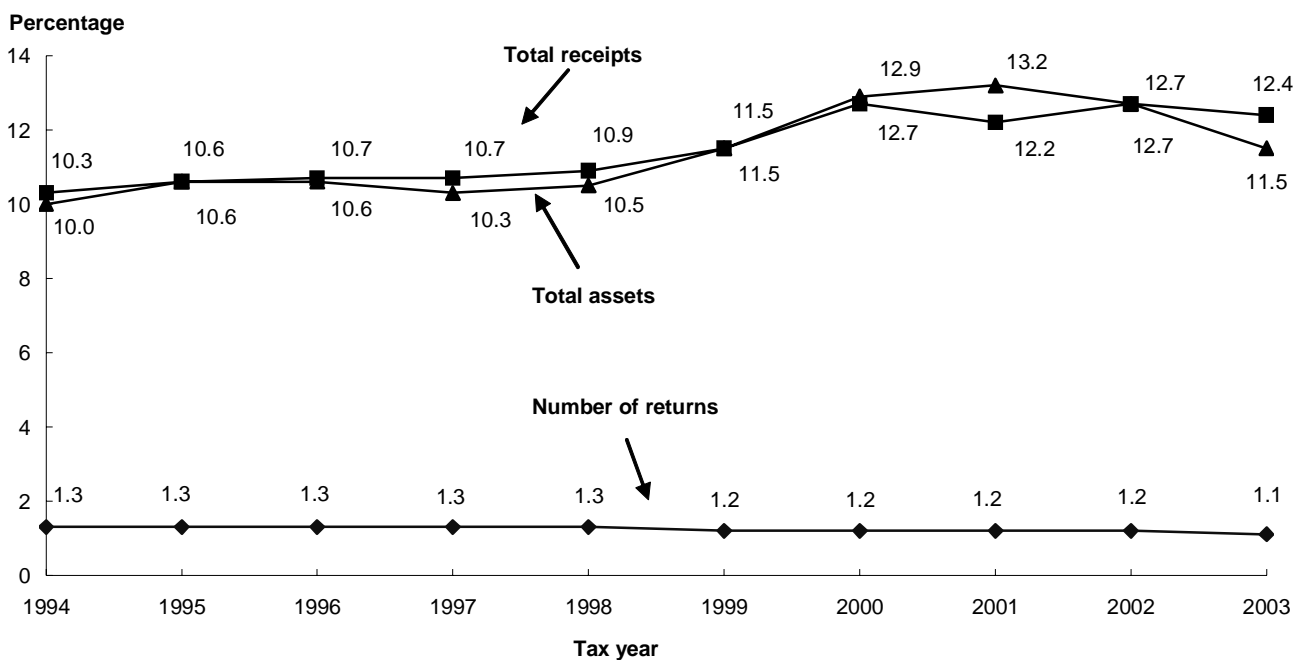
The assets of domestic corporations controlled by foreign persons decreased by 3.3 percent between 2002 and 2003, as compared to the 6.4-percent increase for the assets reported on all U.S. corporation income tax returns [8]. As a result of these changes, the percentage of total corporate assets accounted for by FCDCs dropped from 12.7 percent for 2002 to 11.5 percent for 2003. However, there was a substantial rise in FCDC assets over the previous 10 years. In fact, the value of FCDC assets increased faster than did the value of assets of other corporations. Thus, the 11.5-percent share of the 2003 total corporate pie is an increase from the 10.0-percent share for 1994 (see Figure A).

Total receipts of FCDCs increased by 2.3 percent between 2002 and 2003, as compared to the increase of 4.8 percent for all corporations over that time period. FCDCs reported \$2.6 trillion of receipts for 2003. Using a longer time period, the level of receipts for 2003 was an increase of 87.6 percent (using current dollars) from the \$1.4 trillion of FCDC receipts for 1994. In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$13.4 trillion for 1994 to \$20.7 trillion for 2003, a 54.9-percent increase. As a result of the relatively rapid growth rate by FCDCs, their share of the receipts reported on all corporate returns increased from 10.3 percent for 1994 to 12.4 percent for 2003.

The growth of FCDCs can also be measured from the early 1970s, when a question concerning foreign ownership of corporations was first placed on the income tax return. For 1971, the 5,154 FCDCs reported \$36.7 billion of total assets and \$39.2 billion of total receipts. They accounted for just 0.3 percent

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1994-2003



Foreign-Controlled Domestic Corporations, 2003

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 2003, foreign-controlled domestic corporations were involved in each of the 19 industrial sectors (treating wholesale trade and retail trade as separate sectors) listed in Figure B. However, 40,719 of the 58,945, nearly 70 percent of the total, had primary business activities in one of the following four industrial sectors: (1) wholesale trade (15,787 returns); (2) real estate and rental and leasing (11,550 returns); (3) manufacturing (7,079 returns); and (4) professional, scientific, and technical services (6,303 returns). By comparison, relatively few FCDCs were involved in health care or social assistance (93 returns) or as utilities (65 returns). 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 FCDCs, a percentage somewhat similar to the 26.8 percent of the total returns they comprised. However, these companies reported only 6.0 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.4 percent of the assets and 0.7 percent of the receipts of all FCDCs. These percentages were both substantially less than the 19.6 percent of the FCDC returns that they filed.

Manufacturing corporations filed 12.0 percent of the FCDC returns for 2003. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (26.3 percent) and receipts (48.0 percent). These corporations were often large, with reported average amounts of assets and receipts of \$229.1 million and \$174.4 million, respectively.

Figure B

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2003

[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)
All industries	58,945	100.00	6,170,122	100.00	2,569,302	100.00
Agriculture, forestry, fishing, and hunting.....	960	1.63	6,331	0.10	5,768	0.22
Mining.....	494	0.84	114,253	1.85	36,849	1.43
Utilities.....	65	0.11	79,304	1.29	26,555	1.03
Construction.....	1,490	2.53	39,226	0.64	44,927	1.75
Manufacturing.....	7,079	12.01	1,621,709	26.28	1,234,343	48.04
Wholesale and retail trade.....	19,119	32.44	456,434	7.40	748,057	29.12
Wholesale trade.....	15,787	26.78	371,349	6.02	597,721	23.26
Retail trade.....	3,332	5.65	85,085	1.38	150,337	5.85
Transportation and warehousing.....	1,762	2.99	44,466	0.72	41,799	1.63
Information.....	1,607	2.73	566,806	9.19	92,984	3.62
Finance and insurance.....	1,942	3.29	2,372,790	38.46	165,324	6.43
Real estate and rental and leasing.....	11,550	19.59	85,944	1.39	17,904	0.70
Professional, scientific, and technical services.....	6,303	10.69	87,572	1.42	47,719	1.86
Management of companies (holding companies).....	1,864	3.16	588,656	9.54	35,377	1.38
Administrative and support and waste management and remediation services.....	1,212	2.06	29,424	0.48	29,015	1.13
Educational services.....	396	0.67	1,205	0.02	840	0.03
Health care and social assistance.....	93	0.16	16,608	0.27	9,569	0.37
Arts, entertainment, and recreation.....	1,015	1.72	5,583	0.09	3,424	0.13
Accommodation and food services.....	1,344	2.28	49,761	0.81	25,253	0.98
Other services.....	649	1.10	4,053	0.07	3,595	0.14

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

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Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.4 percent of the assets and 1.9 percent of the receipts of all FCDCs. Both of these percentages are significantly lower than the portion (10.7 percent) of total FCDC returns this services sector represented. This sector is opposite the manufacturing sector in this regard. The service corporations were generally smaller than those in manufacturing, with reported average amounts of assets and receipts of \$13.9 million and \$7.6 million, respectively.

Three additional sectors warrant discussion at this point. While corporations classified in the finance and insurance industrial sector composed only 3.3 percent of the total returns filed by FCDCs for 2003, they accounted for a very large portion of the FCDC assets (38.5 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 6.4 percent of the total FCDC receipts.

Two other sectors contributed substantial amounts of assets to the FCDC total: management (or holding) companies with 9.5 percent and information companies with 9.2 percent. However, neither of these sectors accounted for significant portions of the number of returns filed by FCDCs, nor the receipts reported by them.

While foreign-controlled domestic corporations accounted for 12.4 percent of the \$20.7 trillion of total receipts reported by all corporations filing U.S. income tax returns for 2003, these companies played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (22.8 percent), manufacturing (21.9 percent), and mining (19.0 percent). Conversely, FCDC involvement in a number of other business activities was relatively low and accounted for a small percent of the receipts for all companies classified in the following industries: educational services (2.7 percent); "other" services (2.1 percent); and health care and social assistance (1.9 percent). See Figure C.

FCDC industrial data can be tabulated at a more exacting level than that for industrial sectors. In general, sectors are composed of major groups, which in turn are composed of minor industries. For 2003, there were five minor industries that each accounted for over \$100 billion of receipts. They

were: petroleum manufacturing refineries (\$291 billion), motor vehicles and parts manufacturing (\$263 billion), motor vehicles and parts wholesalers (\$135 billion), pharmaceuticals and medicines manufacturing (\$126 billion), and electrical goods wholesalers (\$110 billion).

Companies in different industries often have different financial characteristics. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.61 of receipts for each dollar of assets for 2003. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only \$.07 of receipts for each dollar of assets. See Table 2.

Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 22.8 percent and 21.9 percent 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 the same product(s) 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 FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies would have been classified in the wholesale trade industrial sector. (See the Data Sources and Limitations section, below, for additional information about industrial classification limitations.)

Country Characteristics

Persons (including individuals, corporations, and other entities) resident in any country throughout the world can control U.S. corporations. As reported on the

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Figure C

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2003

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
All industries ¹	20,689,574	2,569,302	12.42
Agriculture, forestry, fishing, and hunting.....	125,741	5,768	4.59
Mining.....	194,190	36,849	18.98
Utilities.....	560,857	26,555	4.73
Construction.....	1,147,628	44,927	3.91
Manufacturing.....	5,642,552	1,234,343	21.88
Wholesale and retail trade ²	5,736,012	748,057	13.04
Wholesale trade.....	2,622,539	597,721	22.79
Retail trade.....	3,111,858	150,337	4.83
Transportation and warehousing.....	571,417	41,799	7.31
Information.....	938,674	92,984	9.91
Finance and insurance.....	2,575,207	165,324	6.42
Real estate and rental and leasing.....	233,291	17,904	7.67
Professional, scientific, and technical services.....	720,418	47,719	6.62
Management of companies (holding companies).....	677,082	35,377	5.22
Administrative and support and waste management and remediation services.....	377,941	29,015	7.68
Educational services.....	30,684	840	2.74
Health care and social assistance.....	503,083	9,569	1.90
Arts, entertainment, and recreation.....	76,855	3,424	4.46
Accommodation and food services.....	407,108	25,253	6.20
Other services.....	170,733	3,595	2.11

¹ Includes "Not allocable," which is not shown separately.

² Includes "Wholesale and retail trade not allocable," which is not shown separately.

NOTE: Percentages are computed using rounded data.

U.S. income tax returns of the foreign-controlled domestic corporations, 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. A foreign corporation, or a chain of related foreign corporations, is frequently the owner of a U.S. subsidiary corporation. Because a holding company located in a country different from that of the ultimate owner may directly own the stock of a U.S. affiliate, 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. (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.)

For 2003, residents of 39 countries accounted for 91.1 percent of the 58,945 domestic corporations

classified as 50-percent-or-more controlled by a foreign person. The 53,694 corporations controlled by persons resident in the 39 countries shown in Table 3 accounted for nearly all of the total FCDC financial items, including 99.4 percent of total assets, 98.7 percent of total receipts, 98.9 percent of taxable income, and 98.7 percent of total income tax after credits.

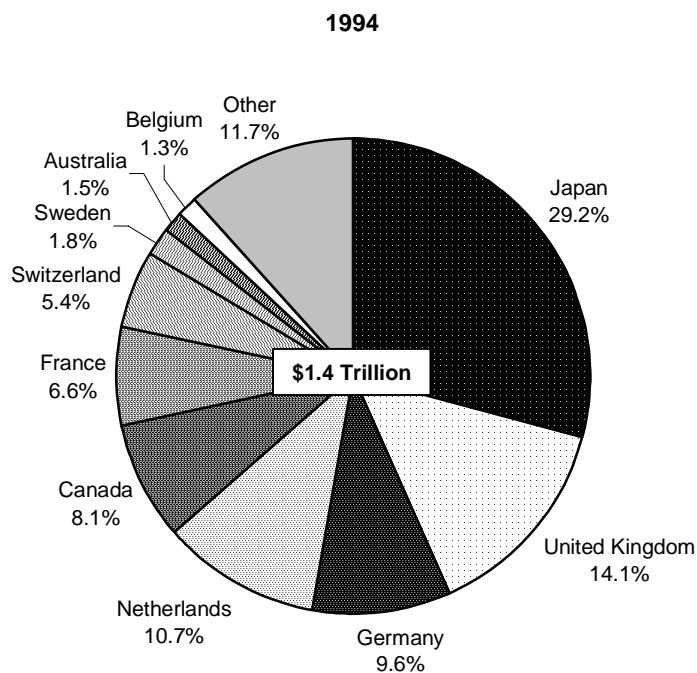
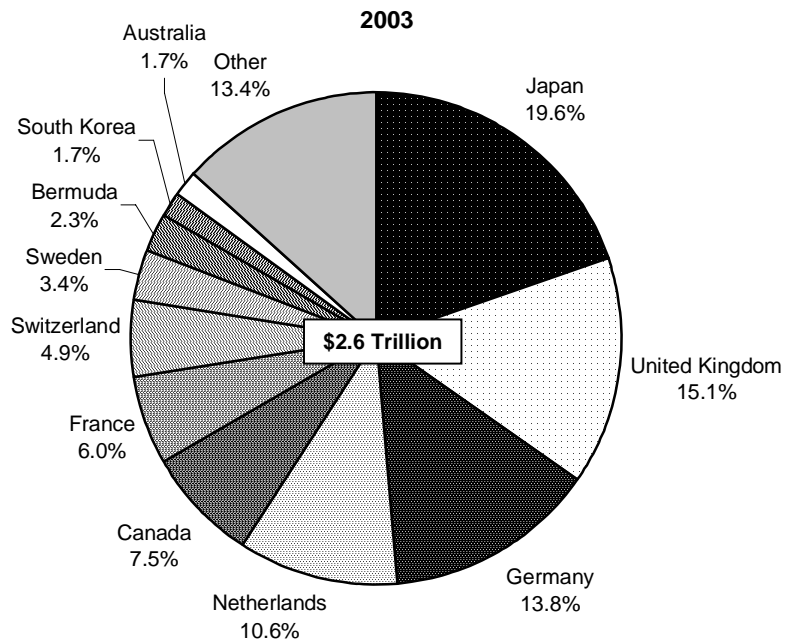
Domestic corporations controlled by Japanese persons reported total receipts of \$503 billion for 2003, an amount substantially larger than that for any other country. These receipts represented 19.6 percent of the total for all FCDCs (see Figure D). Companies controlled by Japanese persons also accounted for the largest amount of receipts for each of the years in the 1994-2002 period. However, Japan's portion of the total receipts did fall from 29.2 percent for 1994 to 19.6 percent for 2003.

For 2003, domestic corporations with owners resident in the United Kingdom (\$388 billion),

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Figure D

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 1994 and 2003



NOTE: All amounts are in current dollars.

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Germany (\$354 billion), the Netherlands (\$272 billion), Canada (\$192 billion), France (\$155 billion), and Switzerland (\$127 billion) also accounted for significant amounts of receipts. Of these six countries, Germany's portion of total receipts increased the most between 1994 and 2003 (from 9.6 percent to 13.8 percent), while the portion for the United Kingdom increased less dramatically. The portions for the Netherlands, Canada, France, and Switzerland each decreased slightly over this time period.

Domestic corporations controlled by persons resident in the United Kingdom accounted for \$1.2 trillion of assets, the largest portion held by any country. Corporations controlled by persons resident in Germany (\$1.0 trillion), Switzerland (\$0.7 trillion), Japan (\$0.6 trillion), the Netherlands (\$0.5 trillion), France (\$0.5 trillion), and Canada (\$0.5 trillion) also accounted for significant amounts of assets. While Japan had the largest receipts of any country, it was only fourth in the amount of assets it controlled. This is a reflection of the fact 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. Country and industry combinations are more thoroughly discussed in the next section of this article.

Although Japanese-controlled domestic corporations accounted for the largest part of the total FCDC receipts for 2003, and 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 FCDCs. Canadian-controlled domestic corporations filed the most returns, 9,493. Japanese-controlled domestic corporations were second with 5,264 returns, United Kingdom-controlled domestic corporations were third with 4,808, and German-controlled domestic corporations were fourth with 4,135.

