

# Foreign-Controlled Domestic Corporations, 2004

by James R. Hobbs

**F**or Tax Year 2004, the 57,935 domestic corporations each controlled by a foreign “person” generated \$3.1 trillion of total receipts with \$8.0 trillion of total assets, reported on income tax returns filed with the Internal Revenue Service (IRS). Both total receipts and total assets increased substantially for 2004, by 19.0 percent and 29.2 percent, respectively, over the previous year.<sup>1</sup> These corporations were small in number, just 1.0 percent of the U.S. total. However, they accounted for 13.5 percent of the receipts and 13.3 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 \$90.8 billion for 2004. This was a substantial increase from the \$32.0 billion reported for the prior year. Placed in context, the profits reported on all corporation income tax returns also increased, to \$1.1 trillion for 2004 from \$0.8 trillion for 2003.<sup>2</sup> FCDCs accounted for 8.2 percent of the profits reported by all corporations for 2004, up from 4.1 percent for 2003.

Of all the FCDCs, 29,233 reported positive profits (i.e., net income) for 2004, totaling \$138.0 billion. This was a 48.6-percent increase over the prior-year amount. The profitable companies for 2004 also reported \$104.7 billion of taxable income (i.e., “income subject to tax”), another significant increase of 42.5 percent over the prior year. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$29.9 billion for 2004, 56.5 percent more than that of the prior year.

For 2004, there were 3,524 “large” foreign-controlled domestic corporations, each with at least \$250 million of assets or at least \$50 million of receipts. These large FCDCs accounted for most of the key financial items of all FCDCs: 95.9 percent of total assets, 94.4 percent of total receipts, 92.7 percent of

taxable income, and 91.7 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 2004. 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.<sup>3</sup> 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.)

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<sup>1</sup> For additional 2004 statistics covering foreign-controlled domestic corporations (FCDCs), see Tables 24 and 25 of *Statistics of Income—2004, Corporation Income Tax Returns*, IRS Publication 16. Statistics for tax years prior to 2004 are available in earlier editions of Publication 16. Additionally, for 2003 statistics covering FCDCs, see Hobbs, James R., “Foreign-Controlled Domestic Corporations, 2003,” *Statistics of Income Bulletin*, Summer 2006, Volume 26, Number 1. In addition, FCDC data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats.

<sup>2</sup> Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, Spring 2007, Volume 26, 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.

<sup>3</sup> 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.”

## Foreign-Controlled Domestic Corporations, 2004

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 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.<sup>4</sup>

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.<sup>5</sup>

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.<sup>6</sup> 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 1995-2004.<sup>7</sup> There were 60,157 returns of foreign-controlled domestic corporations for 1995; 57,935 for 2004. 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 1995 down to 1.0 percent for 2004. The increase in total filings of U.S. corporation income tax returns has largely been

<sup>4</sup> For 2004, there were only 4,767 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$114.6 billion of assets, \$68.2 billion of receipts, \$3.7 billion of taxable income, and \$1.1 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.

<sup>5</sup> For the most recent statistics, there are tabulations covering branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business in *Statistics of Income—2004, Corporation Income Tax Returns*, IRS Publication 16. See Tables 10 and 11 of this publication. Statistics for tax years prior to 2004 are available in earlier editions of Publication 16.

<sup>6</sup> 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—2004, 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.

<sup>7</sup> 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](http://www.bea.doc.gov). The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to time periods covered, levels of foreign ownership, and levels of company consolidation.

## Foreign-Controlled Domestic Corporations, 2004

due to the long-term growth in the number of Forms 1120S filed by S corporations. FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes.

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 2004, there were 6,020 consolidated returns filed by FCDCs, 10.4 percent of all FCDC returns. These returns accounted for \$7.1 trillion of assets (89.4 percent of the total for all FCDCs), \$2.7 trillion of receipts (87.5 percent of the total), \$81.8 billion of net income less deficits (90.1 percent of the total), \$90.9

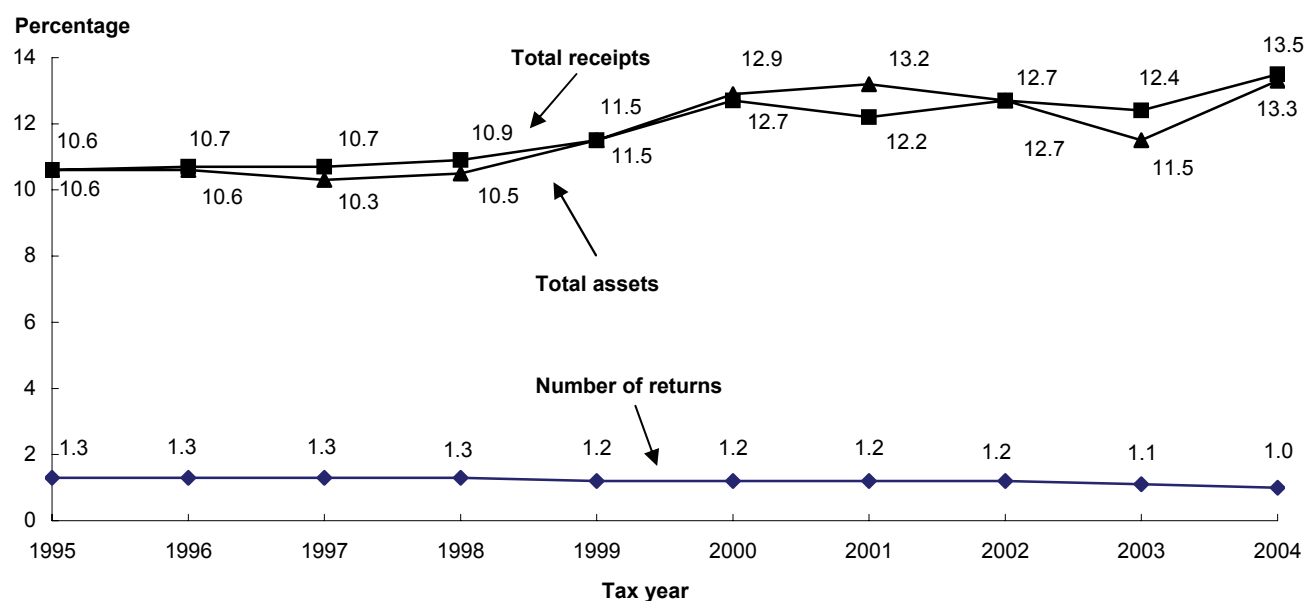
billion of taxable income (86.8 percent of the total), and \$25.7 billion of total income tax after credits (86.0 percent of the total).

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 1995-2004 time period.

The assets of domestic corporations controlled by foreign persons increased by 29.2 percent between 2003 and 2004, as compared to the 12.1-percent increase for the assets reported on all U.S. corporation income tax returns.<sup>8</sup> As a result of these changes, the percentage of total corporate assets accounted for by FCDCs rose from 11.5 percent for 2003 to 13.3 percent for 2004. Additionally, there was a substantial rise in FCDC assets during the previous 10 years. The value of FCDC assets increased faster than did the value of assets of other corporations. Thus, the 13.3-percent share of the 2004 total corporate assets is an increase from the 10.6-percent share for 1995 (Figure A).

**Figure A**

### Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1995-2004



<sup>8</sup> The percent changes in the assets between 2003 and 2004 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., 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 may have comprised a different portion of FCDCs than they did for other companies, the comparability of the two percentages may be limited.

## Foreign-Controlled Domestic Corporations, 2004

Total receipts of FCDCs increased by 19.0 percent between 2003 and 2004, as compared to the increase of 9.8 percent for all corporations. Using a 10-year time period, the \$3.1 trillion of FCDC receipts for 2004 represent an increase of 98.9 percent (using current dollars) over the \$1.5 trillion for 1995. In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$14.5 trillion for 1995 to \$22.7 trillion for 2004, a 56.2-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 10.6 percent for 1995 to 13.5 percent for 2004.

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 of the returns, 1.3 percent of the assets, and 2.1 per-

cent of the receipts reported by all corporations for that year (Table 1).

### Industry Characteristics

For 2004, 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, 40,332 of the 57,935, nearly 70 percent of the total, had primary business activities in one of the following four industrial sectors: (1) wholesale trade (15,766 returns); (2) real estate and rental and leasing (11,514 returns); (3) manufacturing (6,833 returns); and (4) professional, scientific, and technical services (6,219 returns). By comparison, relatively few FCDCs were involved in health care or social assistance (53 returns) or as utilities (53 returns). The Data Sources and Limitations section discusses how returns were classified by industry.

**Figure B**

### Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2004

[Money amounts are in millions of dollars]

Industrial sector	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All industries</b> .....	<b>57,935</b>	<b>100.00</b>	<b>7,971,399</b>	<b>100.00</b>	<b>3,056,503</b>	<b>100.00</b>
Agriculture, forestry, fishing, and hunting.....	844	1.46	6,863	0.09	10,734	0.35
Mining.....	560	0.97	95,417	1.20	38,452	1.26
Utilities.....	53	0.09	83,792	1.05	29,973	0.98
Construction.....	1,624	2.80	34,706	0.44	41,674	1.36
Manufacturing.....	6,833	11.79	2,157,362	27.06	1,463,787	47.89
Wholesale and retail trade [1].....	18,763	32.39	492,007	6.17	810,722	26.52
Wholesale trade.....	15,766	27.21	391,937	4.92	655,431	21.44
Retail trade.....	2,996	5.17	100,054	1.26	155,275	5.08
Transportation and warehousing.....	2,058	3.55	46,704	0.59	43,995	1.44
Information.....	1,637	2.83	550,879	6.91	91,865	3.01
Finance and insurance.....	2,108	3.64	3,293,604	41.32	305,364	9.99
Real estate and rental and leasing.....	11,514	19.87	110,115	1.38	24,203	0.79
Professional, scientific, and technical services.....	6,219	10.73	99,714	1.25	54,655	1.79
Management of companies (holding companies).....	2,257	3.90	884,643	11.10	63,764	2.09
Administrative and support and waste management and remediation services.....	1,351	2.33	36,434	0.46	31,538	1.03
Educational services.....	111	0.19	1,548	0.02	929	0.03
Health care and social assistance.....	53	0.09	15,467	0.19	10,615	0.35
Arts, entertainment, and recreation.....	445	0.77	4,366	0.05	2,806	0.09
Accommodation and food services.....	938	1.62	53,902	0.68	27,577	0.90
Other services.....	565	0.98	3,873	0.05	3,853	0.13

[1] Includes "Wholesale and retail trade not allocable," which is not shown separately.

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

## Foreign-Controlled Domestic Corporations, 2004

Corporations classified as wholesalers accounted for 21.4 percent of the receipts for all FCDCs, a percentage nearly as high as the 27.2 percent of the total returns they comprised. However, these companies reported only 4.9 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 0.8 percent of the receipts of all FCDCs. These percentages were both substantially less than the 19.9 percent of the FCDC returns that they filed.

Manufacturing corporations filed 11.8 percent of the FCDC returns for 2004. These capital-intensive goods-producing companies accounted for far greater percentages of the total FCDC assets (27.1 percent) and receipts (47.9 percent). These corporations were often large, with reported average amounts of assets and receipts of \$315.7 million and \$214.2 million, respectively.

Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.3 percent of the assets and 1.8 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 the reverse of 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 \$16.0 million and \$8.8 million, respectively.

Three additional sectors warrant discussion. While corporations classified in the finance and insurance industrial sector composed only 3.6 percent of the total returns filed by FCDCs for 2004, they accounted for a very large portion of the FCDC assets (41.3 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 10.0 percent of the total FCDC receipts.

Two other sectors contributed substantial amounts of assets to the FCDC total: management (or holding) companies with 11.1 percent and information companies with 6.9 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 13.5 percent of the \$22.7 trillion of total receipts reported by all corporations filing U.S. income tax returns for 2004, these companies played

disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for manufacturing (23.0 percent), wholesale trade (21.6 percent), and mining (16.5 percent). Conversely, FCDC involvement in a number of other business activities was relatively low and accounted for a small percentage of the receipts for all companies classified in the following industries: educational services (2.8 percent); "other" services (2.2 percent); and health care and social assistance (2.1 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 2004, there were 13 minor industries that each accounted for over \$45 billion of receipts. They were: petroleum manufacturing refineries (\$459 billion); motor vehicles and parts manufacturing (\$282 billion); stock life insurance companies (\$147 billion); motor vehicles and parts wholesalers (\$141 billion); electrical goods wholesalers (\$123 billion); pharmaceuticals and medicines manufacturing (\$109 billion); food and beverage retailers (\$93 billion); furniture and other durable goods wholesalers (\$60 billion); bank holding companies (\$60 billion); securities brokers (\$51 billion); petroleum wholesalers (\$47 billion); stock property and casualty insurance companies (\$45 billion); and professional and commercial equipment wholesalers (\$45 billion). See Figure D.