For 2003, U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$4.5 billion). Japanese-controlled corporations, with \$3.5 billion of tax liability, followed. The levels of receipts that the tax liabilities resulted from were somewhat different between the U.K.-controlled and Japanese-controlled corporations. For the U.K.-controlled corporations, tax liabilities were 1.2 percent of the \$388 billion of receipts. Tax liabilities were some-

what lower at 0.7 percent of the \$503 billion of receipts for the Japanese-controlled corporations. Many factors, including differences in industrial distributions and age distributions (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

Combined Country and Industry Characteristics

There were some similarities, but also important differences among the primary industrial activities of the corporations with owners from the top seven countries mentioned in the previous section. Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$503 billion of receipts: wholesale trade (51.8 percent of the total) and manufacturing (37.8 percent). More specifically, wholesale trade of durable goods was the leading industry, producing 45.0 percent of the total receipts. Japan was the only one of the seven countries in which capital-intensive manufacturing was not the leading industrial sector 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 industrial sector with 65.4 percent of the \$388 billion of receipts. More specifically, petroleum and coal products manufacturers produced the most receipts, accounting for 39.8 percent of the total. Chemical manufacturers accounted for 7.9 percent of the total receipts. The wholesale trade (6.8 percent) and finance and insurance (4.9 percent) sectors also generated substantial receipts.

Like the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing with 59.5 percent of the \$354 billion of receipts for that country. More specifically, transportation equipment manufacturers produced the most receipts, accounting for 34.5 percent of the total. Chemical manufacturers and machinery manufacturers produced 9.4 percent and 9.1 percent, respectively, of the total receipts. Wholesale trade (17.1 percent) and finance and insurance (6.0 percent) were the other predominant industrial sectors.

For the Netherlands, manufacturing was again the largest industrial sector with 48.1 percent of the total receipts (\$272 billion). This sector was followed

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by retail trade (23.1 percent) and wholesale trade (8.0 percent). Within manufacturing, petroleum and coal products was the leading industry (28.7 percent of total receipts), followed by chemicals (6.8 percent). Within retail trade, food, beverage, and liquor stores was the leading industry with 19.2 percent of total receipts.

Canadian-controlled corporations were primarily concentrated in manufacturing with 37.9 percent of the \$192 billion of receipts for that country. This sector was followed by wholesale trade (16.6 percent), finance and insurance (13.1 percent), and information (6.5 percent). More specifically, wholesale trade of nondurable goods produced the most receipts (11.0 percent of the total), followed by insurance carriers (9.0 percent), transportation equipment manufacturing (5.8 percent), wholesale trade of durable goods (5.6 percent), computer and electronic product manufacturing (5.5 percent), and publishing industries (5.4 percent).

France had three of the same leading industrial sectors as did Canada, with manufacturers producing 53.4 percent of the \$155 billion of receipts for that country. This was followed by wholesale trade (16.4 percent) and finance and insurance (7.6 percent). More specifically, petroleum and coal products manufacturing produced the most receipts (11.2 percent of the total), followed by chemical manufacturing (11.0 percent), wholesale trade of nondurable goods (10.2 percent), and nonmetallic mineral products manufacturing (6.8 percent).

In turn, Switzerland had the same three leading industrial sectors as France. Manufacturing was the predominant sector in the United States for Swiss owners with 46.1 percent of the \$127 billion of receipts, followed by finance and insurance with 32.3 percent and wholesale trade with 11.3 percent. More specifically, chemical manufacturing was the leading industry, accounting for nearly one-fourth of the total. Other important industries were insurance carriers; companies that handled securities and commodity contracts and other financial investments; and food manufacturers.

Age Characteristics

Table 3 presents data for two groups of FCDCs based on the age of the corporations. "New" corporations are those with years of incorporation of 2001 and after reported on their income tax returns.

"Old" corporations are those incorporated in or prior to 2000, or with unknown (i.e., unreported) dates of incorporation [9].

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.

For 2003, there were 11,852 FCDCs incorporated in 2001 or later. Wholesalers accounted for the greatest portion of these "new" corporations with 3,182 companies, followed by real estate with 2,541 companies and manufacturing with 1,535 companies.

Nearly 80 percent of the foreign-controlled domestic corporations were incorporated prior to 2001, i.e., considered to be "old" corporations. These corporations tended to be larger than the new corporations, accounting for 96 percent of the FCDC assets and 95 percent of the receipts.

Old corporations were generally more profitable than the newer corporations. For 2003, old corporations reported \$35.8 billion of net *profits* on \$2.4 trillion of receipts, while the new corporations reported \$3.8 billion of net *losses* on \$0.1 trillion of receipts. Thus, net profits or losses (i.e., net income less deficit) as a percentage of total receipts were 1.5 percent (positive) for old corporations, versus -2.9 percent (negative) for new corporations.

As a result of reporting most of the profits, old corporations also accounted for most of U.S. taxable income (95.9 percent) and U.S. tax liabilities (95.5 percent) of all FCDCs. The old corporations had \$18.3 billion of tax liabilities after credits, equaling 0.7 percent of their total receipts. The new corporations had \$0.9 billion of tax liabilities after credits, also equaling 0.7 percent of their total receipts.

Receipts, Deductions, and Profits

Total receipts comprises all of the income “actually” received by corporations. (Corporate “constructive” income for tax purposes is discussed below.) These receipts include business receipts, as well as investment and incidental income. Business receipts are gross receipts from sales and operations and frequently make up most of a corporation’s receipts. Investment income includes interest, dividends, and gains on the sale or exchange of both capital and noncapital assets. Interest, in turn, includes both taxable interest from all sources and nontaxable interest on State and local government obligations.

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 for total receipts 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. Total receipts 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.

The receipts and deductions of foreign-controlled domestic corporations that are shown in this article do not include amounts generated by their foreign parent or other related foreign companies. However, FCDCs could have had business transactions with their related foreign companies, and FCDC receipts and deductions stemming from these transactions are included in the statistics [10].

An FCDC that transacts business with a related foreign company must determine “transfer prices” for those transactions. These transactions include the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined for these transactions may affect the amount of profits (i.e., net income or deficit), taxable income, and taxes 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.

Over 90 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). These same companies reported \$2.5 trillion of total deductions. Cost of goods sold was 65 percent of that total. (See “business receipts” and “cost of goods sold” in the Explanation of Selected Terms section.) Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income--2003, Corporation Income Tax Returns*.

It is noteworthy to look at the “gross profit” of FCDCs. Gross profit is the difference between business receipts and cost of goods sold. Two important industrial sectors for FCDCs, manufacturing and wholesale trade, accounted for most of the reported amounts of business receipts and cost of goods sold. For every dollar of business receipts, manufacturers reported \$.75 of cost of goods sold. By comparison, wholesalers reported \$.82 of cost of goods sold for each dollar of business receipts. For both industrial sectors, FCDCs had smaller gross profits than other domestic corporations. For all corporation returns, cost of goods sold equaled \$.71 for every dollar of business receipts reported by manufacturers and \$.81 by wholesalers.

Total receipts less total deductions for FCDCs equaled \$27.1 billion for 2003. By comparison, net income (less deficit) amounted to \$32.0 billion. The statistics for total receipts less total deductions include all income actually received by corporations, while the statistics for net income (less deficit) focus on taxable sources of corporate income, including “constructive” taxable income. Thus, unlike total receipts less total deductions, net income (less deficit) includes two items of constructive taxable income from related foreign corporations, and excludes nontaxable interest on State and local government obligations [11]. The two items of constructive taxable income from related foreign corporations are includable income from foreign corporations owned by U.S. shareholders and foreign dividend gross-up. (See “constructive taxable income from related foreign corporations” in the Explanation of Selected Terms section.) For 2003, FCDCs reported \$6.0 billion of constructive taxable income and received \$1.1 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) for foreign-controlled domestic corporations increased substantially from \$7.8 billion for 2002 to \$32.0 billion for 2003. In

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context, net income (less deficit) reported on all corporation income tax returns also increased between 2002 and 2003, from \$563.7 billion to \$780.0 billion.

The \$32.0 billion of total FCDC net income (less deficit) was the result of 27,269 corporations reporting \$92.8 billion of positive net income and 31,676 companies reporting \$60.9 billion of deficits [12]. Thus, less than one out of every two (46.3 percent) domestic corporations with foreign owners reported a positive net income for 2003. In comparison, 54.3 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 portion reporting positive net income ranged from a low of 11.8 percent for health care and social assistance, to a high of 91.8 percent for arts, entertainment, and recreation. For the more predominant sectors of FCDCs, the percentages of profitable companies were 36.0 percent for manufacturing and 46.3 percent for wholesale trade.

The \$60.9 billion of deficits for 2003 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 Refund*. Net operating losses carried back to Tax Year 2003 from 2004 and beyond, reported on Forms 1120X and 1139, are not included in the statistics shown in this article. However, NOLs carried forward to Tax Year 2003 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For most corporations, taxable income (i.e., “income subject to tax”) is generally equal to positive net income less statutory special deductions [13]. Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and the special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For 2003, the difference between the \$92.8

billion of positive net income and \$73.5 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$15.6 billion and accounted for 79.6 percent of the \$19.5 billion of total statutory special deductions. In calculating taxable income for 2003, FCDCs reduced their positive net incomes by 16.8 percent using NOLs carried over from prior years.

For 2003, foreign-controlled domestic corporations reported \$73.5 billion of taxable income. This was the base on which \$25.6 billion of income tax were computed. The \$26.0 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus the alternative minimum tax and certain other taxes. The alternative minimum tax was \$0.3 billion, and the remaining taxes comprised a very small part of the total.

Tax credits totaling \$6.9 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$19.1 billion for 2003. The largest credits claimed were \$5.3 billion of foreign tax credits, \$0.9 billion of general business credits, and \$0.1 billion of prior-year minimum tax credits. The \$19.1 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, this amount may differ from the actual income tax collected and the final income tax liability of corporations for Tax Year 2003. The originally-reported tax liability does not take into account either of the following possible changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of tax 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.

The percentage of FCDCs reporting tax liabilities (i.e., total income tax after credits) for 2003 was 32.8 percent, up from 28.5 percent reported for the previous year. The amount of tax liability reported by FCDCs increased to \$19.1 billion for 2003 from \$17.8 billion for 2002, a 7.3-percent increase.

The "Largest" Foreign-Controlled Domestic Corporations

This article defines 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

Foreign-Controlled Domestic Corporations, 2003

companies) industrial sectors, total receipts were used in place of business receipts for selecting the largest companies.

Both size of assets and size of receipts were used to select the largest companies in order to ensure adequate coverage of all industries. As previously discussed, financial structure varies across industries. For instance, companies classified in wholesale trade generally report large amounts of receipts compared to their end-of-year 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 companies, then the largest companies in one of these industrial groups would have been undercovered in comparison to the other group.

Table 4 shows that there were 17,060 large domestic corporations for 2003. (See the discussion on returns excluded from Table 4, below.) Of this total, foreign persons controlled 3,266 corporations, or 19.1 percent.

The 3,266 large foreign-controlled domestic corporations comprised just 5.5 percent of the number of income tax returns filed by FCDCs. However, these large companies accounted for the majority of the key FCDC financial items, reporting 95.1 percent of the total assets, 93.5 percent of the total receipts, 92.1 percent of the taxable income, and 90.3 percent of the total income tax after credits, of all FCDCs.

There were 13,794 large domestic corporations that did not have controlling foreign owners for 2003. Similar to FCDCs, 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 2003, the largest FCDCs reported a combined *profit* of \$36.4 billion, while the smaller FCDCs reported a combined *loss* of \$4.4 billion.

Table 4 shows data for the largest FCDCs segregated by industrial sectors. This table also contains data for "other large domestic corporations." These other large domestic corporations (ODCs) 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 with 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. These corporations are identified from Schedule K of Form 1120 during Statistics of Income processing. However, they are neither FCDCs nor ODCs, as defined.

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 FCDCs 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 (REITs), regulated investment companies (RICs), and S corporations.

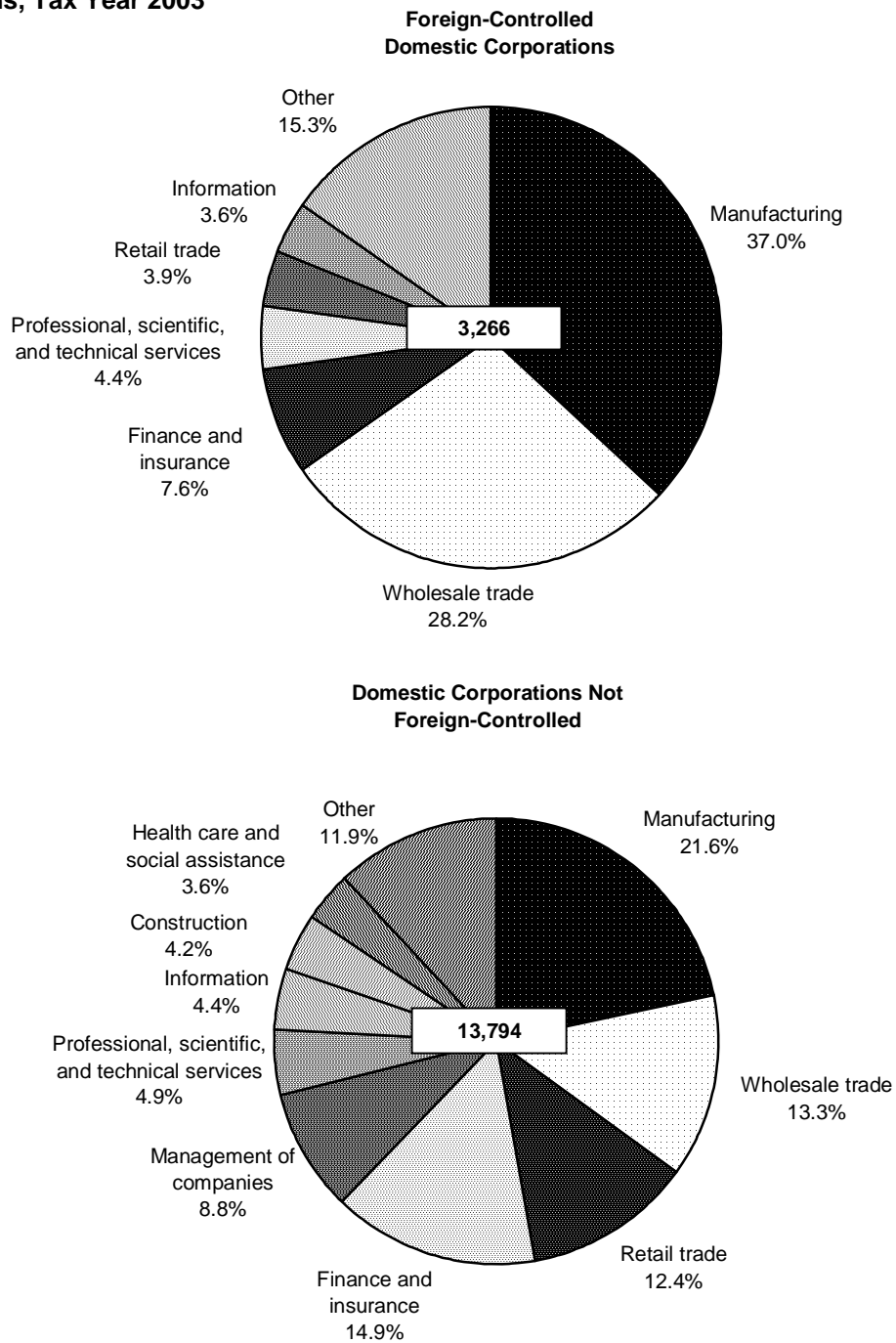
Industry Characteristics

The industrial makeup of the largest foreign-controlled domestic companies is somewhat different from that of other domestic corporations. For 2003, 37.0 percent of the largest FCDCs were classified as manufacturers, while manufacturers made up just 21.6 percent of the largest domestic companies that were not foreign-controlled. Similarly, wholesalers were a larger share of the FCDCs (28.2 percent) than of the other large domestic corporations (13.3 percent). Conversely, retailers accounted for 12.4 percent of the largest domestic companies that were not foreign-controlled, while only 3.9 percent of the largest FCDCs were similarly classified. See Figure E for other differences in the industrial makeup of these two groups of corporations.

Foreign-Controlled Domestic Corporations, 2003

Figure E

Distribution of Returns by Industry for "Large" Foreign-Controlled and Other Domestic Corporations, Tax Year 2003



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). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

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FCDCs accounted for 33.4 percent of large wholesalers, 28.9 percent of large manufacturers, 26.8 percent of large real estate companies, and 24.1 percent of large mining companies. By contrast, just 6.9 percent of large retailers, 6.3 percent of large educational services companies, 5.4 percent of large management (holding) companies, and 2.7 percent of large health care and social assistance corporations were FCDCs.

Table 4 presents industrial sector-level data for the largest domestic corporations, both foreign- and nonforeign-controlled. Column 43 of this table shows the percentage of returns that reported profits (i.e., positive net income). While 62.1 percent of large FCDCs reported profits, 70.3 percent of other large domestic corporations were similarly profitable. Of the 17 different industrial sectors shown in the table (because of disclosure considerations, percentages have been suppressed for two FCDC sectors), other domestic corporations (ODCs) had higher percentages of profitable companies in 15 sectors. Within each group of corporations, the percentage of corporations that reported a profit varied substantially across the industrial sectors. For this reason, it is important to compare the two types of corporations for a specific industry, rather than for all industries. This will be discussed later in this article, specifically looking at the two key industrial sectors for FCDCs: manufacturing and wholesale trade.

Column 57 of Table 4 shows the ratio of net income (less deficit) to total receipts. Overall, net income (less deficit) as a percentage of receipts for large FCDCs (1.5 percent) was considerably smaller than for ODCs (4.1 percent). Within each group of corporations, the ratio of profits to receipts varied across the industrial sectors. Other domestic corporations had higher ratios of net income (less deficit) to receipts than FCDCs in 16 out of 19 industrial sectors.

Net profits (i.e., net income (less deficit)) is one of the key factors that affect the amount of retained earnings of corporations. Columns 12-14 of Table 4 show corporate total, appropriated, and unappropriated retained earnings, respectively. The amounts of retained earnings 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--2003, Corporation Income Tax Returns*.) 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. For 2003, the largest FCDCs reported a *negative* \$95.1 billion of total retained earnings, while other large domestic corporations reported \$2.5 trillion of *positive* retained earnings. 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. This ratio, unlike the ratio of net income (less deficit) to total receipts discussed earlier, excludes deficits, and includes the amount of statutory special deductions reported on tax returns.

FCDCs generally had lower ratios of taxable income to receipts than those of other domestic corporations, 2.8 percent for FCDCs versus 5.2 percent for ODCs for all industries. For each group of large corporations, the ratio of taxable income to receipts varied among the different industrial sectors. Of the 17 different industrial sectors shown in the table (data for two FCDC sectors have been suppressed), ODCs had higher taxable income as a percentage of receipts in 15 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 FCDCs (\$17.3 billion) and ODCs (\$144.6 billion) represents the tax liability of these companies as reported on their originally-filed U.S. income tax returns (see column 42).

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 about 99 percent or more of the total income tax for both FCDCs and ODCs.

Foreign-Controlled Domestic Corporations, 2003

Figure F

"Large" Domestic Corporations: Selected Items, by Control Status and Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2003

[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)
"LARGE" FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Total.....	3,266	100.0	N/A	5,865,363	2,402,812	36,394	67,688	17,272
Percentage of total income tax after credits divided by total receipts:								
Zero total receipts.....	3	0.1	0.1	1,125	--	-2	--	--
Zero percent.....	1,327	40.6	40.7	1,829,708	850,650	-43,472	70	--
Greater than zero and under 0.5 percent.....	843	25.8	66.5	1,706,817	647,368	11,301	3,317	860
0.5 percent under 1.0 percent.....	277	8.5	75.0	966,588	438,961	18,776	17,066	3,563
1.0 percent under 1.5 percent.....	172	5.3	80.3	239,523	155,791	9,395	8,724	1,982
1.5 percent under 2.0 percent.....	147	4.5	84.8	168,952	107,830	8,969	8,576	1,795
2.0 percent under 3.0 percent.....	184	5.6	90.4	245,341	85,286	7,836	7,524	2,053
3.0 percent under 4.0 percent.....	90	2.8	93.2	149,498	49,602	6,045	5,776	1,790
4.0 percent under 5.0 percent.....	58	1.8	94.9	35,358	11,820	2,666	2,454	523
5.0 percent under 7.5 percent.....	73	2.2	97.2	410,541	34,237	6,879	6,828	2,188
7.5 percent under 10.0 percent.....	35	1.1	98.3	31,013	9,289	2,738	2,243	766
10.0 percent or more.....	57	1.7	100.0	80,899	11,978	5,263	5,110	1,752
"LARGE" DOMESTIC CORPORATIONS NOT FOREIGN CONTROLLED								
Total.....	13,794	100.0	N/A	34,411,043	11,174,256	457,215	576,588	144,606
Percentage of total income tax after credits divided by total receipts:								
Zero total receipts.....	9	0.1	0.1	7,074	--	-35	9	3
Zero percent.....	4,342	31.5	31.5	4,376,858	2,309,566	-148,293	579	--
Greater than zero and under 0.5 percent.....	3,696	26.8	58.3	7,744,643	3,165,760	61,223	54,698	5,160
0.5 percent under 1.0 percent.....	1,253	9.1	67.4	3,041,258	1,458,715	71,027	62,641	10,456
1.0 percent under 1.5 percent.....	711	5.2	72.6	3,197,329	928,596	67,564	63,759	10,871
1.5 percent under 2.0 percent.....	553	4.0	76.6	1,942,122	961,194	57,397	54,227	16,579
2.0 percent under 3.0 percent.....	728	5.3	81.9	4,480,539	936,724	84,245	81,945	22,475
3.0 percent under 4.0 percent.....	504	3.7	85.5	2,136,393	477,510	56,732	55,717	16,441
4.0 percent under 5.0 percent.....	372	2.7	88.2	906,866	287,807	45,884	44,888	12,704
5.0 percent under 7.5 percent.....	750	5.4	93.6	4,512,986	435,282	83,138	81,165	24,862
7.5 percent under 10.0 percent.....	459	3.3	97.0	922,433	96,381	26,744	26,345	8,306
10.0 percent or more.....	417	3.0	100.0	1,142,542	116,721	51,589	50,615	16,749

N/A--Not applicable.

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). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Detail may not add to totals because of rounding.

The ratio of tax to receipts shown in column 64 of Table 4 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 [14].

Before looking at total income tax after credits for specific industries, it is useful to examine the amount of tax liability as a percentage of the total receipts for all large domestic corporations. Figure F

presents such data classified by 12 categories of this percentage. For 2003, large FCDCs reported \$17.3 billion of total income tax after credits, 0.7 percent of their total receipts. Column 3 of Figure F shows that 4 out of every 10 FCDCs had no tax liabilities, that three-fourths of the companies had tax liabilities of less than 1.0 percent of their receipts, and that 9 out of 10 companies had tax liabilities of less than 3.0 percent of their receipts. By comparison, large domestic corporations not foreign-controlled reported

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\$144.6 billion of total income tax after credits, 1.3 percent of their total receipts. For these companies, 3 out of 10 had no tax liabilities, two-thirds had tax liabilities of less than 1.0 percent of their receipts, and 8 out of 10 had tax liabilities of less than 3.0 percent of their receipts.

FCDCs and ODCs claimed similar amounts of credits in relative terms. For 2003, large FCDCs claimed \$6.7 billion of credits, equaling 28.1 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$58.6 billion of credits during the same period, equaling 28.9 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$5.2 billion by large FCDCs and \$44.4 billion by other large domestic corporations.

Overall, while FCDCs reported tax liabilities after credits of 0.7 percent of their receipts, other domestic corporations reported tax liabilities equal to 1.3 percent of receipts. Of the 17 different industrial sectors shown in Table 4 (data for two FCDC sectors have been suppressed), ODCs had higher tax to receipts ratios in 14 sectors.

Table 4 highlights once again the differences in financial characteristics of different industries. For instance, looking at large FCDCs, finance and insurance companies have a substantially higher ratio of net income (less deficit) to receipts (4.3 percent) than do wholesalers (1.8 percent); see column 57. However, when total assets are used as the denominator in place of total receipts (column 55), the difference is reversed (the largest FCDCs in finance and insurance have a 0.3 percentage and those in wholesale trade have a 2.8 percentage). Because the distribution of industrial activities based on principal businesses is not the same for the largest FCDCs as it is for ODCs, this, again, illustrates the importance of comparing the two groups of corporations on an industrial basis. This article will now look at two specific industrial sectors that are important to FCDCs: manufacturing and wholesale trade.

Manufacturing was a significant industrial sector for large FCDCs, accounting for nearly one-half of the total receipts of the group of corporations. Large ODC manufacturers had higher percentages than those of large FCDC manufacturers in each of the four calculations previously discussed. Specifically, the percentage of ODCs in this industrial sector that

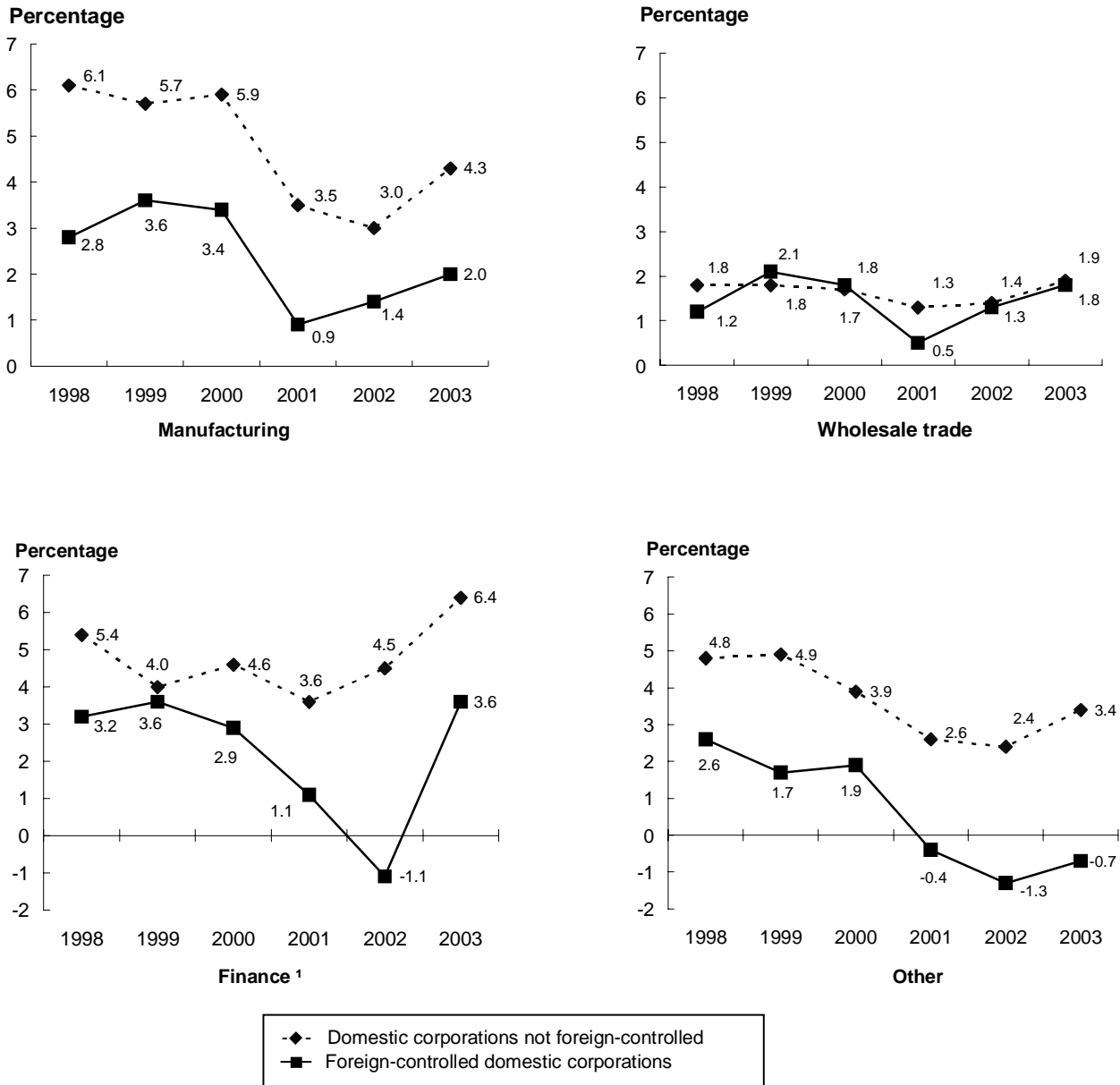
reported positive profits was higher, but somewhat similar to that for the FCDCs, 62.1 percent and 58.2 percent, respectively (see column 43 of Table 4). Looking at the actual amounts of those positive profits and also accounting for losses reported by the remaining companies, the percentage of net income (less deficit) to total receipts was significantly higher for ODCs, 4.3 percent, than it was for FCDCs, 2.0 percent (see Figure G and column 57 of Table 4). Similarly, large manufacturing ODCs reported taxable incomes of 5.3 percent of their receipts, while the percentage for FCDCs was smaller at 3.2 percent (see column 61 of Table 4). The ratio of total income tax after credits to total receipts for ODCs and FCDCs were 0.9 percent and 0.7 percent, respectively (see column 64 of Table 4). The similarity of these tax to receipts ratios is partially explained by the difference in the amounts of credits that the two groups of corporations reported. ODCs reported larger credits than did the FCDCs, thereby reducing their post-credit tax liabilities by a larger portion. ODCs reported credits equaling 51.0 percent of their precredit income tax liabilities. For FCDCs, the percentage was less, at 40.9 percent. For both groups of corporations, foreign tax credits accounted for most of the total credits.

Wholesale trade was also a significant industrial sector for large FCDCs, accounting for 22.4 percent of the total receipts of the group of corporations. The percentage of ODCs in this industrial sector that reported positive profits was higher, but again somewhat similar to that for the FCDCs, 77.1 percent and 71.6 percent, respectively. Looking at the actual amounts of those positive profits and also accounting for losses reported by the remaining companies, the percentage of net income (less deficit) to total receipts was marginally higher for ODCs (1.9 percent) than it was for FCDCs (1.8 percent). This small difference disappears when looking at the ratio of taxable income to total receipts. Large wholesale ODCs reported taxable incomes of 2.2 percent of their receipts, the same as that for FCDCs. The final ratio of total income tax after credits to total receipts shows the FCDC percentage being marginally higher than the ODC percentage, at 0.7 percent and 0.6 percent, respectively. These last percentages are once again impacted by the amount of credits claimed by both groups of corporations. ODCs reported much larger credits than did the FCDCs,

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Figure G

"Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts, by Control Status and Industry, Tax Years 1998-2003



¹ 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). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

thereby reducing their post-credit tax liabilities by a larger portion. ODCs reported credits equaling 22.8 percent of their precredit income tax liabilities. For FCDCs, the percentage was much smaller, at just 6.4 percent. For both groups of corporations, foreign tax credits accounted for the largest share of the total credits.

Summary

Foreign investment and activity in the United States through FCDCs showed some growth, but mostly contraction, for Tax Year 2003. FCDCs reported \$2.6 trillion of total receipts for that year, a 2.3-percent increase over the 2002 level. However, total receipts reported on all U.S. corporation income tax returns increased by 4.8 percent from the previous year. As a result, the share of total corporate receipts accounted for by FCDCs decreased from 12.7 percent to 12.4 percent.

FCDC assets fell for 2003, while assets for all corporations rose. FCDC assets totaled \$6.2 trillion for 2003, a 3.3-percent decrease from the previous year. By comparison, all corporations reported a total of \$53.6 trillion of assets for 2003, a 6.4-percent increase over the previous year. FCDCs accounted for 11.5 percent of total corporate assets for 2003, down from 12.7 percent for the previous year.

The number of returns filed by FCDCs decreased by 4.3 percent for 2003, to 58,945. FCDCs accounted for only 1.1 percent of all corporation income tax returns filed for that year.

Two of the 19 industrial sectors, manufacturing and wholesale trade, generated over 71 percent of the \$2.6 trillion of total FCDC receipts. 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 \$0.5 trillion, 19.6 percent of the FCDC total. In addition, the United Kingdom (15.1 percent), Germany (13.8 percent), the Netherlands (10.6 percent), Canada (7.5 percent), France (6.0 percent), and Switzerland (4.9 percent) accounted for significant portions of receipts.

Corporate profits were substantially larger than those of the previous year. The collective net income (less deficit) reported by foreign-controlled domestic corporations increased from \$7.8 billion for 2002 to \$32.0 billion for 2003. To place the performance of

FCDCs in context, total corporate profits also increased from \$563.7 billion for 2002 to \$780.0 billion for 2003.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did profits, increasing from \$17.8 billion for 2002 to \$19.1 billion for 2003, or by 7.3 percent. To place this in perspective, the 2003 U.S. tax liabilities of all corporations were 15.6 percent more than the previous year.