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 \$1.67 of receipts for each dollar of assets for 2004. 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 23.0 percent and 21.6 percent of the receipts of all companies classified as manufacturers and wholesalers, respectively. However, these percentages

# Foreign-Controlled Domestic Corporations, 2004

**Figure C**

## Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2004

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
<b>All industries [1].....</b>	<b>22,711,864</b>	<b>3,056,503</b>	<b>13.46</b>
Agriculture, forestry, fishing, and hunting.....	136,706	10,734	7.85
Mining.....	232,552	38,452	16.53
Utilities.....	569,459	29,973	5.26
Construction.....	1,263,428	41,674	3.30
Manufacturing.....	6,356,738	1,463,787	23.03
Wholesale and retail trade [2].....	6,309,079	810,722	12.85
Wholesale trade.....	3,040,221	655,431	21.56
Retail trade.....	3,267,721	155,275	4.75
Transportation and warehousing.....	623,192	43,995	7.06
Information.....	993,365	91,865	9.25
Finance and insurance.....	2,872,973	305,364	10.63
Real estate and rental and leasing.....	253,829	24,203	9.54
Professional, scientific, and technical services.....	753,590	54,655	7.25
Management of companies (holding companies).....	728,911	63,764	8.75
Administrative and support and waste management and remediation services.....	416,278	31,538	7.58
Educational services.....	33,316	929	2.79
Health care and social assistance.....	506,458	10,615	2.10
Arts, entertainment, and recreation.....	82,695	2,806	3.39
Accommodation and food services.....	404,941	27,577	6.81
Other services.....	174,225	3,853	2.21

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

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

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

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 were classified in the wholesale trade industrial sector. (See the Data Sources and Limitations section 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 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 2004, residents of 40 countries accounted for 90.1 percent of the 57,935 domestic corporations classified as 50-percent-or-more controlled by a for-

# Foreign-Controlled Domestic Corporations, 2004

**Figure D**

## Foreign-Controlled Domestic Corporations: Selected Items for Largest Minor Industries, Tax Year 2004

[Money amounts are in millions of dollars]

Minor industry	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits	
							Amount	As a percentage of total receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Petroleum refineries, including integrated (manufacturers).....	13	812,214	458,747	22,731	22,776	21,990	5,103	1.1
Motor vehicles and parts (manufacturers).....	449	430,694	281,612	667	3,921	2,387	746	0.3
Stock life insurance companies.....	51	791,515	147,453	5,865	6,130	3,817	1,156	0.8
Motor vehicles and motor vehicle parts and supplies (wholesalers).....	686	91,715	141,269	2,048	3,187	3,029	1,043	0.7
Electrical goods (wholesalers).....	1,680	64,014	123,347	1,263	1,923	1,425	339	0.3
Pharmaceutical and medicine (manufacturers).....	97	184,295	108,973	12,213	12,811	12,490	3,324	3.1
Food and beverage stores (retailers).....	47	48,853	93,367	405	746	709	223	0.2
Furniture, sports, toys, recycle, jewelry, and other durable goods (wholesalers).....	2,893	30,180	60,141	753	1,271	1,009	337	0.6
Offices of bank holding companies.....	28	826,428	59,963	6,916	6,949	6,892	2,145	3.6
Securities brokerage.....	122	995,132	50,593	1,691	2,131	1,008	320	0.6
Petroleum and petroleum products (wholesalers).....	93	19,449	46,976	533	611	386	120	0.3
Stock property and casualty insurance companies.....	105	330,127	45,297	-655	2,476	1,220	398	0.9
Professional and commercial equipment and supplies (wholesalers).....	2,294	26,496	45,082	676	1,117	901	297	0.7

NOTES: This figure includes minor industries with at least \$45 billion of total receipts. Percentages are computed using rounded data.

eign person. The 52,227 corporations controlled by persons resident in the 40 countries shown in Table 3 accounted for nearly all of the total FCDC financial items, including 99.4 percent of total assets, 98.8 percent of total receipts, 98.6 percent of taxable income, and 98.5 percent of total income tax after credits.

Domestic corporations controlled by persons resident in the United Kingdom reported total receipts of \$587 billion for 2004, an amount larger than for any other country. These receipts represented 19.2 percent of the total for all FCDCs (Figure E).

For 2004, domestic corporations with owners resident in Japan (\$534 billion), Germany (\$388 billion), the Netherlands (\$372 billion), Canada (\$236 billion), France (\$193 billion), and Switzerland (\$135 billion) also accounted for significant amounts of receipts. Of these six countries, Germany's portion of total receipts increased the most between 1995 and 2004 (from 9.2 percent to 12.7 percent), while the portion for Japan decreased the most (from 28.5 percent to 17.5 percent).

Domestic corporations controlled by persons resident in the United Kingdom accounted for \$2.1 trillion of assets, the largest portion held by any country. Corporations controlled by persons resident

in Germany (\$1.1 trillion), the Netherlands (\$1.0 trillion), France (\$0.7 trillion), Switzerland (\$0.7 trillion), Japan (\$0.6 trillion), and Canada (\$0.6 trillion) also accounted for significant amounts of assets.

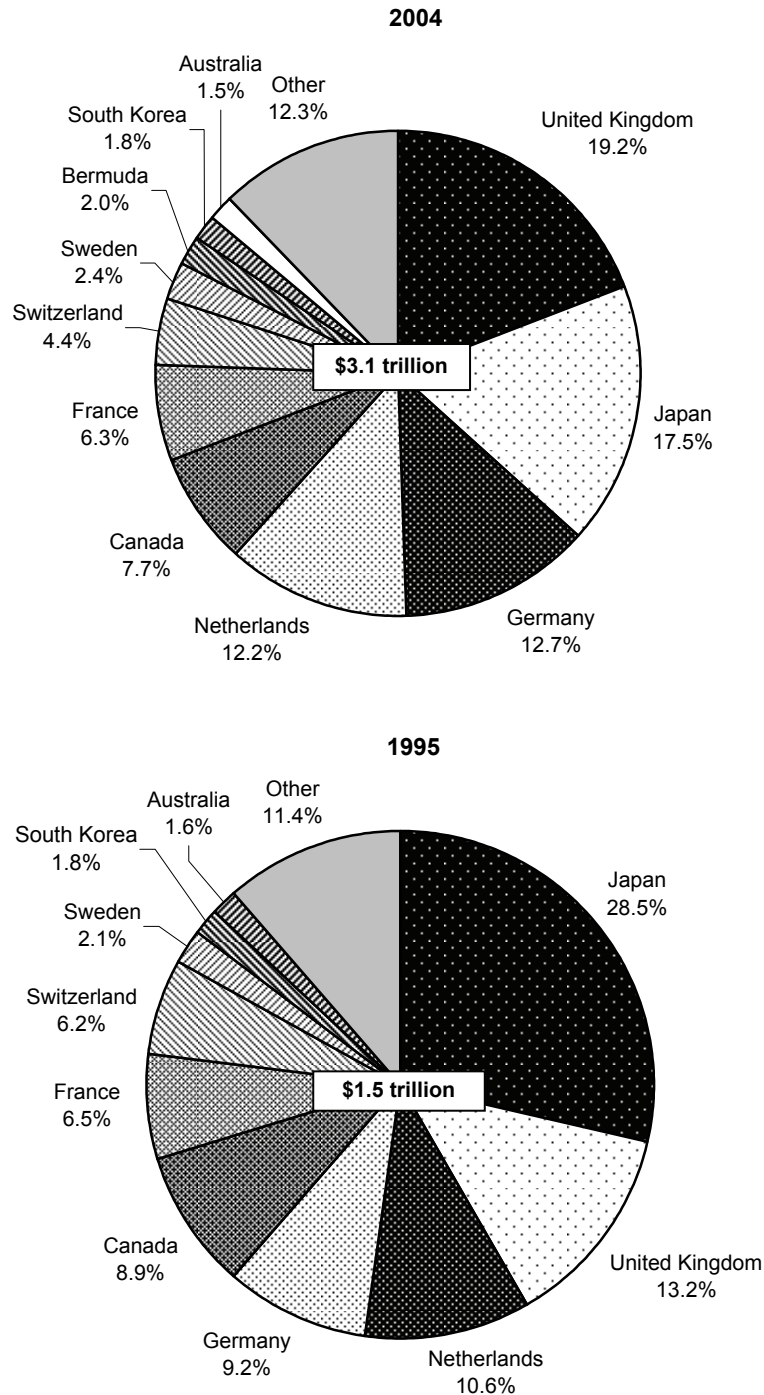
Although U.K.-controlled domestic corporations accounted for the largest part of the total FCDC receipts and assets for 2004, the U.K. was not responsible for the largest number of returns filed for FCDCs. Canadian-controlled domestic corporations filed the most returns, 9,780. U.K.-controlled domestic corporations were second with 5,048 returns; Japanese-controlled domestic corporations were third with 4,608; and German-controlled domestic corporations were fourth with 4,113.

For 2004, U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$7.2 billion). Japanese-controlled corporations, with \$4.7 billion of tax liability, followed. For U.K.-controlled corporations, tax liabilities were 1.2 percent of the \$587 billion of receipts. Tax liabilities were somewhat lower at 0.9 percent of the \$534 billion of receipts for Japanese-controlled corporations. Many factors, including differences in industrial distributions and age distributions (discussed later in this article), may have caused the resulting differences

# Foreign-Controlled Domestic Corporations, 2004

**Figure E**

**Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 1995 and 2004**



NOTE: All amounts are in current dollars.



## Foreign-Controlled Domestic Corporations, 2004

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.<sup>9</sup> For the United Kingdom, manufacturing was the predominant industrial sector, with 65.8 percent of the \$587 billion of receipts. More specifically, petroleum and coal products manufacturers produced the most receipts, accounting for 47.6 percent of the total.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$534 billion of receipts: wholesale trade (50.5 percent of the total) and manufacturing (39.2 percent). More specifically, wholesale trade of durable goods was the leading industry, producing 44.3 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.

Like the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing, with 56.9 percent of the \$388 billion of receipts for that country. More specifically, transportation equipment manufacturers produced the most receipts, accounting for 31.9 percent of the total. Wholesale trade (15.1 percent) and finance and insurance (12.1 percent) were the other predominant industrial sectors.

For the Netherlands, manufacturing was again the largest industrial sector, with 45.2 percent of the total receipts (\$372 billion). This sector was followed by finance and insurance (18.1 percent) and retail trade (16.6 percent). Within manufacturing, petroleum and coal products were the leading industry (29.6 percent of total receipts). For the finance and insurance sector, insurance carriers reported the most receipts, 16.6 percent of the total. Within retail trade, food, beverage, and liquor stores were the leading industry, with 14.3 percent of total receipts.

Canadian-controlled corporations were primarily concentrated in manufacturing, with 37.4 percent of the \$236 billion of receipts for that country. This

sector was followed by wholesale trade (16.8 percent) and finance and insurance (13.4 percent). No major group in any sector accounted for 10 percent or more of the total receipts.

France had three of the same leading industrial sectors as did Canada, with manufacturers producing 45.5 percent of the \$193 billion of receipts for that country. This was followed by finance and insurance (18.7 percent) and wholesale trade (14.7 percent). More specifically, petroleum and coal products manufacturing produced the most receipts (13.2 percent of the total), followed by insurance carriers (12.8 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 45.1 percent of the \$135 billion of receipts, followed by finance and insurance with 33.2 percent and wholesale trade with 12.2 percent. More specifically, chemical manufacturing was the leading industry, accounting for 23.5 percent of the total. Other important industries were insurance carriers (17.4 percent), companies that handled securities and commodity contracts and other financial investments (15.3 percent), and food manufacturers (11.8 percent).

### 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 2002 and after reported on their income tax returns. "Old" corporations are those incorporated in or prior to 2001, or with unknown (i.e., unreported) dates of incorporation.<sup>10</sup>

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"

<sup>9</sup> FCDC data classified by both country and industry are based on unpublished Statistics of Income tabulations.

<sup>10</sup> 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.

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 2004, there were 11,360 FCDCs incorporated in 2002 or later. Wholesalers accounted for the greatest portion of these “new” corporations with 3,613 companies, followed by real estate with 1,818 companies and manufacturing with 1,590 companies.

Over 80 percent of the foreign-controlled domestic corporations were incorporated prior to 2002, 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 2004, old corporations reported \$93.4 billion of net *profits* on \$2.9 trillion of receipts, while the new corporations reported \$2.6 billion of net *losses* on \$0.2 trillion of receipts. Thus, net profits or losses (i.e., net income less deficit) as a percentage of total receipts were 3.2 percent (positive) for old corporations, versus -1.7 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 (95.7 percent) and U.S. tax liabilities (95.6 percent) of all FCDCs. The old corporations had \$28.6 billion of tax liabilities after credits, equaling 1.0 percent of their total receipts. The new corporations had \$1.3 billion of tax liabilities after credits, equaling 0.9 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.<sup>11</sup>

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.

Nearly 90 percent of the \$3.1 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 \$3.0 trillion of total deductions.

<sup>11</sup> 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.

## Foreign-Controlled Domestic Corporations, 2004

Cost of goods sold was 66 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—2004, 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. In manufacturing, all FCDCs reported \$.77 of cost of goods sold for every dollar of business receipts, while the amount was \$.71 for all other corporations classified in this sector. Thus, FCDCs had smaller gross profits than other corporations, \$.23 compared to \$.29 for every dollar of business receipts. In wholesale trade, all FCDCs reported \$.83 of cost of goods sold for every dollar of business receipts, while the amount was just less at \$.82 for all other corporations classified in this sector. FCDCs had marginally smaller gross profits than other corporations, \$.17 compared to \$.18 for every dollar of business receipts.

Total receipts less total deductions for FCDCs equaled \$86.8 billion for 2004. By comparison, net income (less deficit) amounted to \$90.8 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.<sup>12</sup> 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 2004, FCDCs reported \$5.1 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 the \$32.0 billion for 2003, to \$90.8 billion for 2004. In context, net income (less deficit) reported on all corporation income tax returns also increased between 2003 and 2004, from \$0.8 trillion to \$1.1 trillion.