Of the 58,945 foreign-controlled domestic corporations, the 3,266 "largest" companies accounted for most of the total amounts of key financial items (e.g., 95.1 percent of the total assets, 93.5 percent of the total receipts, 92.1 percent of the taxable income, and 90.3 percent of the total income tax after credits).

In comparing the 3,266 large foreign-controlled domestic corporations to the 13,794 other large domestic companies on the basis of industry, FCDCs had lower percentages than ODCs in most sectors using each of the following four criteria: (1) percentage of corporations that reported profits, (2) percentage of net income (less deficit) to total receipts, (3) percentage of taxable income to total receipts, and (4) percentage of total income tax after credits to total receipts.

While this article has been able to compare several key ratios related to the profits and taxes reported by foreign-controlled domestic corporations and other domestic corporations on the same bases of size and industry, additional research is needed to explain the differences in those ratios [15].

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--2003, Corporation Income Tax Returns*.

Alternative Minimum Tax.--This tax was designed to ensure that a taxpayer with substantial economic income would not avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. In effect, it provided a second tax system that curtailed or eliminated many of the means of reducing taxes allowed in the regular tax system and taxed the resulting alternative taxable income at a reduced rate. The AMT is included in the amounts reported for both total income tax before (and after) credits.

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Balance Sheets.--The balance sheet data presented in this article were the amounts reported by the taxpayer as of the end of the taxpayer's accounting year. Taxpayers were instructed to provide data that agreed with their books of account but were given very few other guidelines. Since balance sheet data were from the taxpayer's books, they were generally governed by general accounting principles rather than the special rules of tax accounting. A number of steps were taken during statistical processing to reduce the variability due to taxpayer reporting practices. Misreported amounts were transferred to their proper accounts. Missing balance sheets were either supplied from reference books or statistically imputed based on other data and the company's characteristics. Some balance sheets were suppressed for final returns of corporations going out of existence and for most part-year returns (because the same company's end-of-year data could have been subject to inclusion from its full-year return).

Business Receipts.--These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. They represented all of a corporation's receipts except investment and incidental income. Business receipts also exclude gains from the sale of assets. 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 by real estate operators and other corporations for which rent made up a significant portion of income. The latter corporations included manufacturers that rented their products, lessors of public utility facilities, and companies engaged in rental services, such as lodging places and the rental of automobiles. Business receipts include such banking items as fees, commissions, and credit card income. Interest, the principal operating income of banking and financial institutions, was excluded from business receipts; rather, it was included in the separate statistics for interest received. Also, premium income of most insurance companies was included in business receipts. Security dealers included profits from security trades in business receipts.

Constructive Ownership Rules.--The constructive ownership rules of Internal Revenue Code (IRC) 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 is the sum of includable income from Controlled Foreign Corporations (CFCs) and foreign dividend gross-up. IRC sections 951-964 ("Subpart F") created an exception to the general rule that the earnings and profits of CFCs were subject to U.S. taxation only when the income was actually distributed to U.S. shareholders [16]. Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, although not actually distributed. This includable income comprises passive investment income, income from sources thought especially easy to shift between tax jurisdictions, and income from sources contrary to public policy. Foreign dividend gross-up is constructive taxable income to corporations that claim a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a share of the foreign taxes actually paid by its related foreign corporations. The share of foreign taxes was treated as deemed paid by the U.S. corporation. In order to receive credit against U.S. tax, the foreign taxes deemed paid need to be included in the corporation's worldwide income. The dividend gross-up, which is the equivalent amount of the foreign taxes deemed paid by the U.S. corporation, is included as income of the U.S. corporation.

Cost of Goods Sold.--This item generally consisted of the costs incurred by corporations in producing the goods or providing the services that generated the business receipts. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and a share of 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, 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 plus noncurrent assets equal total assets. Table 4 of this article includes separate data for current assets and noncurrent assets. 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 and nontrade receivables. 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 taxes, payrolls, and other 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 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 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, consisted of (positive) net income minus certain statutory special deductions. However, there were special provisions in the Internal Revenue Code for determining the taxable income of S corporations and insurance companies.

Income Tax.--This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates. It is included in the amounts reported for both total income tax before (and after) credits.

Interest.--This item is taxable interest, a component of total receipts. It includes interest on U.S. Government obligations, loans, notes, mortgages, corporate bonds, bank deposits, and dividends from savings and loans and mutual savings banks. This item does not include interest received from certain government obligations not subject to U.S. income tax, including those issued by States, local governments, the District of Columbia, and U.S. possessions.

Net Income (or Deficit).--This is a company's net profit or loss from taxable sources of income reduced by deductions allowed by the Internal Revenue Code. 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." The deductions include ordinary and necessary business deductions but do not include statutory special deductions. The statistics for (positive) net income are generally larger than those for "income subject to tax" because the latter is reduced by the amount of statutory special deductions, including the net operating loss deduction. 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). On Form 1120, net income (or deficit) was reported on page 1, line 28, entitled "Taxable income before net operating loss deduction and special deductions."

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Net Operating Loss Deduction (NOLD).--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. A "net operating loss" is calculated using the laws and IRS regulations in effect for a given tax year, and is the excess of allowable deductions over taxable income, with certain adjustments. The amount of the deduction included in the statistics of this article, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2003) tax year. Losses incurred after Tax Year 2003 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 2003 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 sum of capital stock, additional paid-in capital, appropriated retained earnings, and unappropriated retained earnings (including adjustments to shareholders' equity), minus 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 that 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 include the number of returns filed for Tax Year 2003. 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 cer-

tain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit.

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). Foreign-controlled domestic corporations can be REITs. However, REITs played a much larger role for ODCs than for FCDCs [17]. REITs 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; 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 REITs; etc. The tax liability of REITs is generally very low. This is because through a statutory special deduction for dividends paid, REITs are not taxed on amounts distributed to shareholders. In general, REITs must distribute to their shareholders at least 90 percent of their taxable incomes. 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. Foreign-controlled domestic corporations can be RICs. However, RICs played a much larger role for ODCs than for FCDCs [17]. 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 RICs is generally very low. This is because through a statutory special deduction for dividends paid, RICs are not taxed on amounts distributed to shareholders. In general,

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RICs 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 has elected to be taxed through its shareholders under Internal Revenue Code section 1362. The IRC contains restrictive criteria that a company must meet in order to qualify as an S corporation, which include the number and types of shareholders. These companies are involved in numerous industrial activities. They report corporate income and deductions from their conduct of trades and businesses, but generally allocate any income or loss to their shareholders to be taxed only at the individual level. S corporations comprise a very large part of the corporate population. However, foreign-controlled domestic corporations can not elect to be treated as S corporations [17].

Statutory Special Deductions.--In general, net income less statutory special deductions equals income subject to tax. This item is the sum of: (1) deductions for net operating loss carryovers from prior years and (2) special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code, which includes: (a) dividends received deductions, (b) deductions for dividends paid on certain stock of public utilities, (c) deductions for dividends paid by regulated investment companies and real estate investment trusts, (d) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (e) Code section 806(a) small life insurance company deductions. These deductions were in addition to ordinary and necessary business deductions.

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 reserve for bad debts.

Total Income Tax Before and After Credits.--For 2003, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.6 percent of the total tax). The alternative minimum tax accounted for 1.3 percent of the total. 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 FCDCs 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 taxes. Thus, a small number of corporations without net income and income tax may have 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 personal holding company taxes and the taxes on undistributed net capital gains of regulated investment companies. For 2003, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (77.0 percent of the \$6.9 billion of total credits), the general business credit (13.5 percent), and the prior-year minimum tax credit (8.3 percent), as well as the U.S. possessions tax credit, the nonconventional source fuel credit, and the qualified zone academy bond credit.

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 2003 are based on returns with accounting periods that ended between July 2003 and June 2004. These accounting periods were 12 months in length, or less for part-year accounting periods. As a result of the 12-month span for ending accounting periods, the statistics shown in this article include accounting periods that began and ended within a 23-month span. For Tax Year 2003, that span was from August 2002 through June 2004. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2003. Of the 58,945 FCDC returns filed for Tax Year 2003, some 38,665 had accounting periods that ended in December 2003, 66 percent of the total. These returns accounted for 73 percent of both the receipts and deductions reported by all FCDCs, as well as 77 percent of the FCDC assets.

The sampling frame for the 2003 statistics consisted, in general, of tax returns with accounting periods that ended between July 2003 and June 2004, and that posted to the IRS Business Master File between July 2003 and June 2005. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2004. Second, while corporation returns were usually required to be filed within 2 1/2 months after the close of the accounting period, many requested filing extensions of 6 months. Third, normal administrative processing time lags required that the sampling process remain open until June 2005.

Returns Covered

The number of returns shown in this article represents returns of "active" corporations, i.e., those that 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. Nonprofit corporations, exempt farmers' cooperatives, and certain other incorporated organizations did not file corporation income tax returns and are not included in the statistics shown in this article. 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.

Sample

This article presents statistical estimates based on a stratified sample of more than 10,400 unaudited tax returns selected from over 58,900 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2003. The statistics for FCDCs 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 FCDCs 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 2003, FCDCs filed only 20 Forms 1120L, 118 Forms 1120-RIC, 48 Forms 1120-REIT, and 62 Forms 1120-PC [18]. As previously mentioned, FCDCs could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDCs 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 was used as a measure of income and was 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 2003, 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

Figure H

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2003

Selected industrial sector 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)
Total	4.17	0.03	0.14	0.19	0.37	0.19	0.24
Selected industrial sectors:							
Manufacturing.....	10.00	0.04	0.10	0.15	0.44	0.14	0.22
Wholesale trade.....	7.86	0.23	0.44	0.55	1.68	0.55	0.54
Information.....	19.76	0.05	0.74	1.42	0.54	1.27	1.29
Finance and insurance.....	11.69	0.01	0.22	0.28	1.09	0.42	0.43
Real estate and rental and leasing.....	8.91	0.86	1.64	3.35	2.11	4.41	4.27
Professional, scientific, and technical services.....	15.94	0.43	1.86	3.29	2.41	4.71	4.67
Management of companies (holding companies)....	21.71	0.06	0.13	0.59	1.27	0.62	0.55
Selected countries of foreign owners:							
Bermuda.....	12.84	0.07	0.14	0.58	0.16	0.56	0.27
Canada.....	11.76	0.13	0.75	1.24	1.50	1.80	1.71
France.....	20.15	0.06	0.29	0.56	1.08	0.62	0.80
Germany.....	15.43	0.05	0.21	0.88	0.67	1.12	1.22
Japan.....	10.41	0.10	0.23	0.35	0.90	0.28	0.28
Netherlands.....	23.77	0.05	0.21	0.37	0.98	0.29	0.49
Sweden.....	18.11	0.16	0.11	0.40	6.85	0.39	0.74
Switzerland.....	18.82	0.05	0.52	0.78	1.41	0.84	0.89
United Kingdom.....	14.59	0.04	0.27	0.27	0.87	0.19	0.29

the 100-percent sampling rate. Thus, most if not all of the “largest” FCDCs (and other domestic corporations as well) were selected at the 100-percent rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data shown in this article. For additional information on the sampling rates, see *Statistics of Income--2003, 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 (CVs) are used to measure that magnitude. Figure H shows CVs for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of sampling procedures and CVs, see the Appendix (“SOI Sampling Methodology and Data Limitations”) 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 one “foreign person” owned, directly or indirectly, 25 percent or more of the filing corporation’s voting stock or of 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 [19]. 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. Taxpayers sometimes incorrectly answered these questions or did not answer them at all [20]. However, prior to tabulation, corporations with large amounts of assets or receipts, and

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with changes in foreign ownership status between 2002 and 2003, were researched, and the answers to the questions were verified. These 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. 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 FCDCs 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 country data may be related to the holding company and, thus, not be related to the foreign country of the ultimate parent.

Notes and References

[1] For additional 2003 statistics covering foreign-controlled domestic corporations (FCDCs), see

Tables 24 and 25 of *Statistics of Income--2003, Corporation Income Tax Returns*, IRS Publication 16. This publication is expected to be available in September 2006. Statistics for tax years prior to 2003 are available in earlier editions of Publication 16. For 2002 statistics covering FCDCs, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 2002," *Statistics of Income Bulletin*, Summer 2005, Volume 25, Number 1. In addition, FCDC data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

- [2] Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, Spring 2006, Volume 25, Number 4; (2) *Statistics of Income--Corporation Income Tax Returns*, Publication 16, selected years; (3) *Source Book of Statistics of Income--Corporation Income Tax Returns*, Publication 1053, selected years; and (4) unpublished Statistics of Income tabulations.
- [3] 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."
- [4] For 2003, there were only 4,610 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$97 billion of assets, \$60 billion of receipts, \$2 billion of taxable income, and \$1 billion of total income tax after credits. All of these amounts were small in comparison to data for the corporations with at least 50 percent foreign ownership.
- [5] For the most recent statistics, there will be tabulations covering branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business in *Statistics of Income--2003, Corporation Income Tax Returns*, IRS Publication 16. See Tables 10 and 11 of this publication, which is expected to be available in September 2006. Statistics for tax years prior to 2003 are available in earlier editions of Publication 16.

- [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--2003, 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. In addition to the printed versions of these articles, electronic versions can be obtained from the Internet at 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, levels of foreign ownership, and levels of company consolidation.
- [8] The percent changes in the assets between 2002 and 2003 of domestic corporations controlled by foreign persons, as well as those of all corporations, may overstate the actual “change 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 FCDCs than they did for other companies, the comparability of the two percentages may be limited.
- [9] Dates of incorporation are reported on Form 1120, page 1, question C. Forms 1120L, 1120-PC, 1120-REIT, and 1120-RIC also contain this question in different locations on those forms.
- [10] For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Jauquet, William P., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2002,” *Statistics of Income Bulletin*, Winter 2005-2006, Volume 25, Number 3. The data contained in that article are not completely comparable to the data contained in this article, since they cover different time periods and 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.

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[11] 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 Con-
trolled 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 (or Deficit)

[12] The 31,676 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 positive net income minus statutory special deductions equaling taxable income. First, in some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. Second, the tax bases of S corporations and life insurance companies were not defined as net income less statutory special deductions. Rather, these types of corporations computed taxable income using special provisions of the Internal Revenue Code. Also, regulated investment companies and real estate investment trusts generally passed their net incomes on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

[14] One focus of this article is U.S. total income tax after credits. The reader might choose 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. There are limitations in using this procedure, and the foreign tax credit only 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. For the most recent statistics covering corporate foreign tax credits in depth, see Luttrell, Scott, “Corporate Foreign Tax Credit, 2001,” *Statistics of Income Bulletin*, Fall 2005, Volume 25, Number 2. In addition, foreign tax credit data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

[15] See “Tax Administration: Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1996-2000,” U.S. General Accounting Office, GAO-04-358, February 2004. Also, 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; and 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.

[16] For the most recent statistics covering CFCs, see Mahony, Lee and Wenrich, Jason, “Controlled Foreign Corporations, 2000,” *Statistics of Income Bulletin*, Summer 2004, Volume 24, Number 1. In addition, CFC data are included on the IRS Internet site at www.irs.gov, under Tax Stats.

[17] Shown below are Tax Year 2003 data for all REITs, RICs, and S corporations, regardless of

Foreign-Controlled Domestic Corporations, 2003

size, filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs). Money amounts are in millions of dollars.

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts:		
Number of returns	48	1,011
Total assets	32,100	881,550
Total receipts	2,077	66,837
Net income (less deficit)	955	40,128
Income subject to tax	--	17
Total income tax after credits	1	12
Regulated Investment Companies:		
Number of returns	118	10,861
Total assets	63,141	8,256,538
Total receipts	1,102	186,042
Net income (less deficit)	764	111,133
Income subject to tax	--	1
Total income tax after credits	--	168
S Corporations:		
Number of returns	--	3,341,606
Total assets	--	2,186,582
Total receipts	--	4,232,566
Net income (less deficit)	--	171,575
Income subject to tax	--	936
Total income tax after credits	--	381

[18] The counts of 20 Forms 1120L and 62 Forms 1120-PC do not include returns of life insurance companies and property/casualty insurance companies, respectively, that were filed as part of consolidated returns under IRC section

1504(c). Under this section, a nonlife insurance parent company could include a domestic life insurance subsidiary in a consolidated return. For 2003, there were 94 section 1504(c) returns of foreign-controlled domestic corporations. Of this number, 52 returns had a property/casualty insurance company as the largest subsidiary, 3 returns had a life insurance company as the largest subsidiary, and the remainder (39) had a noninsurance company as the largest subsidiary.

[19] 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.”

[20] The FCDC statistics include data from returns in which the first question (see footnote 19) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,147 returns for Tax Year 2003 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$59.2 billion of assets and \$57.3 billion of receipts.

Foreign-Controlled Domestic Corporations, 2003

Table 1.--Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971-2003

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

Item	1971	1983	1990	1994	2000	2001	2002	2003
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total.....	1,733,332	2,999,071	3,716,650	4,342,368	5,045,274	5,135,591	5,266,607	5,401,237
Number with net income.....	1,063,940	1,676,288	1,910,670	2,392,357	2,819,153	2,822,302	2,800,517	2,932,115
Total assets.....	2,889,221	10,201,084	18,190,058	23,446,207	47,026,872	49,154,424	50,413,502	53,644,785
Total receipts.....	1,906,008	7,135,494	11,409,520	13,360,007	20,605,808	20,272,958	19,749,426	20,689,574
Business receipts.....	1,763,760	6,334,603	9,860,442	11,883,615	17,636,551	17,504,289	17,297,125	18,264,394
Interest received ¹	65,596	494,604	942,238	837,215	1,576,101	1,499,683	1,233,298	1,132,675
Total deductions.....	1,824,063	6,945,457	11,032,575	12,774,888	19,691,592	19,682,983	19,198,882	19,940,595
Cost of goods sold.....	1,241,282	4,308,239	6,610,770	7,624,877	11,135,288	11,041,533	10,607,404	11,318,645
Interest paid.....	64,697	475,060	825,372	611,156	1,271,679	1,203,046	912,752	818,017
Total receipts less total deductions.....	81,945	190,037	376,945	585,119	914,216	589,975	550,544	748,980
Net income (less deficit).....	79,700	188,314	370,633	577,278	927,526	603,623	563,657	779,989
Net income.....	96,688	296,932	552,527	739,503	1,336,620	1,112,481	1,053,126	1,175,609
Deficit.....	-16,988	-108,618	-181,894	-162,225	-409,094	-508,858	-489,470	-395,620
Income subject to tax.....	83,165	218,686	366,353	493,996	760,404	635,257	600,554	699,337
Total income tax before credits.....	37,510	92,219	128,186	172,777	266,282	220,874	209,691	243,823
Income tax.....	37,143	90,462	119,434	167,548	262,233	218,676	207,056	241,275
Total income tax after credits.....	30,220	51,862	96,403	135,520	204,044	166,712	153,613	177,517
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total.....	5,154	33,622	44,113	54,620	60,609	60,618	61,615	58,945
Number with net income.....	2,575	13,648	17,360	21,369	26,519	24,898	26,617	27,269
Total assets.....	36,674	530,334	1,652,255	2,339,033	6,071,994	6,499,997	6,382,309	6,170,122
Total receipts.....	39,181	389,909	1,060,295	1,369,526	2,612,072	2,482,900	2,510,781	2,569,302
Business receipts.....	38,043	359,793	950,083	1,243,386	2,253,215	2,144,066	2,249,184	2,329,930
Interest received ¹	420	17,590	67,315	75,039	180,006	172,093	122,104	102,179
Total deductions.....	38,050	387,981	1,056,921	1,348,566	2,549,986	2,478,642	2,506,266	2,542,193
Cost of goods sold.....	28,804	271,372	709,052	899,823	1,584,513	1,501,678	1,548,698	1,652,622
Interest paid.....	733	22,255	77,562	72,276	186,835	177,677	119,001	109,453
Total receipts less total deductions.....	1,132	1,928	3,374	20,960	62,085	4,258	4,515	27,109
Net income (less deficit).....	1,111	1,849	3,966	21,949	66,312	8,303	7,838	31,952
Net income.....	1,496	12,448	29,410	44,724	118,598	94,331	82,660	92,846
Deficit.....	-384	-10,599	-25,444	-22,775	-52,287	-86,028	-74,822	-60,895
Income subject to tax.....	1,344	10,707	23,704	34,351	97,515	76,069	64,593	73,521
Total income tax before credits.....	650	4,849	8,719	12,858	34,650	26,827	22,727	25,971
Income tax.....	631	4,790	8,008	11,900	33,950	26,390	22,447	25,607
Total income tax after credits.....	610	3,419	7,438	10,090	28,073	21,774	17,819	19,121
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total.....	0.30	1.12	1.19	1.26	1.20	1.18	1.17	1.09
Number with net income.....	0.24	0.81	0.91	0.89	0.94	0.88	0.95	0.93
Total assets.....	1.27	5.20	9.08	9.98	12.91	13.22	12.66	11.50
Total receipts.....	2.06	5.46	9.29	10.25	12.68	12.25	12.71	12.42
Business receipts.....	2.16	5.68	9.64	10.46	12.78	12.25	13.00	12.76
Interest received ¹	0.64	3.56	7.14	8.96	11.42	11.48	9.90	9.02
Total deductions.....	2.09	5.59	9.58	10.56	12.95	12.59	13.05	12.75
Cost of goods sold.....	2.32	6.30	10.73	11.80	14.23	13.60	14.60	14.60
Interest paid.....	1.13	4.68	9.40	11.83	14.69	14.77	13.04	13.38
Total receipts less total deductions.....	1.38	1.01	0.90	3.58	6.79	0.72	0.82	3.62
Net income (less deficit).....	1.39	0.98	1.07	3.80	7.15	1.38	1.39	4.10
Net income.....	1.55	4.19	5.32	6.05	8.87	8.48	7.85	7.90
Deficit.....	2.26	9.76	13.99	14.04	12.78	16.91	15.29	15.39
Income subject to tax.....	1.62	4.90	6.47	6.95	12.82	11.97	10.76	10.51
Total income tax before credits.....	1.73	5.26	6.80	7.44	13.01	12.15	10.84	10.65
Income tax.....	1.70	5.30	6.70	7.10	12.95	12.07	10.84	10.61
Total income tax after credits.....	2.02	6.59	7.72	7.45	13.76	13.06	11.60	10.77

¹ Excludes nontaxable interest received on State and local government obligations.

NOTES: Detail may not add to totals due to 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, 2003

Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003

[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)
All industries	58,945	27,269	19,347	6,170,122	1,626,675	2,569,302	2,329,930	2,542,193
Agriculture, forestry, fishing, and hunting.....	960	368	235	6,331	2,574	5,768	5,297	5,739
Agricultural production.....	732	236	165	5,334	2,338	4,858	4,469	4,764
Forestry and logging.....	66	62	**	618	135	361	301	417
Support activities and fishing, hunting, and trapping...	162	70	**	379	101	548	526	558
Mining.....	494	129	103	114,253	63,905	36,849	35,119	37,089
Utilities.....	65	24	23	79,304	20,876	26,555	24,793	27,193
Construction.....	1,490	389	302	39,226	6,297	44,927	42,640	46,553
Construction of buildings.....	248	148	120	15,004	3,670	24,264	23,585	24,030
Heavy and civil engineering construction.....	1,135	193	164	22,268	2,052	17,870	16,335	19,381
Specialty trade contractors.....	107	48	18	1,953	575	2,793	2,720	3,142
Manufacturing.....	7,079	2,550	2,083	1,621,709	542,575	1,234,343	1,161,075	1,215,651
Food manufacturing.....	837	125	86	49,510	13,094	44,678	43,826	44,535
Beverage and tobacco product manufacturing.....	85	67	66	38,671	10,419	26,386	25,492	25,007
Textile mills and textile product mills.....	136	76	37	2,857	459	3,185	3,084	3,303
Apparel manufacturing.....	217	165	146	1,766	759	2,974	2,948	2,905
Leather and allied product manufacturing.....	3	**	**	74	22	123	117	122
Wood product manufacturing.....	450	78	73	4,748	2,164	5,713	5,547	5,629
Paper manufacturing.....	315	28	26	18,104	5,691	17,941	17,544	19,078
Printing and related support activities.....	84	31	29	15,271	5,195	10,167	9,370	10,080
Petroleum and coal products manufacturing.....	39	32	29	281,670	136,361	292,113	283,043	278,623
Chemical manufacturing.....	487	273	241	308,585	95,900	202,764	184,457	193,434
Plastics and rubber products manufacturing.....	689	166	155	40,634	10,963	41,203	39,752	41,521
Nonmetallic mineral product manufacturing.....	195	67	68	66,751	25,384	40,922	39,160	39,939
Primary metal manufacturing.....	127	66	58	23,045	6,033	25,003	24,396	25,894
Fabricated metal product manufacturing.....	426	229	176	34,991	11,895	28,818	27,984	28,725
Machinery manufacturing.....	730	251	235	128,453	35,148	81,655	77,614	82,940
Computer and electronic product manufacturing.....	1,004	267	163	122,469	44,133	83,812	80,206	87,600
Electrical equipment, appliance, and component manufacturing.....	182	95	71	29,322	11,987	21,812	20,505	22,020
Transportation equipment manufacturing.....	553	282	208	422,743	119,851	278,703	251,405	278,792
Furniture and related product manufacturing.....	135	27	27	1,614	495	2,860	2,786	2,758
Miscellaneous manufacturing.....	385	**	**	30,433	6,620	23,513	21,840	22,745
Wholesale and retail trade	19,119	9,063	6,465	456,434	123,189	748,057	723,062	739,040
Wholesale trade.....	15,787	7,308	5,538	371,349	102,580	597,721	578,990	588,921
Wholesale trade, durable goods.....	10,798	5,439	4,146	260,220	71,606	425,263	414,406	422,390
Wholesale trade, nondurable goods.....	4,958	**	**	111,096	30,957	172,408	164,535	166,487
Wholesale electronic markets and agents and brokers.....	30	**	**	33	17	50	50	44
Retail trade.....	3,332	1,756	927	85,085	20,609	150,337	144,072	150,120
Motor vehicle dealers and parts dealers.....	136	16	15	2,958	976	5,653	5,521	5,618
Furniture and home furnishings stores.....	102	26	25	3,985	400	3,407	3,271	3,367
Electronics and appliance stores.....	845	526	273	3,029	-204	3,501	3,278	3,733
Building material and garden equipment and supplies dealers.....	109	**	**	583	224	995	957	962
Food, beverage, and liquor stores.....	48	13	12	44,978	9,855	98,354	94,683	97,897
Health and personal care stores.....	100	**	**	3,937	1,422	9,247	8,691	9,178
Gasoline stations.....	300	31	31	1,513	506	3,193	3,143	3,194
Clothing and clothing accessories stores.....	300	144	17	7,188	2,999	9,621	9,133	9,674
Sporting goods, hobby, book, and music stores.....	508	166	76	644	161	1,402	1,367	1,474
General merchandise stores.....	247	243	243	4,958	3,416	2,271	2,119	2,248
Miscellaneous store retailers.....	142	96	70	7,720	-8	7,780	7,450	7,928
Nonstore retailers.....	497	378	77	3,591	861	4,912	4,457	4,845

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

**Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003
--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.....	1,762	972	662	44,466	15,130	41,799	39,949	42,337
Air, rail, and water transportation.....	419	91	72	15,504	5,053	9,098	8,545	9,166
Truck transportation.....	54	49	36	1,310	479	2,442	2,310	2,320
Transit and ground passenger transportation.....	336	270	269	6,655	3,104	7,450	6,976	7,514
Pipeline transportation.....	11	6	6	2,435	1,204	720	699	798
Other transportation and support activities.....	887	513	253	14,368	4,192	19,031	18,481	19,441
Warehousing and storage.....	55	43	26	4,193	1,099	3,057	2,937	3,097
Information.....	1,607	705	523	566,806	317,554	92,984	78,368	101,346
Publishing industries.....	530	340	161	75,411	16,227	35,604	31,977	35,392
Motion picture and sound recording industries.....	216	56	56	289,720	158,577	30,291	21,979	30,346
Broadcasting (except Internet).....	186	98	98	3,175	2,475	1,117	955	1,223
Internet publishing and broadcasting.....	6	**	**	5,150	1,526	1,559	1,446	1,530
Telecommunications.....	416	43	42	183,859	136,380	19,339	17,679	24,126
Internet service providers, Web search portals, and data processing services.....	224	160	159	2,893	607	1,902	1,643	5,472
Other information services.....	29	**	**	6,597	1,762	3,171	2,687	3,257
Finance and insurance.....	1,942	1,160	833	2,372,790	342,696	165,324	89,089	156,714
Credit intermediation.....	407	245	178	222,109	20,599	16,393	7,626	15,085
Securities, commodity contracts, and other financial investments and related activities.....	680	474	369	1,563,083	78,619	71,974	24,981	69,250
Insurance carriers and related activities.....	298	126	107	455,516	150,164	72,674	56,470	69,963
Funds, trusts, and other financial vehicles.....	557	315	181	132,081	93,313	4,283	13	2,416
Real estate and rental and leasing.....	11,550	5,316	3,875	85,944	27,178	17,904	12,978	18,288
Real estate.....	11,185	5,128	3,727	53,903	22,500	8,636	4,937	7,900
Rental and leasing services.....	360	**	**	31,834	4,615	9,112	7,968	10,244
Lessors of nonfinancial intangible assets (except copyrighted works).....	4	**	**	207	63	156	73	143
Professional, scientific, and technical services.....	6,303	3,243	2,041	87,572	40,509	47,719	44,342	49,318
Management of companies (holding companies).....	1,864	933	826	588,656	89,481	35,377	7,911	30,988
Administrative and support and waste management and remediation services.....	1,212	403	271	29,424	6,584	29,015	26,951	29,596
Administrative and support services.....	1,202	400	**	26,551	6,497	27,458	25,433	27,805
Waste management and remediation services.....	10	3	**	2,872	87	1,557	1,518	1,792
Educational services.....	396	292	234	1,205	508	840	785	813
Health care and social assistance.....	93	11	9	16,608	5,366	9,569	9,357	9,383
Offices of physicians and dentists.....	5	**	**	14,238	4,747	7,284	7,187	7,101
Miscellaneous health care and social assistance.....	55	5	4	1,170	463	965	891	1,008
Hospitals, nursing, and residential care facilities.....	33	**	**	1,200	156	1,320	1,279	1,274
Arts, entertainment, and recreation.....	1,015	932	643	5,583	1,697	3,424	2,678	3,386
Amusement, gambling, and recreation industries.....	399	348	311	3,294	1,197	1,250	1,048	1,224
Other arts, entertainment, and recreation.....	617	584	332	2,289	499	2,174	1,631	2,161
Accommodation and food services.....	1,344	645	119	49,761	19,165	25,253	22,185	25,289
Accommodation.....	780	536	107	34,145	14,947	8,345	6,341	8,538
Food services and drinking places.....	565	109	12	15,616	4,218	16,908	15,844	16,751
Other services.....	649	132	99	4,053	1,392	3,595	3,351	3,470
Repair and maintenance.....	199	121	88	1,606	553	1,921	1,894	1,907
Personal and laundry services.....	449	10	10	2,386	784	1,630	1,414	1,522