The \$90.8 billion of total FCDC net income (less deficit) were the result of 29,233 corporations reporting \$138.0 billion of positive net income and 28,702 companies reporting \$47.2 billion of deficits.<sup>13</sup> Thus, one out of every two (50.5 percent) domestic corporations with foreign owners reported a positive net income for 2004. In comparison, 56.1 percent of all corporations filing U.S. income tax returns for the same year reported a positive net income.

The percentage of FCDCs 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 9.0 percent for educational services, to a high of 86.5 percent for arts, entertainment, and recreation. For the more predominant sectors of FCDCs, the percentages of profitable companies were 56.3 percent for manufacturing and 56.2 percent for wholesale trade.

The \$47.2 billion of deficits for 2004 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 2004 from 2005 and

<sup>12</sup> In general, the computation of net income (less deficit) can be shown as follows:

*Begin With:* Total Receipts

(Includes Business Receipts)

*Less:* Total Deductions

(Includes Cost of Goods Sold)

*Equals:* Total Receipts Less Total Deductions

*Plus:* Constructive Taxable Income from Related Foreign Corporations

(Includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-up)

*Less:* Tax-exempt Interest on State and Local Government Obligations (Included in Total Receipts, above)

*Equals:* Net Income (Less Deficit)

<sup>13</sup> The 28,702 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

beyond, reported on Forms 1120X and 1139, are not included in the statistics shown in this article. However, net operating losses carried forward to Tax Year 2004 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.<sup>14</sup> 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 2004, the difference between the \$138.0 billion of positive net income and the \$104.7 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$27.4 billion and accounted for 81.3 percent of the \$33.7 billion of total statutory special deductions. In calculating taxable income for 2004, FCDCs reduced their positive net incomes by 19.8 percent using NOLs carried over from prior years.

For 2004, foreign-controlled domestic corporations reported \$104.7 billion of taxable income. This was the base on which \$36.5 billion of income tax were computed. The \$37.1 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 \$0.6 billion, and the remaining taxes comprised a very small part of the total.

Tax credits totaling \$7.1 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$29.9 billion for 2004. The largest credits claimed were \$5.4 billion of foreign tax credits, \$1.2 billion of general business credits, and \$0.4 billion of prior-year minimum tax credits. The \$29.9 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 2004. 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 carry-back 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 2004 was 34.1 percent, up from 32.8 percent reported for the previous year. The amount of tax liability reported by FCDCs increased to \$29.9 billion for 2004 from \$19.1 billion for 2003, a 56.5-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 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 under-represented in comparison to the other group.

Table 4 shows that there were 17,922 large domestic corporations for 2004. (See the discussion on returns excluded from Table 4, below.) Of this total, foreign persons controlled 3,524 corporations, or 19.7 percent.

The 3,524 large foreign-controlled domestic corporations comprised just 6.1 percent of the number of income tax returns filed by FCDCs. However,

<sup>14</sup> 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 income on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

## Foreign-Controlled Domestic Corporations, 2004

these large companies accounted for the majority of the key FCDC financial items, reporting 95.9 percent of the total assets, 94.4 percent of the total receipts, 92.7 percent of the taxable income, and 91.7 percent of the total income tax after credits, of all FCDCs.

There were 14,398 large domestic corporations that did not have controlling foreign owners for 2004. 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 2004, the largest FCDCs reported a net *profit* of \$93.2 billion, while the smaller FCDCs reported a net *loss* of \$2.3 billion.

Table 4 shows data for the largest FCDCs segregated by industrial sectors. This table also contains data for large domestic corporations that were not foreign-controlled. 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 F through H. 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 F through H, 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 F through H, 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 2004, 37.3 percent of the largest FCDCs were classified as manufacturers, while manufacturers made up just 21.8 percent of the largest domestic companies that were not foreign-controlled. Similarly, wholesalers were a larger share of the FCDCs (28.5 percent) than of the other large domestic corporations (14.0 percent). Conversely, 14.0 percent of the largest ODCs were classified in finance and insurance, while this sector made up just 7.8 percent of the largest FCDCs. Retailers accounted for 11.7 percent of the largest domestic companies that were not foreign-controlled, while only 3.5 percent of the largest FCDCs were similarly classified. See Figure F for other differences in the industrial makeup of these two groups of corporations.

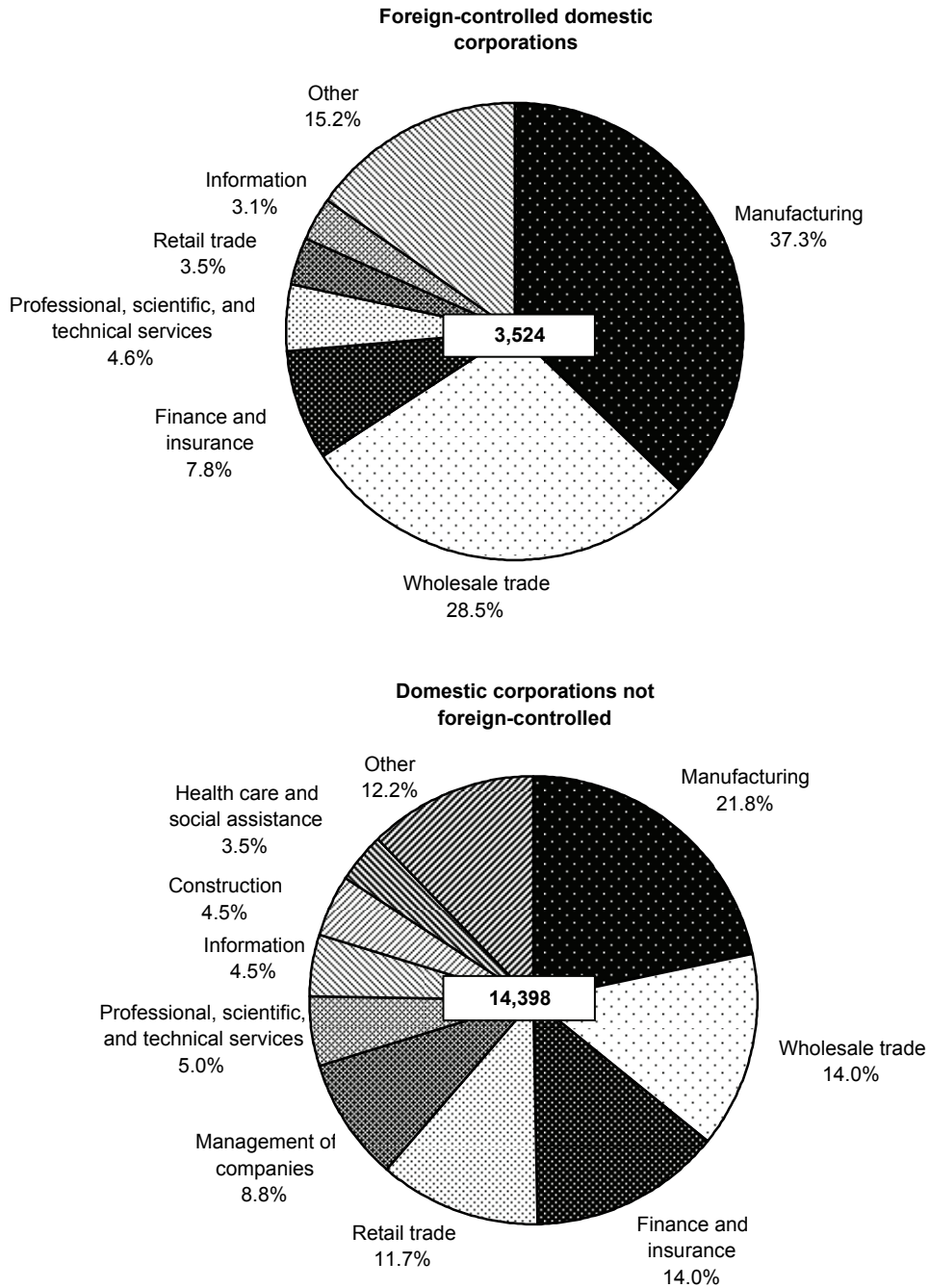
FCDCs accounted for 33.2 percent of large wholesalers, 29.5 percent of large manufacturers, 28.4 percent of large real estate and rental/leasing companies, and 26.4 percent of large mining companies. By contrast, just 9.2 percent of large construction companies, 6.8 percent of large retailers, 5.3 percent of large management (holding) companies, and 3.0 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 69.4 percent of large FCDCs reported profits, 73.6 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 13 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

# Foreign-Controlled Domestic Corporations, 2004

**Figure F**

**Distribution of Returns by Industry for "Large" Foreign-Controlled and Other Domestic Corporations, Tax Year 2004**



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.

## Foreign-Controlled Domestic Corporations, 2004

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 (3.2 percent) was considerably smaller than for ODCs (5.3 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 15 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—2004, 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 2004, the largest FCDCs reported a *negative* \$62.4 billion of total retained earnings, while other large domestic corporations reported \$3.0 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, 3.4 percent for FCDCs versus 5.7 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 (\$27.5 billion) and ODCs (\$178.3 billion) represents the tax liability of these companies as reported on their originally-filed U.S. income tax returns (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.

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.<sup>15</sup>

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 G presents such data classified by 12 categories of this percentage. For 2004, large FCDCs reported \$27.5 billion of total income tax after credits, 1.0 percent of their total receipts. Column 3 of Figure G shows that 1 out of every 3 FCDCs had no tax liabilities, that over 7 out of 10 of the companies had tax liabilities of less than 1.0 percent of their

<sup>15</sup> 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, 2002," *Statistics of Income Bulletin*, Fall 2006, Volume 26, Number 2. In addition, foreign tax credit data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats.

# Foreign-Controlled Domestic Corporations, 2004

**Figure G**

**"Large" Domestic Corporations: Selected Items, by Control Status and Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2004**

[Money amounts are in millions of dollars]

Control status and percentage of total income tax after credits divided by total receipts	Returns			Total assets	Total receipts	Net income (less deficit)	Income subject to tax	Total income tax after credits
	Number	Percentage of total	Cumulative percentage					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>"LARGE" FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>								
<b>Total.....</b>	<b>3,524</b>	<b>100.0</b>	<b>N/A</b>	<b>7,646,849</b>	<b>2,886,034</b>	<b>93,171</b>	<b>97,047</b>	<b>27,460</b>
Percentage of total income tax after credits divided by total receipts:								
Zero total receipts.....	5	0.1	0.1	2,108	0	-1	0	0
Zero percent.....	1,184	33.6	33.7	1,319,196	737,017	-29,396	123	0
Greater than zero and under 0.5 percent.....	1,012	28.7	62.4	2,916,877	848,241	22,601	5,820	1,442
0.5 percent under 1.0 percent.....	319	9.1	71.5	1,135,516	558,411	23,944	19,485	4,339
1.0 percent under 1.5 percent.....	218	6.2	77.7	324,193	137,583	7,137	6,589	1,697
1.5 percent under 2.0 percent.....	167	4.7	82.4	330,904	152,576	8,918	7,998	2,541
2.0 percent under 3.0 percent.....	221	6.3	88.7	398,987	222,497	18,338	17,262	5,087
3.0 percent under 4.0 percent.....	115	3.3	92.0	471,910	109,829	13,837	13,582	3,735
4.0 percent under 5.0 percent.....	64	1.8	93.8	98,048	35,559	5,210	4,916	1,600
5.0 percent under 7.5 percent.....	93	2.6	96.4	420,801	50,072	9,674	9,232	2,990
7.5 percent under 10.0 percent.....	53	1.5	97.9	155,327	20,564	6,099	5,389	1,760
10.0 percent or more.....	72	2.0	100.0	72,981	13,684	6,809	6,651	2,268
<b>"LARGE" DOMESTIC CORPORATIONS NOT FOREIGN CONTROLLED</b>								
<b>Total.....</b>	<b>14,398</b>	<b>100.0</b>	<b>N/A</b>	<b>37,797,358</b>	<b>12,095,567</b>	<b>635,221</b>	<b>694,388</b>	<b>178,349</b>
Percentage of total income tax after credits divided by total receipts:								
Zero total receipts.....	5	[1]	[1]	5,017	0	-1	0	0
Zero percent.....	4,077	28.3	28.3	3,401,671	1,792,189	-116,902	454	0
Greater than zero and under 0.5 percent.....	3,956	27.5	55.8	8,099,881	3,351,118	85,736	62,463	5,240
0.5 percent under 1.0 percent.....	1,259	8.7	64.5	4,645,573	1,584,812	60,473	47,986	11,871
1.0 percent under 1.5 percent.....	852	5.9	70.4	1,897,627	1,008,337	65,874	62,182	12,747
1.5 percent under 2.0 percent.....	644	4.5	74.9	3,882,977	1,352,167	111,080	107,301	23,436
2.0 percent under 3.0 percent.....	842	5.8	80.7	5,098,699	1,221,534	111,082	107,870	29,730
3.0 percent under 4.0 percent.....	556	3.9	84.6	1,841,399	699,013	81,247	79,567	24,538
4.0 percent under 5.0 percent.....	412	2.9	87.5	2,204,509	360,287	57,116	53,890	16,412
5.0 percent under 7.5 percent.....	807	5.6	93.1	4,627,985	508,700	102,645	97,097	29,476
7.5 percent under 10.0 percent.....	526	3.7	96.8	1,173,303	125,930	33,500	33,097	10,757
10.0 percent or more.....	463	3.2	100.0	918,717	91,479	43,372	42,482	14,141

N/A—Not applicable.