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003
--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)
All industries	1,652,622	27,109	31,952	92,846	-60,895	73,521	25,971	19,121
Agriculture, forestry, fishing, and hunting.....	4,039	29	68	315	-247	214	79	48
Agricultural production.....	3,335	94	134	264	-131	185	69	38
Forestry and logging.....	291	-56	-56	36	-91	15	5	**
Support activities and fishing, hunting, and trapping...	413	-10	-10	15	-25	15	5	**
Mining.....	22,003	-240	-179	1,637	-1,816	1,160	439	167
Utilities.....	14,916	-638	-641	227	-868	56	24	24
Construction.....	35,735	-1,625	-1,610	1,204	-2,815	808	285	274
Construction of buildings.....	20,708	234	236	761	-525	515	181	181
Heavy and civil engineering construction.....	12,944	-1,511	-1,507	348	-1,855	216	77	76
Specialty trade contractors.....	2,083	-349	-339	95	-435	78	27	18
Manufacturing.....	865,179	18,692	22,904	43,746	-20,842	38,642	13,611	8,171
Food manufacturing.....	27,471	142	148	978	-830	801	288	264
Beverage and tobacco product manufacturing.....	12,877	1,379	1,379	1,475	-96	1,456	509	440
Textile mills and textile product mills.....	2,321	-118	-118	76	-194	65	22	21
Apparel manufacturing.....	1,899	70	78	128	-50	108	36	33
Leather and allied product manufacturing.....	67	1	1	**	**	**	**	**
Wood product manufacturing.....	4,146	84	84	179	-95	82	29	28
Paper manufacturing.....	14,771	-1,137	-1,137	39	-1,176	26	9	8
Printing and related support activities.....	6,506	88	88	300	-212	145	51	37
Petroleum and coal products manufacturing.....	242,525	13,490	13,926	13,989	-62	13,043	4,597	2,149
Chemical manufacturing.....	107,435	9,330	12,632	15,642	-3,010	14,681	5,150	2,781
Plastics and rubber products manufacturing.....	28,390	-318	-282	607	-889	373	132	103
Nonmetallic mineral product manufacturing.....	25,754	982	1,020	1,593	-573	1,497	532	504
Primary metal manufacturing.....	20,143	-892	-888	428	-1,317	379	134	87
Fabricated metal product manufacturing.....	19,951	93	138	757	-619	687	240	215
Machinery manufacturing.....	54,289	-1,286	-1,127	1,252	-2,379	1,020	357	233
Computer and electronic product manufacturing.....	59,225	-3,788	-3,707	1,336	-5,043	1,033	363	277
Electrical equipment, appliance, and component manufacturing.....	14,515	-208	-170	589	-760	525	183	134
Transportation equipment manufacturing.....	207,215	-90	-51	2,917	-2,969	1,641	598	546
Furniture and related product manufacturing.....	1,962	101	101	169	-68	158	55	54
Miscellaneous manufacturing.....	13,717	768	790	**	**	**	**	**
Wholesale and retail trade	577,988	9,017	9,381	18,154	-8,773	14,874	5,204	4,907
Wholesale trade.....	474,773	8,800	8,954	15,794	-6,840	12,947	4,529	4,259
Wholesale trade, durable goods.....	341,689	2,873	2,942	8,197	-5,256	6,852	2,388	2,262
Wholesale trade, nondurable goods.....	133,084	5,922	6,007	**	**	**	**	**
Wholesale electronic markets and agents and brokers.....	--	6	6	**	**	**	**	**
Retail trade.....	103,215	217	427	2,360	-1,933	1,927	675	648
Motor vehicle dealers and parts dealers.....	4,842	34	34	111	-77	109	38	38
Furniture and home furnishings stores.....	1,753	39	39	114	-75	98	34	34
Electronics and appliance stores.....	2,016	-231	-225	103	-328	22	8	7
Building material and garden equipment and supplies dealers.....	750	32	32	**	**	**	**	**
Food, beverage, and liquor stores.....	71,752	457	460	843	-383	823	288	269
Health and personal care stores.....	5,206	69	70	**	**	**	**	**
Gasoline stations.....	2,591	-1	-1	13	-14	11	3	3
Clothing and clothing accessories stores.....	4,454	-53	-54	375	-429	355	124	122
Sporting goods, hobby, book, and music stores.....	976	-72	-72	21	-92	11	3	3
General merchandise stores.....	1,110	23	23	52	-29	9	4	4
Miscellaneous store retailers.....	5,091	-148	53	149	-96	40	15	15
Nonstore retailers.....	2,676	67	67	232	-165	155	54	50

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 2.--Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2003
--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.....	13,900	-538	-534	720	-1,255	549	189	165
Air, rail, and water transportation.....	3,377	-68	-67	198	-265	160	56	51
Truck transportation.....	812	121	121	128	-7	74	26	13
Transit and ground passenger transportation.....	1,112	-64	-63	41	-103	18	6	6
Pipeline transportation.....	580	-78	-78	41	-119	41	14	13
Other transportation and support activities.....	7,552	-410	-410	221	-631	178	60	57
Warehousing and storage.....	466	-39	-38	91	-129	78	27	27
Information.....	32,985	-8,362	-8,227	2,487	-10,714	1,353	493	423
Publishing industries.....	12,012	212	245	1,207	-963	998	352	301
Motion picture and sound recording industries.....	9,222	-55	-35	841	-876	36	29	27
Broadcasting (except Internet).....	695	-106	-103	48	-151	27	9	9
Internet publishing and broadcasting.....	185	29	29	**	**	**	**	**
Telecommunications.....	9,227	-4,787	-4,715	102	-4,818	52	18	18
Internet service providers, Web search portals, and data processing services.....	1,177	-3,570	-3,570	117	-3,687	116	40	39
Other information services.....	468	-85	-78	**	**	**	**	**
Finance and insurance.....	35,051	8,609	8,314	11,949	-3,635	6,379	2,321	2,069
Credit intermediation.....	49	1,308	1,271	1,514	-243	714	256	236
Securities, commodity contracts, and other financial investments and related activities.....	291	2,724	2,862	3,965	-1,103	2,725	995	871
Insurance carriers and related activities.....	34,711	2,711	2,315	4,356	-2,041	2,574	942	895
Funds, trusts, and other financial vehicles.....	--	1,866	1,866	2,113	-247	366	129	66
Real estate and rental and leasing.....	2,722	-383	-409	2,435	-2,844	1,429	493	479
Real estate.....	436	735	708	2,112	-1,405	1,338	458	447
Rental and leasing services.....	2,254	-1,132	-1,130	**	**	**	**	**
Lessors of nonfinancial intangible assets (except copyrighted works).....	32	13	13	**	**	**	**	**
Professional, scientific, and technical services.....	17,674	-1,599	-1,379	1,954	-3,333	1,056	369	323
Management of companies (holding companies).....	71	4,389	4,376	5,759	-1,384	5,295	1,864	1,591
Administrative and support and waste management and remediation services.....	14,665	-581	-501	589	-1,090	441	154	136
Administrative and support services.....	13,774	-346	-266	584	-850	438	153	**
Waste management and remediation services.....	892	-235	-235	5	-240	3	1	**
Educational services.....	223	27	30	43	-13	11	4	3
Health care and social assistance.....	3,715	186	189	298	-109	228	80	78
Offices of physicians and dentists.....	3,338	183	183	**	**	**	**	**
Miscellaneous health care and social assistance.....	324	-42	-40	35	-75	3	1	1
Hospitals, nursing, and residential care facilities.....	53	46	46	**	**	**	**	**
Arts, entertainment, and recreation.....	708	38	39	193	-154	144	51	50
Amusement, gambling, and recreation industries.....	174	26	26	112	-87	64	24	23
Other arts, entertainment, and recreation.....	534	13	13	81	-67	80	27	26
Accommodation and food services.....	9,529	-36	-9	861	-870	643	227	154
Accommodation.....	1,053	-193	-167	429	-595	259	92	66
Food services and drinking places.....	8,475	157	158	432	-275	385	135	88
Other services.....	1,519	124	142	276	-134	238	82	59
Repair and maintenance.....	1,205	14	14	57	-43	55	18	18
Personal and laundry services.....	313	108	126	217	-91	181	63	40

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

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

Foreign-Controlled Domestic Corporations, 2003

Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Selected Countries of Foreign Owners, Tax Year 2003

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

Age of corporations and selected 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)
All foreign-controlled domestic corporations.....	58,945	27,269	19,347	6,170,122	1,626,675	2,569,302	2,329,930	2,542,193
Age of corporations:								
Old corporations:								
Number or amount.....	47,093	23,325	16,126	5,897,268	1,537,379	2,438,818	2,206,476	2,407,577
Percentage of all corporations.....	79.9	85.5	83.4	95.6	94.5	94.9	94.7	94.7
New corporations:								
Number or amount.....	11,852	3,943	3,221	272,854	89,296	130,485	123,453	134,616
Percentage of all corporations.....	20.1	14.5	16.6	4.4	5.5	5.1	5.3	5.3
Selected countries of foreign owners:								
Selected countries, total.....	53,694	24,869	17,706	6,131,210	1,616,086	2,536,380	2,298,845	2,508,974
Percentage of all countries.....	91.1	91.2	91.5	99.4	99.3	98.7	98.7	98.7
Selected countries:								
Australia.....	677	258	233	336,068	173,894	43,399	34,459	42,098
Austria.....	293	180	179	6,117	2,321	7,556	7,380	7,460
Barbados.....	369	44	26	24,828	11,008	6,666	5,770	6,698
Belgium.....	404	222	206	53,491	9,004	30,633	27,749	29,740
Bermuda.....	233	91	87	173,270	46,472	58,634	51,117	65,004
Brazil.....	754	312	282	9,145	1,225	3,487	3,170	3,788
British Virgin Islands ¹	2,955	1,130	771	20,169	5,746	16,743	15,574	17,206
Canada.....	9,493	4,216	3,693	497,565	142,953	192,140	170,899	190,857
Cayman Islands.....	803	243	198	75,788	39,686	16,395	14,781	16,558
China.....	1,619	682	407	4,317	1,124	6,364	6,261	6,365
China (Taiwan).....	1,743	810	419	14,462	3,461	17,288	16,879	17,250
Colombia.....	908	59	58	537	69	811	780	814
Denmark.....	675	435	161	14,023	3,844	14,734	14,297	14,516
Finland.....	101	35	33	16,698	5,634	18,160	17,006	18,170
France.....	2,148	818	477	536,249	180,550	155,381	137,069	151,896
Germany.....	4,135	2,165	1,783	976,923	209,367	353,643	307,362	355,200
Hong Kong.....	1,012	794	472	6,403	1,692	4,705	4,443	4,672
India.....	1,484	655	399	1,730	353	3,604	3,545	3,651
Ireland.....	416	90	43	22,878	3,051	21,591	20,732	21,461
Israel.....	839	558	350	26,333	4,749	8,651	7,762	8,805
Italy.....	1,360	463	390	25,169	8,920	17,014	16,356	16,688
Japan.....	5,264	2,620	1,809	613,297	163,133	502,648	477,591	496,925
Korea, Republic of South.....	860	363	340	20,721	704	43,198	42,468	42,960
Liechtenstein.....	201	87	66	2,829	989	5,981	5,559	5,911
Luxembourg.....	423	191	110	39,142	13,120	24,390	22,965	24,375
Mexico.....	2,742	1,374	850	20,596	8,144	14,036	12,934	13,946
Netherlands.....	1,619	609	414	542,693	126,891	271,553	246,700	267,383
Netherlands Antilles.....	418	165	160	8,125	2,488	6,228	5,929	6,206
Norway.....	170	49	45	6,679	2,486	9,810	9,594	9,920
Pakistan.....	574	516	516	215	-110	341	339	345
Panama.....	777	442	197	8,541	1,185	4,856	4,637	4,925
Puerto Rico.....	94	37	**	14,146	837	1,119	173	1,048
Saudi Arabia.....	38	30	**	3,253	1,242	6,427	6,305	6,484
Singapore.....	202	66	57	11,658	4,260	6,866	6,447	7,311
Spain.....	340	218	90	13,850	3,974	5,052	4,559	5,157
Sweden.....	237	135	133	87,142	5,430	88,397	81,104	84,795
Switzerland.....	1,662	872	434	697,287	52,373	126,641	103,663	124,369
United Kingdom.....	4,808	2,364	1,383	1,182,356	369,874	387,505	351,541	375,036
Venezuela.....	844	471	414	16,517	3,943	33,733	32,946	32,981

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 3.--Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Selected Countries of Foreign Owners, Tax Year 2003--Continued

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

Age of corporations and selected 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)
All foreign-controlled domestic corporations.....	1,652,622	27,109	31,952	92,846	-60,895	73,521	25,971	19,121
Age of corporations:								
Old corporations:								
Number or amount.....	1,572,269	31,240	35,774	88,827	-53,053	70,478	24,916	18,270
Percentage of all corporations.....	95.1	115.2	112.0	95.7	87.1	95.9	95.9	95.5
New corporations:								
Number or amount.....	80,353	-4,131	-3,822	4,019	-7,842	3,043	1,054	851
Percentage of all corporations.....	4.9	-15.2	-12.0	4.3	12.9	4.1	4.1	4.5
Selected countries of foreign owners:								
Selected countries, total.....	1,629,701	27,408	32,258	91,808	-59,550	72,726	25,704	18,871
Percentage of all countries.....	98.6	101.1	101.0	98.9	97.8	98.9	99.0	98.7
Selected countries:								
Australia.....	16,912	1,301	1,357	2,445	-1,089	1,264	483	233
Austria.....	5,513	96	95	215	-119	174	60	60
Barbados.....	3,396	-32	5	317	-312	51	26	26
Belgium.....	20,293	893	904	1,185	-281	974	343	314
Bermuda.....	32,777	-6,370	-6,266	1,390	-7,656	972	356	217
Brazil.....	2,418	-301	-301	118	-419	110	35	31
British Virgin Islands ¹	12,111	-462	-460	586	-1,047	468	159	156
Canada.....	115,273	1,283	1,351	6,636	-5,285	4,023	1,426	1,322
Cayman Islands.....	8,620	-163	-141	857	-998	325	121	102
China.....	5,343	-1	-1	183	-183	173	58	30
China (Taiwan).....	14,607	38	36	344	-308	279	95	73
Colombia.....	614	-3	-3	6	-10	2	1	1
Denmark.....	7,896	218	308	530	-222	442	153	121
Finland.....	12,791	-10	-7	518	-525	458	160	124
France.....	86,417	3,485	4,333	8,840	-4,506	7,202	2,531	1,880
Germany.....	221,297	-1,557	-1,269	6,087	-7,356	4,027	1,460	1,166
Hong Kong.....	3,014	33	33	218	-186	160	55	46
India.....	1,791	-46	-46	68	-114	57	19	19
Ireland.....	14,478	130	135	554	-419	456	159	151
Israel.....	5,642	-154	-171	377	-547	197	68	62
Italy.....	9,852	326	329	854	-524	629	222	194
Japan.....	375,012	5,723	5,817	13,711	-7,894	10,725	3,785	3,494
Korea, Republic of South.....	38,135	238	239	630	-390	434	155	150
Liechtenstein.....	4,710	70	69	129	-60	100	35	35
Luxembourg.....	13,048	15	61	756	-695	552	196	149
Mexico.....	8,729	90	134	639	-505	564	198	134
Netherlands.....	182,537	4,171	4,916	8,497	-3,581	6,847	2,443	1,332
Netherlands Antilles.....	2,315	22	22	151	-129	129	44	43
Norway.....	7,913	-110	-109	140	-249	88	31	31
Pakistan.....	206	-4	-4	2	-7	1	(²)	(²)
Panama.....	3,826	-68	-33	237	-270	197	69	55
Puerto Rico.....	46	71	69	88	-19	83	29	**
Saudi Arabia.....	5,871	-58	-58	9	-67	8	3	**
Singapore.....	4,497	-446	-442	179	-622	117	41	40
Spain.....	2,594	-106	-99	306	-405	240	84	73
Sweden.....	62,220	3,602	5,265	5,686	-421	5,288	1,853	947
Switzerland.....	53,435	2,272	2,196	5,612	-3,416	4,159	1,462	1,317
United Kingdom.....	232,035	12,470	13,241	21,907	-8,666	20,083	7,054	4,524
Venezuela.....	31,517	752	753	801	-48	668	232	187

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

¹ Includes a small number of domestic corporations with foreign owners from Saint Christopher, Nevis, and Anguilla.

² Less than \$500,000.

NOTES: "New" corporations were those with dates of incorporation between 2001 and 2004; "old" corporations were those with dates of incorporation prior to 2001, or with unknown dates of incorporation. Countries shown in this table are those in which one or more of the following were present: (a) at least 500 returns, (b) at least \$10 billion of total assets, or (c) at least \$5 billion of total receipts. Detail may not add to totals due to rounding.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003

[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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,266	2,027	1,937	5,865,363	2,699,916	3,165,448	43,116
Agriculture, forestry, fishing, and hunting	17	13	13	3,295	1,338	1,957	50
Mining.....	56	24	29	109,440	18,210	91,230	467
Utilities.....	19	8	8	77,933	7,864	70,070	--
Construction.....	62	35	35	32,606	16,820	15,786	36
Manufacturing.....	1,207	703	661	1,580,857	548,451	1,032,407	5,316
Wholesale and retail trade	1,047	728	693	416,755	234,770	181,985	501
Wholesale trade.....	921	659	628	337,349	206,651	130,698	500
Retail trade.....	126	69	65	79,406	28,119	51,287	--
Transportation and warehousing.....	82	47	45	39,793	9,415	30,378	--
Information.....	118	50	48	559,120	78,256	480,864	2,757
Finance and insurance.....	249	184	185	2,258,021	1,336,135	921,886	29,053
Real estate and rental and leasing.....	57	35	31	47,444	13,711	33,733	24
Professional, scientific, and technical services.....	143	76	72	75,899	20,212	55,687	248
Management of companies (holding companies).....	69	49	47	569,576	400,469	169,107	130
Administrative and support and waste management and remediation services.....	55	26	24	26,401	5,374	21,027	25
Educational services.....	3	3	3	893	218	676	--
Health care and social assistance.....	14	7	6	16,070	2,015	14,055	4,403
Arts, entertainment, and recreation.....	11	**	**	3,548	727	2,821	61
Accommodation and food services.....	42	21	19	44,967	5,161	39,806	45
Other services.....	14	**	**	2,745	771	1,973	1
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	13,794	9,695	9,447	34,411,043	12,518,377	21,892,666	99,628
Agriculture, forestry, fishing, and hunting	95	66	64	21,439	7,714	13,725	18
Mining.....	176	102	101	256,167	49,868	206,299	144
Utilities.....	163	100	104	1,362,679	297,335	1,065,345	449
Construction.....	583	434	452	128,800	70,427	58,373	643
Manufacturing.....	2,976	1,847	1,773	6,713,470	1,985,924	4,727,546	61,525
Wholesale and retail trade	3,545	2,639	2,523	1,232,979	572,118	660,861	6,975
Wholesale trade.....	1,839	1,418	1,323	451,487	232,642	218,844	5,239
Retail trade.....	1,706	1,222	1,199	781,493	339,476	442,017	1,735
Transportation and warehousing.....	352	228	210	424,343	81,876	342,468	2,058
Information.....	608	275	265	2,015,717	413,833	1,601,885	1,582
Finance and insurance.....	2,053	1,670	1,663	12,327,760	3,744,545	8,583,214	7,086
Real estate and rental and leasing.....	156	75	73	106,725	25,941	80,785	42
Professional, scientific, and technical services.....	672	406	399	247,457	111,014	136,443	355
Management of companies (holding companies).....	1,211	1,138	1,143	8,969,226	5,028,245	3,940,981	16,044
Administrative and support and waste management and remediation services.....	280	167	161	181,802	37,595	144,207	1,225
Educational services.....	45	36	36	10,547	4,801	5,747	3
Health care and social assistance.....	500	292	277	144,942	40,306	104,637	66
Arts, entertainment, and recreation.....	64	37	37	31,627	7,723	23,905	899
Accommodation and food services.....	239	132	119	204,515	29,109	175,406	201
Other services.....	74	49	47	30,845	10,004	20,841	314

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	2,526,192	1,854,561	127,012	1,484,610	-95,102	5,332	-100,433
Agriculture, forestry, fishing, and hunting	600	1,367	52	1,327	-65	12	-77
Mining.....	12,472	34,618	436	62,351	-6,407	12	-6,419
Utilities.....	9,392	48,066	2,046	20,475	1,727	--	1,727
Construction.....	13,016	15,276	1,003	4,314	-8,874	3	-8,877
Manufacturing.....	483,193	567,440	50,044	530,225	5,241	363	4,879
Wholesale and retail trade	186,464	114,111	8,108	116,180	-13,934	55	-13,989
Wholesale trade.....	154,896	86,464	6,067	95,989	-4,100	53	-4,153
Retail trade.....	31,567	27,647	2,041	20,191	-9,834	2	-9,836
Transportation and warehousing.....	7,743	18,386	859	13,664	-781	448	-1,229
Information.....	55,133	185,743	28,505	318,244	-49,328	3	-49,331
Finance and insurance.....	1,321,099	680,981	20,413	255,941	-10,745	4,147	-14,892
Real estate and rental and leasing.....	12,665	22,009	1,355	12,770	-865	--	-865
Professional, scientific, and technical services.....	22,982	15,118	2,763	37,799	-18,351	11	-18,362
Management of companies (holding companies).....	385,509	105,217	3,448	78,849	15,525	272	15,253
Administrative and support and waste management and remediation services.....	6,302	14,021	1,698	6,079	-5,542	(²)	-5,543
Educational services.....	181	299	48	413	-141	--	-141
Health care and social assistance.....	1,729	8,956	5,415	5,386	-718	1	-719
Arts, entertainment, and recreation.....	1,087	1,172	71	1,289	-107	--	-107
Accommodation and food services.....	5,995	20,622	603	18,350	-2,436	--	-2,436
Other services.....	630	1,160	145	954	699	5	694
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	15,389,895	11,411,930	119,342	7,609,218	2,527,554	89,086	2,438,469
Agriculture, forestry, fishing, and hunting	5,140	8,152	335	8,147	1,107	18	1,089
Mining.....	30,532	119,599	1,149	106,036	29,087	34	29,053
Utilities.....	317,990	702,189	867	342,501	11,822	836	10,986
Construction.....	40,993	43,833	377	43,974	24,626	20	24,606
Manufacturing.....	2,093,426	2,101,850	43,104	2,518,194	916,080	9,643	906,438
Wholesale and retail trade	406,871	322,489	5,311	503,620	229,593	104	229,489
Wholesale trade.....	158,766	120,080	3,094	172,641	93,498	52	93,446
Retail trade.....	248,104	202,409	2,217	330,979	136,095	52	136,043
Transportation and warehousing.....	86,087	218,083	2,389	120,172	41,220	20	41,200
Information.....	394,322	792,465	1,580	828,931	-84,682	66	-84,748
Finance and insurance.....	5,251,873	5,388,246	8,624	1,687,641	853,481	72,180	781,300
Real estate and rental and leasing.....	25,356	50,755	1,987	30,614	3,357	3	3,354
Professional, scientific, and technical services.....	86,712	67,070	324	93,675	-30,353	153	-30,506
Management of companies (holding companies).....	6,532,060	1,325,578	50,310	1,111,588	486,858	5,551	481,307
Administrative and support and waste management and remediation services.....	42,903	76,046	548	62,852	14,640	199	14,441
Educational services.....	3,455	1,501	98	5,592	1,275	--	1,275
Health care and social assistance.....	29,938	65,342	333	49,663	-2,738	2	-2,739
Arts, entertainment, and recreation.....	6,020	17,472	1,555	8,136	-877	6	-882
Accommodation and food services.....	29,836	96,869	105	77,811	31,360	152	31,208
Other services.....	6,381	14,393	344	10,071	1,696	98	1,598

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Receipts						
	Total	Business receipts	Interest ¹	Rents	Royalties	Dividends received from:	
						Domestic corporations	Foreign corporations
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	2,402,812	2,178,947	99,470	13,985	15,864	2,241	4,799
Agriculture, forestry, fishing, and hunting	4,487	4,253	7	2	2	--	65
Mining.....	35,287	33,761	501	26	45	31	25
Utilities.....	26,217	24,503	374	427	--	130	2
Construction.....	41,682	39,955	937	153	64	2	24
Manufacturing.....	1,190,772	1,118,760	17,709	8,866	10,233	369	3,723
Wholesale and retail trade	678,951	655,566	4,419	1,412	2,361	937	296
Wholesale trade.....	537,562	520,072	3,436	856	2,043	935	290
Retail trade.....	141,389	135,494	983	557	318	1	7
Transportation and warehousing.....	36,107	34,564	471	186	9	1	5
Information.....	86,628	72,578	8,798	173	1,630	47	211
Finance and insurance.....	158,090	86,483	45,118	949	120	379	197
Real estate and rental and leasing.....	11,035	9,048	640	154	47	104	2
Professional, scientific, and technical services.....	35,358	33,116	418	92	556	42	99
Management of companies (holding companies).....	34,199	7,814	19,379	1,367	193	194	61
Administrative and support and waste management and remediation services.....	26,492	24,680	247	7	22	1	37
Educational services.....	496	455	1	--	32	--	1
Health care and social assistance.....	9,216	9,071	20	12	6	--	--
Arts, entertainment, and recreation.....	2,088	1,722	38	31	12	--	7
Accommodation and food services.....	23,256	20,367	359	126	501	3	6
Other services.....	2,450	2,250	35	1	31	--	38
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	11,174,256	9,461,168	865,445	86,093	112,992	14,153	39,514
Agriculture, forestry, fishing, and hunting	19,640	18,712	92	55	39	5	9
Mining.....	118,535	108,288	2,526	245	529	129	735
Utilities.....	523,106	486,492	10,047	3,078	134	273	642
Construction.....	169,067	163,250	990	505	214	107	13
Manufacturing.....	3,573,963	3,213,428	98,917	25,591	68,622	2,435	28,421
Wholesale and retail trade	2,410,782	2,336,473	11,603	3,762	10,930	287	1,872
Wholesale trade.....	860,708	840,483	2,942	1,614	3,207	125	1,722
Retail trade.....	1,550,074	1,495,990	8,661	2,147	7,723	162	150
Transportation and warehousing.....	309,754	291,801	2,387	1,161	2,018	46	223
Information.....	734,744	637,882	19,244	10,531	18,701	565	1,736
Finance and insurance.....	1,940,584	1,320,771	403,061	8,005	1,224	8,396	1,719
Real estate and rental and leasing.....	60,612	53,711	1,727	332	164	11	82
Professional, scientific, and technical services.....	187,035	175,340	2,651	358	3,323	27	460
Management of companies (holding companies).....	604,529	173,236	305,701	30,154	463	1,773	3,085
Administrative and support and waste management and remediation services.....	129,610	120,097	1,648	624	1,395	21	74
Educational services.....	10,573	9,975	68	18	145	1	8
Health care and social assistance.....	162,440	154,547	1,092	439	349	26	43
Arts, entertainment, and recreation.....	19,589	17,249	628	96	95	3	5
Accommodation and food services.....	176,055	158,396	2,790	1,077	4,504	34	155
Other services.....	23,639	21,519	275	62	141	15	231

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	2,371,243	1,554,092	10,252	170,924	105,635	33,027	96,107
Agriculture, forestry, fishing, and hunting	4,362	3,414	25	201	104	29	150
Mining.....	35,249	21,461	76	1,921	1,622	859	2,827
Utilities.....	26,837	14,791	39	998	2,046	807	2,508
Construction.....	42,966	33,670	208	1,770	1,657	345	791
Manufacturing.....	1,170,633	834,896	2,846	61,295	34,277	13,856	49,721
Wholesale and retail trade	668,916	526,494	1,560	35,746	7,431	6,096	16,391
Wholesale trade.....	528,178	428,660	1,311	21,376	4,799	4,014	13,318
Retail trade.....	140,738	97,834	249	14,370	2,632	2,081	3,074
Transportation and warehousing.....	36,516	11,469	135	7,538	1,072	1,190	1,632
Information.....	93,752	30,038	452	11,401	13,015	1,469	6,244
Finance and insurance.....	151,033	34,447	3,938	23,399	32,481	2,977	7,233
Real estate and rental and leasing.....	11,685	2,076	75	1,552	1,119	384	3,620
Professional, scientific, and technical services.....	36,021	13,389	425	7,925	1,022	1,634	990
Management of companies (holding companies).....	29,571	61	187	6,177	7,450	606	2,088
Administrative and support and waste management and remediation services.....	27,007	13,594	149	4,391	915	1,086	770
Educational services.....	487	165	17	121	11	22	7
Health care and social assistance.....	8,979	3,640	28	1,445	369	280	276
Arts, entertainment, and recreation.....	1,977	466	14	335	98	39	115
Accommodation and food services.....	22,959	9,078	51	4,342	871	1,294	712
Other services.....	2,293	945	27	365	75	53	30
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	10,770,482	5,816,127	56,768	1,098,933	610,222	222,769	439,336
Agriculture, forestry, fishing, and hunting	19,020	14,197	112	869	544	287	601
Mining.....	112,889	61,643	890	5,859	6,781	3,083	7,804
Utilities.....	527,832	302,265	1,266	22,042	36,294	17,787	42,278
Construction.....	160,875	124,723	1,570	7,582	2,007	2,330	2,030
Manufacturing.....	3,469,640	2,279,831	12,684	243,863	130,903	68,535	136,544
Wholesale and retail trade	2,355,609	1,784,823	7,536	203,825	25,161	31,534	43,252
Wholesale trade.....	847,092	705,580	3,476	44,563	8,630	7,299	11,515
Retail trade.....	1,508,517	1,079,243	4,060	159,262	16,531	24,235	31,737
Transportation and warehousing.....	309,570	87,932	1,026	64,265	8,940	11,446	22,414
Information.....	729,922	143,686	4,038	117,044	47,135	18,520	85,144
Finance and insurance.....	1,806,347	761,604	12,881	170,369	185,253	29,361	23,640
Real estate and rental and leasing.....	61,526	17,975	557	8,586	4,628	1,411	10,516
Professional, scientific, and technical services.....	187,780	57,466	3,161	48,263	4,297	5,548	4,971
Management of companies (holding companies).....	519,649	9,299	6,970	87,539	140,622	11,707	39,911
Administrative and support and waste management and remediation services.....	127,707	54,405	885	23,235	3,766	6,037	4,774
Educational services.....	9,780	1,638	195	3,150	142	304	429
Health care and social assistance.....	158,031	30,853	1,678	52,760	4,028	5,836	4,912
Arts, entertainment, and recreation.....	19,793	3,263	249	4,078	1,617	1,301	1,540
Accommodation and food services.....	171,651	71,059	942	31,919	7,314	6,990	7,810
Other services.....	22,860	9,464	127	3,686	791	751	767

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	31,569	5,884	36,394	82,570	-46,176	15,061	12,901
Agriculture, forestry, fishing, and hunting	124	39	164	191	-28	24	24
Mining.....	39	61	99	1,423	-1,324	411	390
Utilities.....	-621	--	-624	195	-819	213	95
Construction.....	-1,284	16	-1,268	847	-2,115	231	230
Manufacturing.....	20,139	4,264	24,339	42,234	-17,895	4,735	4,384
Wholesale and retail trade	10,035	399	10,419	16,228	-5,809	2,852	2,040
Wholesale trade.....	9,384	187	9,557	14,169	-4,612	2,533	1,722
Retail trade.....	651	212	861	2,058	-1,197	319	318
Transportation and warehousing.....	-409	3	-406	522	-929	117	116
Information.....	-7,124	118	-7,011	2,183	-9,194	983	950
Finance and insurance.....	7,057	345	6,755	9,566	-2,811	3,640	2,988
Real estate and rental and leasing.....	-650	2	-649	807	-1,456	431	362
Professional, scientific, and technical services.....	-663	223	-447	1,266	-1,713	658	624
Management of companies (holding companies).....	4,628	279	4,594	5,160	-567	349	285
Administrative and support and waste management and remediation services.....	-515	82	-435	474	-909	105	105
Educational services.....	9	3	12	12	--	4	4
Health care and social assistance.....	237	3	240	274	-35	49	49
Arts, entertainment, and recreation.....	112	--	112	**	**	**	**
Accommodation and food services.....	297	27	324	803	-479	191	189
Other services.....	157	20	177	**	**	**	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	403,774	73,484	457,215	622,465	-165,249	48,638	37,573
Agriculture, forestry, fishing, and hunting	619	70	688	934	-245	90	86
Mining.....	5,646	685	6,324	9,231	-2,907	1,671	1,572
Utilities.....	-4,725	518	-4,302	13,612	-17,913	1,084	825
Construction.....	8,192	14	8,171	9,672	-1,501	464	381
Manufacturing.....	104,323	50,685	153,414	202,889	-49,475	13,578	10,828
Wholesale and retail trade	55,173	3,376	58,346	73,487	-15,141	4,020	2,918
Wholesale trade.....	13,616	2,468	16,019	20,766	-4,747	1,811	1,710
Retail trade.....	41,557	909	42,327	52,721	-10,394	2,209	1,208
Transportation and warehousing.....	184	399	560	8,290	-7,729	859	799
Information.....	4,822	5,236	9,919	44,079	-34,161	7,308	6,814
Finance and insurance.....	134,237	7,537	128,893	146,688	-17,795	12,942	8,406
Real estate and rental and leasing.....	-914	177	-739	2,250	-2,989	515	438
Professional, scientific, and technical services.....	-746	561	-223	7,650	-7,873	1,261	1,185
Management of companies (holding companies).....	84,880	3,792	83,816	85,403	-1,586	2,180	720
Administrative and support and waste management and remediation services.....	1,903	102	1,964	3,530	-1,566	1,088	1,073
Educational services.....	793	5	785	896	-111	94	94
Health care and social assistance.....	4,409	6	4,330	5,809	-1,479	999	980
Arts, entertainment, and recreation.....	-204	7	-201	619	-820	159	157
Accommodation and food services.....	4,404	155	4,538	6,200	-1,662	238	220
Other services.....	779	158	931	1,226	-295	88	77