[1] Less than 0.05 percent.

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.

receipts, and that nearly 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 \$178.3 billion of total income tax after credits, 1.5 percent of their total receipts. For these companies, less than 3 out of 10 had no tax liabilities, less than 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 claimed smaller amounts of credits than ODCs in relative terms. For 2004, large FCDCs claimed \$7.0 billion of credits, equaling 20.3 percent of their income tax liabilities before credits. Other large domestic corporations claimed \$67.1 billion of credits for the same tax year, equaling 27.4 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$5.3 billion by large FCDCs and \$51.1 billion by other large domestic corporations.



## Foreign-Controlled Domestic Corporations, 2004

Overall, while FCDCs reported tax liabilities after credits of 1.0 percent of receipts, other domestic corporations reported tax liabilities equal to 1.5 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 15 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 (4.7 percent) than do wholesalers (2.3 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 0.4 percentage and those in wholesale trade have a 3.8 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, 67.4 percent and 64.8 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, 5.5 percent, than it was for FCDCs, 3.5 percent (see Figure H and column 57 of Table 4). Similarly, large manufacturing ODCs reported taxable incomes of 5.8 percent of their receipts, while the percentage for FCDCs was smaller at 3.6 percent (see column 61 of Table 4). The ratios of total income tax after credits to total receipts for ODCs and FCDCs were 1.1 percent and 1.0 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 48.9 percent of their precredit income tax liabilities. For FCDCs, the percentage was substantially less, at 25.8 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 20.5 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 similar to that for the FCDCs, 80.1 percent and 79.7 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 higher for ODCs (3.5 percent) than it was for FCDCs (2.3 percent). Large wholesale ODCs reported taxable incomes of 3.4 percent of their receipts, while the percentage was 2.4 percent for FCDCs. The final ratio of total income tax after credits to total receipts shows the ODC percentage being somewhat higher than the FCDC percentage, at 1.0 percent and 0.8 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, thereby reducing their postcredit tax liabilities by a larger portion. ODCs reported credits equaling 19.1 percent of their precredit income tax liabilities. For FCDCs, the percentage was much smaller, at just 6.9 percent. For both groups of corporations, foreign tax credits accounted for the largest share of total credits.

### Summary

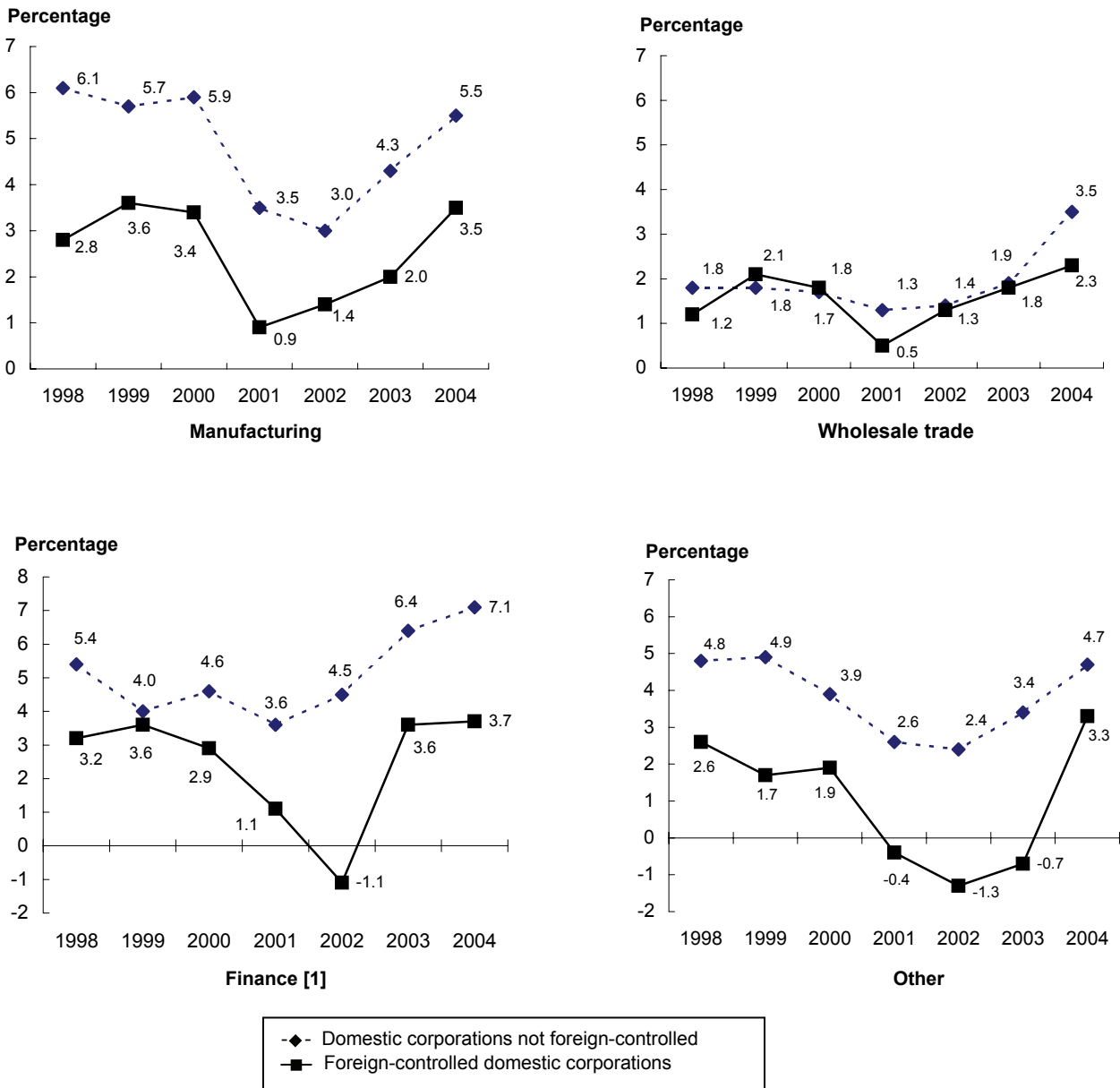
Foreign investment and activity in the United States through FCDCs grew for Tax Year 2004. FCDCs reported \$3.1 trillion of total receipts for that year, a 19.0-percent increase over the 2003 level. Total receipts reported on all U.S. corporation income tax returns increased by 9.8 percent from the previous year. As a result, the share of total corporate receipts accounted for by FCDCs increased from 12.4 percent to 13.5 percent.

FCDC assets grew for 2004, as did the assets for all corporations. FCDC assets totaled \$8.0 trillion for 2004, a 29.2-percent increase from the previous year. By comparison, all corporations reported a to-

# Foreign-Controlled Domestic Corporations, 2004

**Figure H**

**"Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts, by Control Status and Industry, Tax Years 1998-2004**



[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.

## Foreign-Controlled Domestic Corporations, 2004

tal of \$60.1 trillion of assets for 2004, a 12.1-percent increase over the previous year. FCDCs accounted for 13.3 percent of total corporate assets for 2004, up from 11.5 percent for the previous year.

The number of returns filed by FCDCs decreased by 1.7 percent for 2004, to 57,935. FCDCs accounted for only 1.0 percent of all corporation income tax returns filed for that year. This percentage is much smaller than the percentages of receipts and assets that FCDCs produced.

Two of the 19 industrial sectors, manufacturing and wholesale trade, generated over 69 percent of the \$3.1 trillion of total FCDC receipts. Manufacturers produced \$1.5 trillion of receipts, while wholesalers accounted for an additional \$0.7 trillion.

From a country perspective, domestic corporations controlled by persons in the United Kingdom reported total receipts of \$0.6 trillion, 19.2 percent of the FCDC total. In addition, Japan (17.5 percent), Germany (12.7 percent), the Netherlands (12.2 percent), Canada (7.7 percent), France (6.3 percent), and Switzerland (4.4 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 \$32.0 billion for 2003 to \$90.8 billion for 2004. To place the performance of FCDCs in context, total corporate profits also increased from \$780.0 billion for 2003 to \$1,111.7 billion for 2004.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did profits, increasing from \$19.1 billion for 2003 to \$29.9 billion for 2004, or by 56.5 percent. To place this in perspective, the 2004 U.S. tax liabilities of all corporations were 26.4 percent more than the previous year.

Of the 57,935 foreign-controlled domestic corporations, the 3,524 “largest” companies accounted for most of the total amounts of key financial items (e.g., 95.9 percent of the total assets, 94.4 percent of the total receipts, 92.7 percent of the taxable income, and 91.7 percent of the total income tax after credits).

In comparing the 3,524 large foreign-controlled domestic corporations to the 14,398 other large do-

mestic 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.<sup>16</sup>

### 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—2004, 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.

*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 char-

<sup>16</sup> 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.

acteristics. 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 who 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.<sup>17</sup> 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 es-

<sup>17</sup> For the most recent statistics covering CFCs, see Masters, Mike and Oh, Catterson, "Controlled Foreign Corporations, 2002," *Statistics of Income Bulletin*, Spring 2006, Volume 25, Number 4. In addition, CFC data are included on the IRS Internet site at [www.irs.gov](http://www.irs.gov), under Tax Stats.

tate 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 (6) 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 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."

*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 (2004) tax year. Losses incurred after Tax Year 2004 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 2004 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 in 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 2004. For simplicity, the number of returns is sometimes referred to in this article as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit.

*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.<sup>18</sup> REITs generally invest in real estate and mortgages. A beneficial ownership of the trust is es-

tablished 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; and 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; and 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.<sup>18</sup> 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, 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 includes the number and types of shareholders. These companies are involved in numerous industrial activities. They

<sup>18</sup> Shown in Appendix A of this article are Tax Year 2004 data for all REITs, RICs, and S corporations, regardless of size, filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

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 cannot elect to be treated as S corporations.<sup>18</sup>

*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 2004, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.4 percent of the total tax). The alternative minimum tax accounted for 1.6 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. 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.

Total income tax included an adjustment that could be either positive or negative. This adjustment was used for write-in amounts on the tax computation schedule (e.g., Schedule J of Form 1120), as well as for differences in total tax reported on the tax computation schedule and reported on the tax and payments section of the tax return (e.g., Page 1 of Form 1120). For 2004, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (76.0 percent of the \$7.1 billion of total credits), the general business credit (16.7 percent), and the prior-year minimum tax credit (6.2 percent), as well as small amounts of 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 2004 are based on returns with accounting periods that ended between July 2004

## Foreign-Controlled Domestic Corporations, 2004

and June 2005. 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 2004, that span was from August 2003 through June 2005. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2004. Of the 57,935 FCDC returns filed for Tax Year 2004, 38,113 had accounting periods that ended in December 2004, 66 percent of the total. These returns accounted for 76 percent of both the receipts and deductions reported by all FCDCs, as well as 83 percent of the FCDC assets.

The sampling frame for the 2004 statistics consisted, in general, of tax returns with accounting periods that ended between July 2004 and June 2005, and that posted to the IRS Business Master File between July 2004 and June 2006. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2005. 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 2006.

### 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 10,600 unaudited tax returns selected from over 57,900 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2004. 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 FCDC 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 2004, FCDCs filed only 43 Forms 1120L, 108 Forms 1120-RIC, 51 Forms 1120-REIT, and 57 Forms 1120-PC.<sup>19</sup> As previously mentioned, FCDCs could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDCs shown in Figures F through H, 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 2004, 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

<sup>19</sup> The counts of 43 Forms 1120L and 57 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 2004, there were 102 section 1504(c) returns of foreign-controlled domestic corporations. Of this number, 48 returns had a property/casualty insurance company as the largest subsidiary, 8 returns had a life insurance company as the largest subsidiary, and the remainder (46) had a noninsurance company as the largest subsidiary.



## Foreign-Controlled Domestic Corporations, 2004

general, Form 1120 returns with assets of \$10 million or more, or with “proceeds” of \$2.5 million or more, were selected for the Statistics of Income study at the 100-percent 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—2004, 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 I 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.<sup>20</sup> If the first question was answered “Yes,” and the

**Figure I**

**Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2004**

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)
<b>Total</b> .....	<b>4.23</b>	<b>0.02</b>	<b>0.11</b>	<b>0.15</b>	<b>0.85</b>	<b>0.16</b>	<b>0.18</b>
<b>Selected industrial sectors:</b>							
Manufacturing.....	10.28	0.03	0.09	0.13	0.73	0.12	0.15
Wholesale trade.....	8.04	0.22	0.39	0.53	1.95	0.55	0.54
Information.....	20.24	0.06	0.74	0.53	4.87	0.83	0.74
Finance and insurance.....	16.00	0.01	0.23	0.16	1.13	0.16	0.13
Real estate and rental and leasing.....	8.89	0.68	1.32	3.03	1.16	4.20	4.09
Professional, scientific, and technical services.....	15.80	0.45	1.68	2.09	2.99	2.31	2.44
Management of companies (holding companies).....	23.42	0.03	0.07	0.41	1.92	0.33	0.36
<b>Selected countries of foreign owners:</b>							
Bermuda.....	8.32	0.06	0.20	0.33	0.81	0.56	0.58
Canada.....	11.65	0.11	0.59	0.78	2.06	1.14	1.12
France.....	22.24	0.04	0.23	0.26	2.43	0.37	0.41
Germany.....	15.20	0.04	0.20	0.70	1.04	1.09	1.20
Japan.....	10.20	0.11	0.22	0.38	1.12	0.37	0.39
Netherlands.....	25.66	0.03	0.15	0.18	1.55	0.18	0.19
Sweden.....	26.25	0.14	0.23	0.42	6.10	0.33	0.48
Switzerland.....	15.00	0.05	0.47	0.51	1.68	0.45	0.47
United Kingdom.....	15.25	0.02	0.24	0.22	4.47	0.18	0.23

## Foreign-Controlled Domestic Corporations, 2004

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.<sup>21</sup> However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 2003 and 2004, 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.

<sup>20</sup> 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."

<sup>21</sup> The FCDC statistics include data from returns in which the first question (see footnote 20) was answered "Yes," and the second question covering percentage owned was not answered. There were 1,797 returns for Tax Year 2004 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$52.8 billion of assets and \$36.0 billion of receipts.

# Foreign-Controlled Domestic Corporations, 2004

## Appendix A

### REITs, RICs, and S Corporations Filed by Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs), Tax Year 2004

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
<b>Real Estate Investment Trusts</b>		
Number of returns	51	1,072
Total assets	33,429	1,078,895
Total receipts	2,048	78,627
Net income (less deficit)	950	46,359
Income subject to tax	0	33
Total income tax after credits	9	37
<b>Regulated Investment Companies</b>		
Number of returns	108	10,788
Total assets	81,329	9,090,093
Total receipts	1,858	218,807
Net income (less deficit)	1,375	135,644
Income subject to tax	0	3
Total income tax after credits	0	3
<b>S Corporations</b>		
Number of returns	0	3,518,334
Total assets	0	2,437,711
Total receipts	0	4,737,162
Total net income (less deficit)	0	275,399
Income subject to tax	0	957
Total income tax after credits	0	391

# Foreign-Controlled Domestic Corporations, 2004

**Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971-2004**

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

Item	1971	1990	1995	2000	2001	2002	2003	2004
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>ALL CORPORATIONS</b>								
Number of returns, total.....	1,733,332	3,716,650	4,474,167	5,045,274	5,135,591	5,266,607	5,401,237	5,557,965
Number with net income.....	1,063,940	1,910,670	2,455,492	2,819,153	2,822,302	2,800,517	2,932,115	3,116,468
Total assets.....	2,889,221	18,190,058	26,013,689	47,026,872	49,154,424	50,413,502	53,644,785	60,117,759
Total receipts.....	1,906,008	11,409,520	14,539,050	20,605,808	20,272,958	19,749,426	20,689,574	22,711,864
Business receipts.....	1,763,760	9,860,442	12,785,798	17,636,551	17,504,289	17,297,125	18,264,394	19,975,876
Interest received [1].....	65,596	942,238	993,173	1,576,101	1,499,683	1,233,298	1,132,675	1,337,626
Total deductions.....	1,824,063	11,032,575	13,821,278	19,691,592	19,682,983	19,198,882	19,940,595	21,636,156
Cost of goods sold.....	1,241,282	6,610,770	8,206,073	11,135,288	11,041,533	10,607,404	11,318,645	12,497,905
Interest paid.....	64,697	825,372	744,765	1,271,679	1,203,046	912,752	818,017	938,790
Total receipts less total deductions.....	81,945	376,945	717,773	914,216	589,975	550,544	748,980	1,075,708
Net income (less deficit).....	79,700	370,633	714,193	927,526	603,623	563,657	779,989	1,111,693
Net income.....	96,688	552,527	880,653	1,336,620	1,112,481	1,053,126	1,175,609	1,455,797
Deficit.....	-16,988	-181,894	-166,460	-409,094	-508,858	-489,470	-395,620	-344,104
Income subject to tax.....	83,165	366,353	564,733	760,404	635,257	600,554	699,337	857,392
Total income tax before credits.....	37,510	128,186	198,787	266,282	220,874	209,691	243,823	299,555
Income tax.....	37,143	119,434	193,564	262,233	218,676	207,056	241,275	296,200
Total income tax after credits.....	30,220	96,403	156,393	204,044	166,712	153,613	177,517	224,435
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>								
Number of returns, total.....	5,154	44,113	60,157	60,609	60,618	61,615	58,945	57,935
Number with net income.....	2,575	17,360	26,397	26,519	24,898	26,617	27,269	29,233
Total assets.....	36,674	1,652,255	2,762,747	6,071,994	6,499,997	6,382,309	6,170,122	7,971,399
Total receipts.....	39,181	1,060,295	1,536,705	2,612,072	2,482,900	2,510,781	2,569,302	3,056,503
Business receipts.....	38,043	950,083	1,372,489	2,253,215	2,144,066	2,249,184	2,329,930	2,733,472
Interest received [1].....	420	67,315	96,269	180,006	172,093	122,104	102,179	154,954
Total deductions.....	38,050	1,056,921	1,499,219	2,549,986	2,478,642	2,506,266	2,542,193	2,969,718
Cost of goods sold.....	28,804	709,052	1,000,691	1,584,513	1,501,678	1,548,698	1,652,622	1,964,224
Interest paid.....	733	77,562	92,417	186,835	177,677	119,001	109,453	129,530
Total receipts less total deductions.....	1,132	3,374	37,486	62,085	4,258	4,515	27,109	86,785
Net income (less deficit).....	1,111	3,966	38,455	66,312	8,303	7,838	31,952	90,846
Net income.....	1,496	29,410	64,339	118,598	94,331	82,660	92,846	138,010
Deficit.....	-384	-25,444	-25,884	-52,287	-86,028	-74,822	-60,895	-47,165
Income subject to tax.....	1,344	23,704	43,111	97,515	76,069	64,593	73,521	104,740
Total income tax before credits.....	650	8,719	15,834	34,650	26,827	22,727	25,971	37,058
Income tax.....	631	8,008	14,956	33,950	26,390	22,447	25,607	36,451
Total income tax after credits.....	610	7,438	13,157	28,073	21,774	17,819	19,121	29,932
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS</b>								
Number of returns, total.....	0.30	1.19	1.34	1.20	1.18	1.17	1.09	1.04
Number with net income.....	0.24	0.91	1.08	0.94	0.88	0.95	0.93	0.94
Total assets.....	1.27	9.08	10.62	12.91	13.22	12.66	11.50	13.26
Total receipts.....	2.06	9.29	10.57	12.68	12.25	12.71	12.42	13.46
Business receipts.....	2.16	9.64	10.73	12.78	12.25	13.00	12.76	13.68
Interest received [1].....	0.64	7.14	9.69	11.42	11.48	9.90	9.02	11.58
Total deductions.....	2.09	9.58	10.85	12.95	12.59	13.05	12.75	13.73
Cost of goods sold.....	2.32	10.73	12.19	14.23	13.60	14.60	14.60	15.72
Interest paid.....	1.13	9.40	12.41	14.69	14.77	13.04	13.38	13.80
Total receipts less total deductions.....	1.38	0.90	5.22	6.79	0.72	0.82	3.62	8.07
Net income (less deficit).....	1.39	1.07	5.38	7.15	1.38	1.39	4.10	8.17
Net income.....	1.55	5.32	7.31	8.87	8.48	7.85	7.90	9.48
Deficit.....	2.26	13.99	15.55	12.78	16.91	15.29	15.39	13.71
Income subject to tax.....	1.62	6.47	7.63	12.82	11.97	10.76	10.51	12.22
Total income tax before credits.....	1.73	6.80	7.97	13.01	12.15	10.84	10.65	12.37
Income tax.....	1.70	6.70	7.73	12.95	12.07	10.84	10.61	12.31
Total income tax after credits.....	2.02	7.72	8.41	13.76	13.06	11.60	10.77	13.34

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

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

# Foreign-Controlled Domestic Corporations, 2004

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2004**

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All industries.....</b>	<b>57,935</b>	<b>29,233</b>	<b>19,735</b>	<b>7,971,399</b>	<b>1,788,959</b>	<b>3,056,503</b>	<b>2,733,472</b>	<b>2,969,718</b>
Agriculture, forestry, fishing, and hunting.....	844	281	137	6,863	2,557	10,734	10,230	10,684
Agricultural production.....	608	212	83	5,657	2,414	10,027	9,566	9,888
Forestry and logging.....	72	d	d	634	126	324	313	353
Support activities and fishing, hunting, and trapping.....	165	d	d	573	17	383	352	443
Mining.....	560	135	114	95,417	58,443	38,452	34,006	35,744
Utilities.....	53	26	23	83,792	22,153	29,973	28,170	30,010
Construction.....	1,624	736	238	34,706	9,556	41,674	39,064	40,187
Construction of buildings.....	205	144	121	15,862	4,063	24,883	23,995	23,963
Heavy and civil engineering construction.....	1,131	400	74	15,447	4,510	12,474	10,838	11,882
Specialty trade contractors.....	288	192	44	3,397	982	4,317	4,231	4,342
Manufacturing.....	6,833	3,850	2,390	2,157,362	547,811	1,463,787	1,384,051	1,417,566
Food manufacturing.....	830	708	88	49,146	13,401	47,019	45,743	46,528
Beverage and tobacco product manufacturing.....	66	47	46	32,966	4,982	25,190	24,167	23,713
Textile mills and textile product mills.....	129	62	59	2,834	1,107	3,470	3,323	3,482
Apparel manufacturing.....	129	73	73	1,613	659	2,193	2,152	2,162
Leather and allied product manufacturing.....	3	d	d	72	22	132	125	123
Wood product manufacturing.....	148	131	114	3,454	1,127	4,478	4,420	4,445
Paper manufacturing.....	91	53	50	20,263	6,848	20,243	19,303	20,665
Printing and related support activities.....	49	25	25	10,130	1,890	10,464	10,122	10,191
Petroleum and coal products manufacturing.....	38	30	29	813,029	144,228	460,792	445,930	438,671
Chemical manufacturing.....	485	279	242	311,412	98,194	191,418	173,380	179,062
Plastics and rubber products manufacturing.....	718	203	134	42,914	11,009	47,872	46,130	47,297
Nonmetallic mineral product manufacturing.....	144	113	109	74,897	26,844	45,939	43,921	44,371
Primary metal manufacturing.....	137	93	87	31,524	9,907	42,409	41,300	39,502
Fabricated metal product manufacturing.....	431	271	194	36,814	13,539	32,775	31,776	31,603
Machinery manufacturing.....	612	325	308	119,818	34,141	85,798	81,315	84,496
Computer and electronic product manufacturing.....	1,374	739	270	103,946	37,301	88,017	83,917	89,354
Electrical equipment, appliance, and component manufacturing.....	214	107	84	23,255	10,573	24,874	23,800	23,716
Transportation equipment manufacturing.....	536	244	176	446,460	119,869	298,467	273,050	297,463
Furniture and related product manufacturing.....	106	11	11	1,727	1,053	2,925	2,834	2,761
Miscellaneous manufacturing.....	595	d	d	31,089	11,117	29,313	27,343	27,961
Wholesale and retail trade [2].....	18,763	9,995	7,033	492,007	130,756	810,722	787,745	796,191
Wholesale trade.....	15,766	8,857	6,352	391,937	111,792	655,431	636,408	642,282
Wholesale trade, durable goods.....	10,813	6,182	4,372	274,552	74,190	473,480	461,715	466,795
Wholesale trade, nondurable goods.....	4,654	d	d	117,186	37,553	181,492	174,235	175,037
Wholesale electronic markets and agents and brokers..	300	d	d	200	49	459	459	450
Retail trade.....	2,996	1,138	681	100,054	18,963	155,275	151,321	153,890
Motor vehicle dealers and parts dealers.....	97	24	22	3,446	1,107	7,272	7,105	7,140
Furniture and home furnishings stores.....	163	24	22	4,160	630	4,155	4,063	4,099
Electronics and appliance stores.....	429	300	167	3,278	319	3,786	3,695	3,740
Building material and garden equipment and supplies dealers.....	110	53	53	420	154	1,061	1,048	1,043
Food, beverage and liquor stores.....	47	11	11	48,853	4,599	93,367	91,490	92,961
Health and personal care stores.....	159	8	8	8,883	3,274	12,150	12,019	12,017
Gasoline stations.....	337	62	61	2,497	1,086	7,928	7,844	7,856
Clothing and clothing accessories stores.....	242	60	56	7,215	2,929	9,640	8,909	9,225
Sporting goods, hobby, book, and music stores.....	457	136	136	659	-184	1,242	1,215	1,307
General merchandise stores.....	258	d	d	5,633	3,652	2,782	2,628	2,681
Miscellaneous store retailers.....	151	d	d	9,981	-124	7,535	7,251	7,452
Nonstore retailers.....	547	416	102	5,030	1,521	4,357	4,055	4,367