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	67,688	24,007	23,680	311	6,735	5,200	17,272
Agriculture, forestry, fishing, and hunting	167	60	58	2	31	25	29
Mining.....	1,032	394	361	32	258	257	136
Utilities.....	27	14	9	4	--	--	14
Construction.....	617	218	215	2	10	9	208
Manufacturing.....	37,545	13,236	13,125	110	5,414	4,260	7,822
Wholesale and retail trade	13,434	4,735	4,687	47	289	146	4,446
Wholesale trade.....	11,694	4,123	4,079	43	262	128	3,861
Retail trade.....	1,740	612	608	4	27	17	585
Transportation and warehousing.....	406	141	141	1	19	2	122
Information.....	1,217	446	425	21	68	55	377
Finance and insurance.....	5,895	2,155	2,093	52	245	231	1,910
Real estate and rental and leasing.....	363	138	126	12	2	--	136
Professional, scientific, and technical services.....	618	226	215	11	40	31	186
Management of companies (holding companies).....	4,828	1,702	1,687	14	242	123	1,460
Administrative and support and waste management and remediation services.....	369	130	129	1	18	13	112
Educational services.....	8	3	3	--	1	1	1
Health care and social assistance.....	225	79	79	--	2	--	77
Arts, entertainment, and recreation.....	**	**	**	**	**	**	**
Accommodation and food services.....	613	217	214	3	72	23	145
Other services.....	**	**	**	**	**	**	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	576,588	203,254	201,493	1,743	58,647	44,387	144,606
Agriculture, forestry, fishing, and hunting	845	294	294	--	13	5	282
Mining.....	7,568	2,696	2,647	48	1,156	920	1,540
Utilities.....	12,579	4,477	4,402	73	1,061	54	3,415
Construction.....	9,210	3,226	3,215	5	94	11	3,132
Manufacturing.....	189,585	66,635	66,306	316	33,968	28,713	32,667
Wholesale and retail trade	70,411	24,542	24,506	46	2,184	1,656	22,358
Wholesale trade.....	18,960	6,637	6,609	30	1,514	1,236	5,123
Retail trade.....	51,451	17,905	17,897	16	670	420	17,235
Transportation and warehousing.....	7,437	2,607	2,598	9	377	175	2,230
Information.....	36,829	12,978	12,883	72	3,610	2,290	9,368
Finance and insurance.....	135,115	48,298	47,257	1,062	8,404	5,287	39,893
Real estate and rental and leasing.....	1,736	618	606	12	23	5	596
Professional, scientific, and technical services.....	6,399	2,258	2,232	26	492	400	1,767
Management of companies (holding companies).....	83,247	29,113	29,092	19	6,174	4,189	22,939
Administrative and support and waste management and remediation services.....	2,447	886	853	33	188	127	698
Educational services.....	802	282	280	2	7	6	276
Health care and social assistance.....	4,816	1,691	1,680	12	43	5	1,648
Arts, entertainment, and recreation.....	460	165	160	5	38	35	127
Accommodation and food services.....	5,964	2,088	2,085	2	686	382	1,402
Other services.....	1,138	399	397	1	132	128	267

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages					Total liabilities divided by net worth
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	
	Divided by total number of returns		Divided by total assets			
	(43)	(44)	(45)	(46)	(47)	(48)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	62.06	59.31	43.07	31.62	25.31	295.08
Agriculture, forestry, fishing, and hunting	76.47	76.47	18.21	41.49	40.27	148.23
Mining.....	42.86	51.79	11.40	31.63	56.97	75.52
Utilities.....	42.11	42.11	12.05	61.68	26.27	280.63
Construction.....	56.45	56.45	39.92	46.85	13.23	655.82
Manufacturing.....	58.24	54.76	30.57	35.89	33.54	198.15
Wholesale and retail trade	69.53	66.19	44.74	27.38	27.88	258.71
Wholesale trade.....	71.55	68.19	45.92	25.63	28.45	251.45
Retail trade.....	54.76	51.59	39.75	34.82	25.43	293.27
Transportation and warehousing.....	57.32	54.88	19.46	46.20	34.34	191.23
Information.....	42.37	40.68	9.86	33.22	56.92	75.69
Finance and insurance.....	73.90	74.30	58.51	30.16	11.33	782.24
Real estate and rental and leasing.....	61.40	54.39	26.69	46.39	26.92	271.53
Professional, scientific, and technical services.....	53.15	50.35	30.28	19.92	49.80	100.80
Management of companies (holding companies).....	71.01	68.12	67.68	18.47	13.84	622.36
Administrative and support and waste management and remediation services.....	47.27	43.64	23.87	53.11	23.03	334.31
Educational services.....	100.00	100.00	20.27	33.48	46.25	116.22
Health care and social assistance.....	50.00	42.86	10.76	55.73	33.52	198.38
Arts, entertainment, and recreation.....	**	**	30.64	33.03	36.33	175.25
Accommodation and food services.....	50.00	45.24	13.33	45.86	40.81	145.05
Other services.....	**	**	22.95	42.26	34.75	187.63
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	70.28	68.49	44.72	33.16	22.11	352.23
Agriculture, forestry, fishing, and hunting	69.47	67.37	23.97	38.02	38.00	163.15
Mining.....	57.95	57.39	11.92	46.69	41.39	141.58
Utilities.....	61.35	63.80	23.34	51.53	25.13	297.86
Construction.....	74.44	77.53	31.83	34.03	34.14	192.90
Manufacturing.....	62.06	59.58	31.18	31.31	37.51	166.60
Wholesale and retail trade	74.44	71.17	33.00	26.16	40.85	144.82
Wholesale trade.....	77.11	71.94	35.17	26.60	38.24	161.52
Retail trade.....	71.63	70.28	31.75	25.90	42.35	136.12
Transportation and warehousing.....	64.77	59.66	20.29	51.39	28.32	253.11
Information.....	45.23	43.59	19.56	39.31	41.12	143.17
Finance and insurance.....	81.34	81.00	42.60	43.71	13.69	630.47
Real estate and rental and leasing.....	48.08	46.79	23.76	47.56	28.68	248.62
Professional, scientific, and technical services.....	60.42	59.38	35.04	27.10	37.86	164.17
Management of companies (holding companies).....	93.97	94.38	72.83	14.78	12.39	706.88
Administrative and support and waste management and remediation services.....	59.64	57.50	23.60	41.83	34.57	189.25
Educational services.....	80.00	80.00	32.76	14.23	53.02	88.63
Health care and social assistance.....	58.40	55.40	20.66	45.08	34.26	191.85
Arts, entertainment, and recreation.....	57.81	57.81	19.03	55.24	25.72	288.74
Accommodation and food services.....	55.23	49.79	14.59	47.37	38.05	162.84
Other services.....	66.22	63.51	20.69	46.66	32.65	206.28

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	40.97	71.32	4.40	0.54	2.13	1.31
Agriculture, forestry, fishing, and hunting	136.18	80.27	2.32	3.76	9.34	2.76
Mining.....	32.24	63.57	4.60	0.04	0.06	0.11
Utilities.....	33.64	60.36	7.80	-0.80	-3.03	-2.37
Construction.....	127.84	84.27	3.98	-3.94	-29.76	-3.08
Manufacturing.....	75.32	74.63	2.88	1.27	3.80	1.69
Wholesale and retail trade	162.91	80.31	1.09	2.41	8.64	1.48
Wholesale trade.....	159.35	82.42	0.89	2.78	9.78	1.75
Retail trade.....	178.06	72.21	1.86	0.82	3.22	0.46
Transportation and warehousing.....	90.74	33.18	2.97	-1.03	-2.99	-1.13
Information.....	15.49	41.39	15.02	-1.27	-2.24	-8.22
Finance and insurance.....	7.00	39.83	20.55	0.31	2.76	4.46
Real estate and rental and leasing.....	23.26	22.94	10.14	-1.37	-5.09	-5.89
Professional, scientific, and technical services.....	46.59	40.43	2.89	-0.87	-1.75	-1.88
Management of companies (holding companies).....	6.00	0.78	21.78	0.81	5.87	13.53
Administrative and support and waste management and remediation services.....	100.34	55.08	3.45	-1.95	-8.47	-1.94
Educational services.....	55.54	36.26	2.22	1.01	2.18	1.81
Health care and social assistance.....	57.35	40.13	4.00	1.47	4.40	2.57
Arts, entertainment, and recreation.....	58.85	27.06	4.69	3.16	8.69	5.36
Accommodation and food services.....	51.72	44.57	3.75	0.66	1.62	1.28
Other services.....	89.25	42.00	3.06	5.72	16.46	6.41
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	32.47	61.47	5.46	1.17	5.31	3.61
Agriculture, forestry, fishing, and hunting	91.61	75.87	2.77	2.89	7.60	3.15
Mining.....	46.27	56.93	5.72	2.20	5.32	4.76
Utilities.....	38.39	62.13	6.94	-0.35	-1.38	-0.90
Construction.....	131.26	76.40	1.19	6.36	18.63	4.85
Manufacturing.....	53.24	70.95	3.66	1.55	4.14	2.92
Wholesale and retail trade	195.52	76.39	1.04	4.47	10.96	2.29
Wholesale trade.....	190.64	83.95	1.00	3.02	7.89	1.58
Retail trade.....	198.35	72.14	1.07	5.32	12.56	2.68
Transportation and warehousing.....	73.00	30.13	2.89	0.04	0.15	0.06
Information.....	36.45	22.53	6.42	0.24	0.58	0.66
Finance and insurance.....	15.74	57.66	9.55	1.09	7.95	6.92
Real estate and rental and leasing.....	56.79	33.47	7.64	-0.86	-2.99	-1.51
Professional, scientific, and technical services.....	75.58	32.77	2.30	-0.30	-0.80	-0.40
Management of companies (holding companies).....	6.74	5.37	23.26	0.95	7.64	14.04
Administrative and support and waste management and remediation services.....	71.29	45.30	2.91	1.05	3.03	1.47
Educational services.....	100.25	16.42	1.34	7.52	14.18	7.50
Health care and social assistance.....	112.07	19.96	2.48	3.04	8.88	2.71
Arts, entertainment, and recreation.....	61.94	18.92	8.25	-0.65	-2.51	-1.04
Accommodation and food services.....	86.08	44.86	4.15	2.15	5.66	2.50
Other services.....	76.64	43.98	3.35	2.53	7.74	3.30

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS				
All industries	0.62	2.45	1.51	15.62
Agriculture, forestry, fishing, and hunting	4.98	12.36	3.66	12.57
Mining.....	0.09	0.16	0.28	27.41
Utilities.....	-0.80	-3.05	-2.38	48.72
Construction.....	-3.89	-29.39	-3.04	27.15
Manufacturing.....	1.54	4.59	2.04	10.38
Wholesale and retail trade	2.50	8.97	1.53	12.57
Wholesale trade.....	2.83	9.96	1.78	12.15
Retail trade.....	1.08	4.26	0.61	15.45
Transportation and warehousing.....	-1.02	-2.97	-1.12	22.22
Information.....	-1.25	-2.20	-8.09	43.52
Finance and insurance.....	0.30	2.64	4.27	31.24
Real estate and rental and leasing.....	-1.37	-5.08	-5.88	44.86
Professional, scientific, and technical services.....	-0.59	-1.18	-1.26	49.29
Management of companies (holding companies).....	0.81	5.83	13.43	5.52
Administrative and support and waste management and remediation services.....	-1.65	-7.16	-1.64	22.15
Educational services.....	1.34	2.91	2.42	33.33
Health care and social assistance.....	1.49	4.46	2.60	17.88
Arts, entertainment, and recreation.....	3.16	8.69	5.36	**
Accommodation and food services.....	0.72	1.77	1.39	23.54
Other services.....	6.45	18.55	7.22	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED				
All industries	1.33	6.01	4.09	6.04
Agriculture, forestry, fishing, and hunting	3.21	8.44	3.50	9.21
Mining.....	2.47	5.96	5.34	17.03
Utilities.....	-0.32	-1.26	-0.82	6.06
Construction.....	6.34	18.58	4.83	3.94
Manufacturing.....	2.29	6.09	4.29	5.34
Wholesale and retail trade	4.73	11.59	2.42	3.97
Wholesale trade.....	3.55	9.28	1.86	8.23
Retail trade.....	5.42	12.79	2.73	2.29
Transportation and warehousing.....	0.13	0.47	0.18	9.64
Information.....	0.49	1.20	1.35	15.46
Finance and insurance.....	1.05	7.64	6.64	5.73
Real estate and rental and leasing.....	-0.69	-2.41	-1.22	19.47
Professional, scientific, and technical services.....	-0.09	-0.24	-0.12	15.49
Management of companies (holding companies).....	0.93	7.54	13.86	0.84
Administrative and support and waste management and remediation services.....	1.08	3.12	1.52	30.40
Educational services.....	7.44	14.04	7.42	10.49
Health care and social assistance.....	2.99	8.72	2.67	16.87
Arts, entertainment, and recreation.....	-0.64	-2.47	-1.03	25.36
Accommodation and food services.....	2.22	5.83	2.58	3.55
Other services.....	3.02	9.24	3.94	6.28

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--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)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS						
All industries	1.15	4.56	2.82	0.29	1.16	0.72
Agriculture, forestry, fishing, and hunting	5.07	12.58	3.72	0.88	2.19	0.65
Mining.....	0.94	1.66	2.92	0.12	0.22	0.39
Utilities.....	0.03	0.13	0.10	0.02	0.07	0.05
Construction.....	1.89	14.30	1.48	0.64	4.82	0.50
Manufacturing.....	2.37	7.08	3.15	0.49	1.48	0.66
Wholesale and retail trade	3.22	11.56	1.98	1.07	3.83	0.65
Wholesale trade.....	3.47	12.18	2.18	1.14	4.02	0.72
Retail trade.....	2.19	8.62	1.23	0.74	2.90	0.41
Transportation and warehousing.....	1.02	2.97	1.12	0.31	0.89	0.34
Information.....	0.22	0.38	1.40	0.07	0.12	0.44
Finance and insurance.....	0.26	2.30	3.73	0.08	0.75	1.21
Real estate and rental and leasing.....	0.77	2.84	3.29	0.29	1.06	1.23
Professional, scientific, and technical services.....	0.81	1.63	1.75	0.25	0.49	0.53
Management of companies (holding companies).....	0.85	6.12	14.12	0.26	1.85	4.27
Administrative and support and waste management and remediation services.....	1.40	6.07	1.39	0.42	1.84	0.42
Educational services.....	0.90	1.94	1.61	0.11	0.24	0.20
Health care and social assistance.....	1.40	4.18	2.44	0.48	1.43	0.84
Arts, entertainment, and recreation.....	**	**	**	**	**	**
Accommodation and food services.....	1.36	3.34	2.64	0.32	0.79	0.62
Other services.....	**	**	**	**	**	**
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED						
All industries	1.68	7.58	5.16	0.42	1.90	1.29
Agriculture, forestry, fishing, and hunting	3.94	10.37	4.30	1.32	3.46	1.44
Mining.....	2.95	7.14	6.38	0.60	1.45	1.30
Utilities.....	0.92	3.67	2.40	0.25	1.00	0.65
Construction.....	7.15	20.94	5.45	2.43	7.12	1.85
Manufacturing.....	2.82	7.53	5.30	0.49	1.30	0.91
Wholesale and retail trade	5.71	13.98	2.92	1.81	4.44	0.93
Wholesale trade.....	4.20	10.98	2.20	1.13	2.97	0.60
Retail trade.....	6.58	15.55	3.32	2.21	5.21	1.11
Transportation and warehousing.....	1.75	6.19	2.40	0.53	1.86	0.72
Information.....	1.83	4.44	5.01	0.46	1.13	1.28
Finance and insurance.....	1.10	8.01	6.96	0.32	2.36	2.06
Real estate and rental and leasing.....	1.63	5.67	2.86	0.56	1.95	0.98
Professional, scientific, and technical services.....	2.59	6.83	3.42	0.71	1.89	0.94
Management of companies (holding companies).....	0.93	7.49	13.77	0.26	2.06	3.79
Administrative and support and waste management and remediation services.....	1.35	3.89	1.89	0.38	1.11	0.54
Educational services.....	7.60	14.34	7.59	2.62	4.94	2.61
Health care and social assistance.....	3.32	9.70	2.96	1.14	3.32	1.01
Arts, entertainment, and recreation.....	1.45	5.65	2.35	0.40	1.56	0.65
Accommodation and food services.....	2.92	7.66	3.39	0.69	1.80	0.80
Other services.....	3.69	11.30	4.81	0.87	2.65	1.13

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2003

Table 4.--"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2003--Continued

Footnotes

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

¹ Excludes nontaxable interest received on State and local government obligations, which totaled \$20.0 billion for large domestic corporations not foreign-controlled, and \$1.1 billion for large foreign-controlled domestic corporations.

² Less than \$500,000.

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). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent. Percentages shown in table were calculated using rounded data. Detail may not add to totals due to rounding.