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2004—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.....	2,058	1,040	752	46,704	15,604	43,995	42,084	43,917
Air, rail, and water transportation.....	454	158	141	17,056	5,524	11,123	10,487	10,818
Truck transportation.....	27	21	21	1,240	496	1,776	1,754	1,770
Transit and ground passenger transportation.....	290	d	d	3,239	1,731	2,437	2,420	2,569
Pipeline transportation.....	9	d	d	3,238	1,351	1,099	935	1,103
Other transportation and support activities.....	949	533	280	16,909	5,438	24,333	23,467	24,543
Warehousing and storage.....	329	321	303	5,022	1,065	3,228	3,020	3,114
Information.....	1,637	724	609	550,879	320,384	91,865	75,577	94,786
Publishing industries.....	803	307	232	60,746	13,135	27,257	23,530	27,324
Motion picture and sound recording industries.....	146	72	52	282,938	161,385	30,729	21,140	29,132
Broadcasting (except Internet).....	38	17	16	4,075	2,296	914	831	1,079
Internet publishing and broadcasting.....	32	d	d	15,546	5,460	7,546	7,095	6,745
Telecommunications.....	425	314	296	180,318	136,703	21,253	19,459	22,846
Internet service providers, Web search portals, and data processing services.....	111	9	7	1,746	-595	1,035	943	4,474
Other information services.....	82	d	d	5,510	2,000	3,131	2,580	3,187
Finance and insurance.....	2,108	1,320	763	3,293,604	453,376	305,364	179,221	289,282
Credit intermediation.....	308	188	185	228,832	20,669	15,039	6,657	12,978
Depository credit intermediation.....	75	34	34	68,157	5,982	2,968	611	2,461
Nondepository credit intermediation.....	233	154	151	160,674	14,687	12,070	6,046	10,517
Securities, commodity contracts, and other financial investments and related activities.....	592	443	336	1,761,932	92,528	84,569	27,252	79,580
Insurance carriers and related activities.....	631	437	152	1,149,797	233,285	200,428	145,287	193,932
Funds, trusts, and other financial vehicles.....	576	253	89	153,044	106,895	5,328	25	2,791
Real estate and rental and leasing.....	11,514	5,396	3,853	110,115	30,019	24,203	17,310	25,545
Real estate.....	11,245	5,199	3,703	57,453	23,537	10,164	5,884	8,436
Rental and leasing services.....	264	d	d	52,425	6,390	13,843	11,320	16,937
Lessors of nonfinancial intangible assets (except copyrighted works).....	5	d	d	237	93	196	105	172
Professional, scientific, and technical services.....	6,219	3,420	2,106	99,714	45,783	54,655	50,425	54,226
Management of companies (holding companies).....	2,257	607	527	884,643	104,685	63,764	15,800	55,603
Administrative and support and waste management and remediation services.....	1,351	600	471	36,434	12,793	31,538	29,579	31,414
Administrative and support services.....	1,330	584	457	25,612	8,273	26,515	24,965	26,410
Waste management and remediation services.....	21	16	14	10,822	4,520	5,023	4,613	5,004
Educational services.....	111	10	9	1,548	622	929	884	949
Health care and social assistance.....	53	13	13	15,467	8,861	10,615	10,225	10,278
Offices of health practitioners and outpatient care centers.....	4	d	d	11,106	7,386	6,732	6,647	6,535
Miscellaneous health care and social assistance.....	41	d	d	1,222	566	901	860	910
Hospitals, nursing, and residential care facilities.....	8	d	d	3,139	908	2,982	2,719	2,833
Arts, entertainment, and recreation.....	445	385	353	4,366	1,459	2,806	2,261	2,634
Amusement, gambling, and recreation industries.....	413	373	342	3,222	1,200	1,561	1,321	1,467
Other arts, entertainment, and recreation.....	32	12	11	1,144	259	1,245	940	1,166
Accommodation and food services.....	938	553	249	53,902	22,847	27,577	23,156	27,050
Accommodation.....	552	431	146	36,375	18,606	9,380	6,576	8,784
Food services and drinking places.....	387	122	103	17,528	4,241	18,196	16,580	18,266
Other services.....	565	140	96	3,873	1,249	3,853	3,684	3,651
Repair and maintenance.....	302	116	87	1,331	303	2,309	2,290	2,266
Personal and laundry services.....	d	d	d	d	d	d	d	d
Religious, grantmaking, civic, professional, and similar organizations.....	d	d	d	d	d	d	d	d

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2004—Continued**

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All industries.....</b>	<b>1,964,224</b>	<b>86,785</b>	<b>90,846</b>	<b>138,010</b>	<b>-47,165</b>	<b>104,740</b>	<b>37,058</b>	<b>29,932</b>
Agriculture, forestry, fishing, and hunting.....	8,642	50	52	317	-265	237	82	79
Agricultural production.....	8,117	139	140	302	-162	229	80	76
Forestry and logging.....	286	-29	-29	d	d	d	d	d
Support activities and fishing, hunting, and trapping.....	239	-60	-60	d	d	d	d	d
Mining.....	18,190	2,708	2,827	4,086	-1,259	2,397	934	392
Utilities.....	16,146	-37	-41	793	-834	65	56	55
Construction.....	32,974	1,487	1,501	2,138	-637	1,542	547	539
Construction of buildings.....	21,417	920	916	985	-69	904	317	315
Heavy and civil engineering construction.....	8,583	592	607	1,023	-416	546	198	196
Specialty trade contractors.....	2,975	-25	-23	129	-152	92	32	28
Manufacturing.....	1,065,183	46,221	48,930	63,059	-14,129	52,795	18,642	13,905
Food manufacturing.....	29,139	491	500	1,386	-886	1,127	397	385
Beverage and tobacco product manufacturing.....	12,569	1,476	1,500	1,625	-125	1,499	525	468
Textile mills and textile product mills.....	2,519	-12	-12	159	-170	104	36	33
Apparel manufacturing.....	1,510	32	43	96	-52	93	31	27
Leather and allied product manufacturing.....	72	8	8	d	d	d	d	d
Wood product manufacturing.....	3,478	33	33	115	-82	64	22	21
Paper manufacturing.....	15,346	-422	-437	676	-1,113	241	86	77
Printing and related support activities.....	7,073	273	273	360	-87	279	97	83
Petroleum and coal products manufacturing.....	400,406	22,122	22,771	22,828	-57	22,035	7,762	5,117
Chemical manufacturing.....	93,010	12,356	13,997	15,776	-1,779	14,536	5,094	3,926
Plastics and rubber products manufacturing.....	33,650	575	619	1,168	-549	399	154	135
Nonmetallic mineral product manufacturing.....	29,163	1,568	1,587	2,079	-492	1,888	677	643
Primary metal manufacturing.....	32,872	2,906	2,906	3,164	-258	2,115	769	504
Fabricated metal product manufacturing.....	22,576	1,171	1,176	1,430	-254	1,024	359	338
Machinery manufacturing.....	59,177	1,303	1,411	2,341	-930	1,223	444	315
Computer and electronic product manufacturing.....	62,264	-1,337	-1,306	1,493	-2,799	861	305	267
Electrical equipment, appliance, and component manufacturing.....	16,478	1,158	1,282	1,697	-416	1,132	403	239
Transportation equipment manufacturing.....	223,803	1,004	1,052	4,499	-3,448	2,804	991	888
Furniture and related product manufacturing.....	2,017	164	164	217	-53	212	74	73
Miscellaneous manufacturing.....	18,059	1,352	1,365	d	d	d	d	d
Wholesale and retail trade [2].....	634,528	14,531	14,748	21,602	-6,854	17,830	6,225	5,821
Wholesale trade.....	525,218	13,149	13,371	18,924	-5,553	15,927	5,552	5,185
Wholesale trade, durable goods.....	385,589	6,686	6,872	10,890	-4,018	9,149	3,186	2,949
Wholesale trade, nondurable goods.....	139,629	6,455	6,491	d	d	d	d	d
Wholesale electronic markets and agents and brokers..	0	9	9	d	d	d	d	d
Retail trade.....	109,295	1,385	1,380	2,678	-1,298	1,903	672	636
Motor vehicle dealers and parts dealers.....	6,219	132	132	162	-30	157	55	55
Furniture and home furnishings stores.....	2,276	56	56	121	-66	118	41	41
Electronics and appliance stores.....	2,275	46	46	202	-155	48	18	18
Building material and garden equipment and supplies dealers.....	816	17	17	34	-17	28	9	9
Food, beverage and liquor stores.....	69,355	406	405	746	-341	709	248	223
Health and personal care stores.....	7,692	133	133	234	-102	194	68	66
Gasoline stations.....	6,534	72	72	75	-3	68	24	21
Clothing and clothing accessories stores.....	4,431	415	410	648	-238	382	137	136
Sporting goods, hobby, book, and music stores.....	868	-65	-65	17	-83	7	2	2
General merchandise stores.....	1,327	101	100	d	d	d	d	d
Miscellaneous store retailers.....	4,921	83	83	d	d	d	d	d
Nonstore retailers.....	2,581	-10	-10	159	-169	136	47	45

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2004—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.....	15,389	77	64	1,246	-1,181	901	314	284
Air, rail, and water transportation.....	4,303	304	314	469	-155	254	91	69
Truck transportation.....	191	6	6	29	-23	19	7	5
Transit and ground passenger transportation.....	969	-132	-132	d	d	d	d	d
Pipeline transportation.....	805	-4	-28	d	d	d	d	d
Other transportation and support activities.....	8,553	-210	-209	525	-734	483	167	163
Warehousing and storage.....	568	114	114	177	-63	104	35	33
Information.....	29,477	-2,921	-2,223	4,630	-6,853	1,941	710	615
Publishing industries.....	10,073	-66	478	1,245	-766	866	306	257
Motion picture and sound recording industries.....	8,147	1,596	1,655	1,734	-79	35	38	34
Broadcasting (except Internet).....	492	-164	-165	57	-221	48	18	3
Internet publishing and broadcasting.....	1,533	801	801	d	d	d	d	d
Telecommunications.....	8,315	-1,593	-1,503	605	-2,108	80	28	25
Internet service providers, Web search portals, and data processing services.....	383	-3,438	-3,438	19	-3,457	17	6	2
Other information services.....	533	-57	-52	d	d	d	d	d
Finance and insurance.....	89,874	16,081	16,211	20,910	-4,698	11,883	4,218	3,693
Credit intermediation.....	108	2,060	2,053	2,156	-103	1,320	460	437
Depository credit intermediation.....	0	507	504	544	-39	509	177	175
Nondepository credit intermediation.....	108	1,553	1,548	1,612	-64	812	283	261
Securities, commodity contracts, and other financial investments and related activities.....	283	4,988	5,042	5,799	-757	3,576	1,276	1,067
Insurance carriers and related activities.....	89,483	6,496	6,581	10,150	-3,570	6,556	2,321	2,085
Funds, trusts, and other financial vehicles.....	[1]	2,536	2,536	2,804	-268	430	162	104
Real estate and rental and leasing.....	3,661	-1,341	-1,380	3,330	-4,711	1,960	673	650
Real estate.....	864	1,729	1,722	2,610	-888	1,816	613	592
Rental and leasing services.....	2,750	-3,094	-3,126	d	d	d	d	d
Lessors of nonfinancial intangible assets (except copyrighted works).....	47	24	24	d	d	d	d	d
Professional, scientific, and technical services.....	19,567	428	526	3,006	-2,479	1,986	691	573
Management of companies (holding companies).....	50	8,160	8,188	9,178	-990	8,520	3,015	2,605
Administrative and support and waste management and remediation services.....	15,019	124	134	785	-651	383	139	121
Administrative and support services.....	13,409	105	110	592	-482	370	131	114
Waste management and remediation services.....	1,610	19	24	193	-169	13	8	8
Educational services.....	268	-21	-16	27	-43	18	6	3
Health care and social assistance.....	2,959	337	340	486	-146	421	148	141
Offices of health practitioners and outpatient care centers.....	2,618	197	198	d	d	d	d	d
Miscellaneous health care and social assistance.....	332	-9	-6	d	d	d	d	d
Hospitals, nursing, and residential care facilities.....	9	149	149	d	d	d	d	d
Arts, entertainment, and recreation.....	619	173	173	299	-125	205	72	70
Amusement, gambling, and recreation industries.....	334	94	95	159	-64	107	38	38
Other arts, entertainment, and recreation.....	285	78	79	140	-61	98	34	32
Accommodation and food services.....	9,803	527	579	1,767	-1,188	1,336	475	306
Accommodation.....	1,147	596	638	1,294	-656	913	327	198
Food services and drinking places.....	8,655	-69	-59	473	-532	423	148	108
Other services.....	1,875	202	230	351	-121	321	112	80
Repair and maintenance.....	1,530	43	43	119	-76	105	36	36
Personal and laundry services.....	d	d	d	d	d	d	d	d
Religious, grantmaking, civic, professional, and similar organizations.....	d	d	d	d	d	d	d	d

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

[1] Absolute value is less than \$500,000.

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

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



# Foreign-Controlled Domestic Corporations, 2004

**Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Selected Countries of Foreign Owners, Tax Year 2004**

[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)
<b>All foreign-controlled domestic corporations.....</b>	<b>57,935</b>	<b>29,233</b>	<b>19,735</b>	<b>7,971,399</b>	<b>1,788,959</b>	<b>3,056,503</b>	<b>2,733,472</b>	<b>2,969,718</b>
<b>AGE OF CORPORATIONS</b>								
Old corporations:								
Number or amount.....	46,575	25,080	16,527	7,641,227	1,690,753	2,901,380	2,589,410	2,811,774
Percentage of all corporations.....	80.4	85.8	83.7	95.9	94.5	94.9	94.7	94.7
New corporations:								
Number or amount.....	11,360	4,153	3,208	330,171	98,205	155,124	144,063	157,944
Percentage of all corporations.....	19.6	14.2	16.3	4.1	5.5	5.1	5.3	5.3
<b>SELECTED COUNTRIES OF FOREIGN OWNERS</b>								
Selected countries, total.....	52,227	26,192	18,089	7,923,722	1,775,625	3,020,491	2,700,043	2,934,561
Percentage of all countries.....	90.1	89.6	91.7	99.4	99.3	98.8	98.8	98.8
Selected countries:								
Australia.....	555	303	264	330,663	164,632	46,877	37,210	43,885
Austria.....	240	203	131	7,195	2,615	8,956	8,758	8,671
Belgium.....	360	140	105	75,587	10,445	35,350	32,224	34,168
Bermuda.....	218	115	105	155,376	41,197	61,545	54,178	64,041
Brazil.....	985	563	553	9,232	1,541	5,492	4,878	5,256
British Virgin Islands [1].....	3,149	1,049	619	19,273	4,347	16,976	15,749	17,284
Canada.....	9,780	4,294	2,903	579,820	152,081	235,946	210,495	229,525
Cayman Islands.....	807	254	212	72,513	38,731	19,926	16,131	19,257
China.....	1,196	823	669	3,960	1,192	7,645	7,521	7,462
China (Taiwan).....	1,587	914	560	15,461	4,629	23,013	22,521	22,582
Colombia.....	791	549	248	511	52	679	646	730
Denmark.....	498	314	80	13,367	3,710	14,365	13,962	14,157
Finland.....	86	38	34	17,078	6,684	19,697	18,551	19,653
France.....	2,306	688	406	725,093	200,574	192,638	160,683	182,683
Germany.....	4,113	1,987	1,713	1,136,251	247,688	388,313	338,349	386,468
Hong Kong.....	1,194	756	655	6,115	2,011	5,598	5,155	5,471
India.....	1,180	695	478	2,109	453	4,223	4,160	4,214
Ireland.....	437	99	62	26,277	3,696	17,605	16,318	17,417
Israel.....	928	610	349	33,508	6,154	11,078	9,918	10,945
Italy.....	1,235	478	429	27,555	9,149	18,879	18,254	18,554
Japan.....	4,608	2,606	1,934	567,896	173,135	534,321	508,877	521,188
Liechtenstein.....	196	89	43	3,404	1,468	6,640	6,368	6,537
Luxembourg.....	395	192	144	37,947	13,054	21,591	20,532	21,505
Mexico.....	1,717	1,027	506	20,393	7,970	18,074	17,068	17,182
Netherlands.....	1,522	909	735	966,601	182,061	372,360	328,578	357,476
Netherlands Antilles.....	339	188	156	8,225	3,034	6,315	5,816	6,291
Norway.....	183	70	50	7,581	2,370	10,285	10,007	10,241
Pakistan.....	542	3	3	251	42	304	299	306
Panama.....	757	333	259	8,444	1,727	3,560	3,257	3,296
Philippines.....	654	610	274	606	84	519	481	527
Puerto Rico.....	102	5	5	40,651	10,871	1,236	237	1,153
Saudi Arabia.....	38	32	3	3,199	1,451	7,649	6,936	7,140
Singapore.....	254	85	51	11,580	5,193	8,059	7,727	8,043
South Africa, Republic of.....	89	80	79	4,967	775	5,803	5,764	5,983
South Korea, Republic of.....	1,302	361	312	22,178	3,948	53,799	52,857	53,567
Spain.....	290	155	123	14,309	3,976	6,410	5,860	6,293
Sweden.....	271	186	179	87,884	3,993	72,790	64,877	69,104
Switzerland.....	1,347	788	514	717,123	54,106	135,313	108,607	130,013
United Kingdom.....	5,048	3,040	1,687	2,125,154	400,479	586,667	517,266	563,424
Venezuela.....	928	561	457	18,385	4,307	33,995	32,968	32,869

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporations and Selected Countries of Foreign Owners, Tax Year 2004—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)
<b>All foreign-controlled domestic corporations.....</b>	<b>1,964,224</b>	<b>86,785</b>	<b>90,846</b>	<b>138,010</b>	<b>-47,165</b>	<b>104,740</b>	<b>37,058</b>	<b>29,932</b>
<b>AGE OF CORPORATIONS</b>								
Old corporations:								
Number or amount.....	1,864,010	89,606	93,443	131,817	-38,374	100,279	35,474	28,602
Percentage of all corporations.....	94.9	103.3	102.9	95.5	81.4	95.7	95.7	95.6
New corporations:								
Number or amount.....	100,213	-2,820	-2,597	6,193	-8,791	4,461	1,584	1,330
Percentage of all corporations.....	5.1	-3.2	-2.9	4.5	18.6	4.3	4.3	4.4
<b>SELECTED COUNTRIES OF FOREIGN OWNERS</b>								
Selected countries, total.....	1,939,698	85,931	89,915	135,972	-46,059	103,246	36,539	29,470
Percentage of all countries.....	98.8	99.0	99.0	98.5	97.7	98.6	98.6	98.5
Selected countries:								
Australia.....	19,241	2,992	3,085	3,990	-904	2,390	871	380
Austria.....	6,192	285	283	389	-106	290	100	89
Belgium.....	23,403	1,182	1,186	1,483	-298	1,238	437	423
Bermuda.....	34,687	-2,495	-2,374	3,311	-5,685	1,422	534	366
Brazil.....	3,745	236	236	455	-219	302	103	102
British Virgin Islands [1].....	11,658	-308	-304	588	-892	348	118	114
Canada.....	146,874	6,421	6,930	11,105	-4,176	6,807	2,405	2,219
Cayman Islands.....	10,178	669	832	1,536	-704	307	128	108
China.....	6,474	183	183	314	-131	287	98	56
China (Taiwan).....	19,801	432	428	659	-231	401	138	121
Colombia.....	421	-51	-51	3	-54	2	1	[2]
Denmark.....	9,149	207	213	499	-286	354	126	99
Finland.....	14,185	44	45	503	-458	423	148	132
France.....	105,850	9,955	10,233	12,344	-2,111	7,783	2,758	2,372
Germany.....	230,362	1,845	1,972	7,809	-5,837	4,876	1,758	1,420
Hong Kong.....	3,823	127	126	340	-213	296	101	95
India.....	2,505	9	9	104	-96	79	25	24
Ireland.....	10,961	188	183	637	-454	603	211	207
Israel.....	7,529	132	121	537	-416	324	112	103
Italy.....	11,011	324	335	907	-572	647	239	201
Japan.....	400,060	13,133	13,339	19,166	-5,827	14,836	5,222	4,690
Liechtenstein.....	5,161	103	100	149	-49	95	34	33
Luxembourg.....	11,671	86	156	818	-662	623	222	166
Mexico.....	11,332	892	889	1,348	-459	1,179	426	181
Netherlands.....	246,190	14,884	15,150	17,355	-2,204	14,278	5,091	4,101
Netherlands Antilles.....	2,141	24	24	229	-205	202	69	69
Norway.....	7,909	44	45	276	-231	167	59	58
Pakistan.....	172	-2	-2	13	-15	1	1	[2]
Panama.....	2,337	264	268	348	-81	236	82	79
Philippines.....	321	-8	-8	32	-39	7	2	2
Puerto Rico.....	80	83	81	124	-43	124	43	43
Saudi Arabia.....	6,492	509	509	527	-18	257	104	104
Singapore.....	5,119	17	17	201	-184	181	63	61
South Africa, Republic of.....	4,564	-179	-179	160	-339	122	42	42
South Korea, Republic of.....	48,227	232	232	806	-573	521	181	180
Spain.....	3,483	117	125	548	-424	437	154	113
Sweden.....	45,970	3,686	5,139	5,591	-452	5,078	1,781	1,141
Switzerland.....	57,741	5,301	5,298	8,238	-2,941	7,044	2,467	2,231
United Kingdom.....	371,576	23,243	23,933	31,364	-7,431	27,562	9,698	7,159
Venezuela.....	31,103	1,125	1,128	1,166	-39	1,117	387	386

[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 2002 and 2005; "old" corporations were those with dates of incorporation prior to 2002, 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 because of rounding.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to stockholders
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>3,524</b>	<b>2,444</b>	<b>2,335</b>	<b>7,646,849</b>	<b>3,641,720</b>	<b>4,005,130</b>	<b>33,454</b>
Agriculture, forestry, fishing, and hunting .....	17	6	5	3,817	1,764	2,053	0
Mining.....	65	41	38	90,488	16,677	73,811	424
Utilities.....	23	13	13	82,004	9,193	72,811	0
Construction.....	65	46	45	27,869	16,084	11,785	113
Manufacturing.....	1,315	852	803	2,119,286	1,104,123	1,015,163	2,469
Wholesale and retail trade.....	1,125	884	847	450,946	253,748	197,198	1,805
Wholesale trade.....	1,003	799	767	356,814	215,313	141,501	1,334
Retail trade.....	122	85	80	94,132	38,435	55,697	471
Transportation and warehousing.....	89	55	52	42,718	9,256	33,462	15
Information.....	109	54	51	543,419	70,404	473,014	2,250
Finance and insurance.....	276	211	210	3,158,576	1,489,308	1,669,268	18,992
Real estate and rental and leasing.....	63	46	45	70,299	19,287	51,013	6,846
Professional, scientific, and technical services.....	161	96	94	87,320	24,250	63,071	61
Management of companies (holding companies).....	71	48	46	866,248	609,614	256,634	95
Administrative and support and waste management and remediation services.....	57	34	32	33,775	8,027	25,748	70
Educational services.....	5	d	d	1,261	248	1,013	0
Health care and social assistance.....	16	8	8	15,164	3,000	12,164	0
Arts, entertainment, and recreation.....	9	d	d	2,516	765	1,752	70
Accommodation and food services.....	42	26	24	48,452	5,266	43,186	241
Other services.....	15	11	10	2,691	707	1,984	0
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>14,398</b>	<b>10,602</b>	<b>10,317</b>	<b>37,797,358</b>	<b>14,381,185</b>	<b>23,416,173</b>	<b>80,522</b>
Agriculture, forestry, fishing, and hunting .....	97	69	65	25,458	7,888	17,570	20
Mining.....	181	113	122	324,648	67,237	257,411	2,709
Utilities.....	167	102	104	1,304,370	248,914	1,055,456	205
Construction.....	644	525	529	148,849	84,865	63,984	875
Manufacturing.....	3,137	2,115	2,033	6,589,999	2,185,387	4,404,612	51,774
Wholesale and retail trade [3].....	3,701	2,858	2,749	1,650,205	685,540	964,665	5,662
Wholesale trade.....	2,015	1,614	1,558	819,793	320,988	498,806	3,708
Retail trade.....	1,685	1,243	1,191	830,327	364,509	465,817	1,954
Transportation and warehousing.....	401	275	259	431,057	89,764	341,292	2,240
Information.....	654	340	334	2,246,609	473,086	1,773,523	968
Finance and insurance.....	2,015	1,680	1,657	13,085,809	4,264,808	8,821,000	7,729
Real estate and rental and leasing.....	159	93	90	121,160	28,502	92,658	227
Professional, scientific, and technical services.....	727	481	476	274,930	121,409	153,520	187
Management of companies (holding companies).....	1,261	1,185	1,191	10,995,959	5,997,638	4,998,322	6,431
Administrative and support and waste management and remediation services.....	313	213	194	176,138	35,980	140,159	61
Educational services.....	43	28	28	11,454	5,130	6,324	5
Health care and social assistance.....	510	309	282	132,207	35,454	96,753	111
Arts, entertainment, and recreation.....	61	30	30	32,092	7,433	24,659	1,165
Accommodation and food services.....	251	144	134	218,086	33,266	184,820	90
Other services.....	75	40	39	28,330	8,884	19,445	63

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from stockholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>3,489,951</b>	<b>2,525,546</b>	<b>107,708</b>	<b>1,631,352</b>	<b>-62,362</b>	<b>10,560</b>	<b>-72,922</b>
Agriculture, forestry, fishing, and hunting .....	1,067	1,185	35	1,565	287	13	274
Mining.....	9,746	24,347	1,453	56,394	-8,463	64	-8,527
Utilities.....	10,088	50,282	2,146	21,634	-2,552	0	-2,552
Construction.....	12,115	7,963	623	7,792	-4,999	5	-5,004
Manufacturing.....	994,153	587,586	46,279	537,548	7,091	717	6,374
Wholesale and retail trade.....	191,587	136,160	7,337	123,199	-6,391	49	-6,441
Wholesale trade.....	161,443	90,983	5,722	104,388	6,095	43	6,052
Retail trade.....	30,144	45,177	1,615	18,811	-12,486	7	-12,493
Transportation and warehousing.....	9,898	18,606	642	14,214	-1,389	7	-1,397
Information.....	65,720	155,641	27,418	322,057	-36,477	0	-36,477
Finance and insurance.....	1,482,604	1,325,273	5,638	350,699	3,915	9,341	-5,426
Real estate and rental and leasing.....	25,905	29,290	8,569	15,104	-4,745	0	-4,745
Professional, scientific, and technical services.....	25,860	19,326	1,808	42,134	-14,305	31	-14,337
Management of companies (holding companies).....	642,185	129,981	2,332	94,083	21,300	325	20,975
Administrative and support and waste management and remediation services.....	8,174	13,404	1,998	12,196	-16,061	0	-16,061
Educational services.....	330	395	23	536	-135	0	-135
Health care and social assistance.....	2,374	3,959	329	8,830	179	0	179
Arts, entertainment, and recreation.....	1,205	435	41	876	265	0	265
Accommodation and food services.....	6,299	20,556	904	21,596	-608	2	-610
Other services.....	640	1,156	132	895	727	6	722
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>17,645,981</b>	<b>11,635,671</b>	<b>101,954</b>	<b>8,515,707</b>	<b>3,018,124</b>	<b>122,301</b>	<b>2,895,823</b>
Agriculture, forestry, fishing, and hunting .....	5,811	13,045	581	6,602	1,167	24	1,142
Mining.....	44,998	145,668	1,535	133,983	43,214	37	43,178
Utilities.....	268,316	695,848	1,025	340,205	16,129	3,587	12,542
Construction.....	46,181	50,787	335	51,881	34,546	4	34,542
Manufacturing.....	2,076,072	2,185,287	25,881	2,328,640	995,570	3,792	991,779
Wholesale and retail trade [3].....	520,091	367,419	6,284	762,695	410,201	2,678	407,524
Wholesale trade.....	226,783	167,429	3,821	425,581	259,883	2,622	257,261
Retail trade.....	293,295	199,943	2,463	337,088	150,315	55	150,260
Transportation and warehousing.....	93,504	226,179	2,854	111,374	40,693	20	40,672
Information.....	441,785	860,299	1,585	944,525	-148,468	177	-148,645
Finance and insurance.....	6,011,291	5,219,184	5,524	1,855,334	994,341	97,116	897,225
Real estate and rental and leasing.....	32,012	49,462	1,634	39,686	5,747	[2]	5,746
Professional, scientific, and technical services.....	97,892	83,786	265	93,252	-33,908	164	-34,072
Management of companies (holding companies).....	7,896,707	1,467,384	51,352	1,631,868	603,872	13,794	590,078
Administrative and support and waste management and remediation services.....	34,421	79,423	40	62,295	15,958	107	15,851
Educational services.....	3,693	1,496	212	6,265	2,250	0	2,250
Health care and social assistance.....	27,155	62,090	477	42,962	565	31	534
Arts, entertainment, and recreation.....	5,873	18,528	1,775	7,691	-1,239	6	-1,245
Accommodation and food services.....	34,732	95,776	573	87,578	36,112	661	35,451
Other services.....	5,447	14,010	22	8,873	1,374	102	1,272

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—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)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>2,886,034</b>	<b>2,581,517</b>	<b>152,205</b>	<b>14,195</b>	<b>13,526</b>	<b>3,389</b>	<b>4,794</b>
Agriculture, forestry, fishing, and hunting .....	9,468	9,249	27	5	138	0	4
Mining.....	36,217	32,679	438	32	38	106	79
Utilities.....	29,503	27,759	623	160	0	71	4
Construction.....	38,104	36,028	224	184	30	2	98
Manufacturing.....	1,421,461	1,342,936	18,277	8,876	7,520	418	2,527
Wholesale and retail trade.....	740,473	719,071	4,078	1,255	1,919	590	330
Wholesale trade.....	592,972	575,248	3,685	819	1,681	590	328
Retail trade.....	147,501	143,823	393	436	238	1	2
Transportation and warehousing.....	38,263	36,665	229	145	19	4	66
Information.....	85,308	69,534	8,585	143	2,236	532	324
Finance and insurance.....	296,124	175,953	75,228	1,375	16	1,434	680
Real estate and rental and leasing.....	16,812	13,244	1,029	176	37	131	24
Professional, scientific, and technical services.....	42,387	39,252	463	89	671	36	197
Management of companies (holding companies).....	62,037	15,644	42,066	1,626	210	61	211
Administrative and support and waste management and remediation services.....	29,024	27,387	368	9	41	1	95
Educational services.....	704	669	1	0	26	0	5
Health care and social assistance.....	10,419	10,040	64	12	8	0	4
Arts, entertainment, and recreation.....	1,892	1,488	43	12	18	0	39
Accommodation and food services.....	25,081	21,294	437	96	572	3	41
Other services.....	2,759	2,627	25	0	28	0	63
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>12,095,567</b>	<b>10,216,860</b>	<b>1,007,417</b>	<b>78,583</b>	<b>124,273</b>	<b>14,739</b>	<b>52,580</b>
Agriculture, forestry, fishing, and hunting .....	21,951	21,002	97	57	47	4	132
Mining.....	144,751	134,494	2,074	290	604	214	574
Utilities.....	527,920	487,015	9,271	3,141	120	268	1,490
Construction.....	193,427	185,569	1,186	549	210	40	24
Manufacturing.....	3,950,848	3,584,364	103,166	21,559	76,928	1,841	31,934
Wholesale and retail trade [3].....	2,674,820	2,590,998	14,130	4,523	9,558	769	3,794
Wholesale trade.....	1,091,644	1,056,292	7,128	2,394	3,826	714	2,817
Retail trade.....	1,583,116	1,534,647	7,002	2,129	5,732	54	977
Transportation and warehousing.....	351,675	334,201	3,048	1,322	1,620	43	107
Information.....	774,870	668,578	22,524	11,823	21,905	705	7,189
Finance and insurance.....	2,041,195	1,340,985	485,896	6,562	1,182	8,920	3,755
Real estate and rental and leasing.....	57,314	49,729	1,670	490	235	20	18
Professional, scientific, and technical services.....	207,928	194,406	2,936	419	4,204	27	226
Management of companies (holding companies).....	626,404	145,506	354,491	26,189	413	1,780	2,648
Administrative and support and waste management and remediation services.....	152,552	141,255	2,649	199	1,556	20	304
Educational services.....	12,006	11,524	65	13	98	2	5
Health care and social assistance.....	150,227	144,017	615	429	172	27	49
Arts, entertainment, and recreation.....	20,357	17,597	579	115	136	5	24
Accommodation and food services.....	163,804	143,913	2,831	851	5,152	45	308
Other services.....	23,518	21,705	190	49	134	8	1

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>2,796,911</b>	<b>1,864,878</b>	<b>11,270</b>	<b>179,072</b>	<b>125,847</b>	<b>36,107</b>	<b>99,879</b>
Agriculture, forestry, fishing, and hunting .....	9,287	8,058	25	234	116	42	202
Mining.....	34,013	17,683	123	1,984	2,057	776	2,741
Utilities.....	29,511	15,943	26	1,221	2,534	916	2,697
Construction.....	36,680	30,619	197	1,743	463	364	418
Manufacturing.....	1,374,328	1,035,551	3,183	62,758	34,377	14,704	52,905
Wholesale and retail trade.....	725,353	582,118	1,594	36,581	6,847	6,443	16,192
Wholesale trade.....	579,656	477,631	1,364	21,945	4,873	4,329	13,377
Retail trade.....	145,698	104,488	230	14,636	1,975	2,114	2,815
Transportation and warehousing.....	38,203	13,093	176	6,394	782	1,135	1,684
Information.....	84,275	26,415	377	10,433	12,368	1,591	5,730
Finance and insurance.....	282,406	88,995	4,343	25,179	43,466	3,871	6,165
Real estate and rental and leasing.....	19,171	2,896	93	2,413	1,747	416	5,873
Professional, scientific, and technical services.....	41,594	15,424	573	9,999	1,309	1,951	928
Management of companies (holding companies).....	53,951	27	283	8,029	17,303	970	2,440
Administrative and support and waste management and remediation services.....	28,755	13,885	114	4,938	1,078	1,163	716
Educational services.....	715	216	19	194	29	28	11
Health care and social assistance.....	10,060	2,887	37	1,762	346	365	333
Arts, entertainment, and recreation.....	1,676	486	18	250	103	34	91
Accommodation and food services.....	24,412	9,256	74	4,592	872	1,285	728
Other services.....	2,520	1,327	16	368	50	54	24
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>11,519,247</b>	<b>6,304,034</b>	<b>66,316</b>	<b>1,170,178</b>	<b>703,668</b>	<b>237,269</b>	<b>432,343</b>
Agriculture, forestry, fishing, and hunting .....	20,934	15,931	149	1,096	565	334	584
Mining.....	135,331	77,898	1,234	6,227	6,146	4,078	8,898
Utilities.....	524,651	291,370	1,487	22,887	35,198	18,347	45,956
Construction.....	180,314	139,547	1,631	8,593	2,293	2,719	2,195
Manufacturing.....	3,785,685	2,583,314	15,007	242,766	133,940	71,918	131,704
Wholesale and retail trade [3].....	2,582,311	1,995,969	8,276	217,613	22,754	34,754	44,265
Wholesale trade.....	1,056,583	890,872	4,434	54,067	9,894	8,908	12,123
Retail trade.....	1,525,671	1,105,048	3,842	163,543	12,859	25,845	32,142
Transportation and warehousing.....	350,660	87,539	1,247	75,409	8,929	13,206	25,409
Information.....	749,058	135,061	5,383	122,429	50,078	20,045	74,993
Finance and insurance.....	1,891,903	752,225	14,138	190,261	259,530	29,477	23,864
Real estate and rental and leasing.....	57,983	8,139	531	10,162	4,124	1,585	14,718
Professional, scientific, and technical services.....	207,251	63,866	3,900	54,566	4,797	6,027	4,946
Management of companies (holding companies).....	524,343	5,318	8,656	91,537	157,740	12,597	35,399
Administrative and support and waste management and remediation services.....	150,657	64,698	836	26,472	4,733	6,351	4,635
Educational services.....	10,983	1,573	211	3,759	141	339	473
Health care and social assistance.....	146,342	18,499	2,093	53,985	3,744	5,898	4,592
Arts, entertainment, and recreation.....	20,382	3,497	238	4,172	1,516	1,402	1,481
Accommodation and food services.....	157,186	50,066	1,164	34,450	6,684	7,413	7,528
Other services.....	23,275	9,524	136	3,794	754	777	702

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>89,123</b>	<b>5,084</b>	<b>93,171</b>	<b>124,436</b>	<b>-31,265</b>	<b>27,748</b>	<b>24,033</b>
Agriculture, forestry, fishing, and hunting .....	181	2	183	249	-66	36	34
Mining.....	2,204	141	2,325	3,214	-889	1,507	1,417
Utilities.....	-8	0	-11	772	-784	742	677
Construction.....	1,424	19	1,438	1,727	-288	477	467
Manufacturing.....	47,133	2,906	49,847	61,254	-11,407	9,720	8,784
Wholesale and retail trade.....	15,120	243	15,326	19,428	-4,102	3,233	2,711
Wholesale trade.....	13,317	243	13,527	16,998	-3,471	2,546	2,024
Retail trade.....	1,803	0	1,798	2,430	-632	687	687
Transportation and warehousing.....	59	10	45	993	-948	267	264
Information.....	1,032	702	1,731	4,330	-2,599	2,588	2,122
Finance and insurance.....	13,718	446	13,851	17,785	-3,934	6,540	5,266
Real estate and rental and leasing.....	-2,359	13	-2,390	1,345	-3,735	762	657
Professional, scientific, and technical services.....	792	136	889	2,077	-1,189	646	609
Management of companies (holding companies).....	8,086	366	8,101	8,262	-162	422	261
Administrative and support and waste management and remediation services.....	268	6	272	637	-365	362	361
Educational services.....	-10	5	-6	d	d	d	d
Health care and social assistance.....	358	4	362	479	-117	64	62
Arts, entertainment, and recreation.....	216	0	216	d	d	d	d
Accommodation and food services.....	669	54	723	1,353	-630	282	280
Other services.....	238	30	268	287	-19	17	16
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>576,320</b>	<b>77,394</b>	<b>635,221</b>	<b>766,361</b>	<b>-131,139</b>	<b>72,908</b>	<b>51,387</b>
Agriculture, forestry, fishing, and hunting .....	1,018	76	1,092	1,362	-270	253	123
Mining.....	9,420	404	9,789	11,746	-1,958	1,862	1,644
Utilities.....	3,269	1,165	3,935	16,747	-12,812	4,516	3,555
Construction.....	13,113	12	13,105	13,953	-848	465	428
Manufacturing.....	165,163	53,807	216,257	253,760	-37,503	23,310	17,520
Wholesale and retail trade [3].....	92,509	5,088	96,522	102,250	-5,729	6,108	4,808
Wholesale trade.....	35,061	3,569	37,952	40,526	-2,574	3,633	2,937
Retail trade.....	57,445	1,519	58,566	61,721	-3,154	2,475	1,871
Transportation and warehousing.....	1,015	760	1,683	11,997	-10,314	671	519
Information.....	25,812	3,999	28,985	59,495	-30,510	13,127	9,442
Finance and insurance.....	149,291	6,275	148,817	157,787	-8,970	13,650	6,930
Real estate and rental and leasing.....	-669	74	-665	2,798	-3,463	576	552
Professional, scientific, and technical services.....	677	639	1,184	9,854	-8,670	2,156	2,135
Management of companies (holding companies).....	102,061	4,370	100,570	101,453	-884	3,326	951
Administrative and support and waste management and remediation services.....	1,896	227	2,009	5,262	-3,253	1,190	1,159
Educational services.....	1,022	4	1,001	1,160	-160	57	55
Health care and social assistance.....	3,885	109	3,784	6,739	-2,956	892	871
Arts, entertainment, and recreation.....	-25	12	-21	635	-656	73	70
Accommodation and food services.....	6,618	367	6,937	8,552	-1,615	617	573
Other services.....	242	6	239	809	-570	58	52

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Income subject to tax	Total income tax before credits	Income tax	Alternative minimum tax	Total credits	Foreign tax credit	Total income tax after credits
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>							
<b>All industries.....</b>	<b>97,047</b>	<b>34,455</b>	<b>33,896</b>	<b>549</b>	<b>6,995</b>	<b>5,324</b>	<b>27,460</b>
Agriculture, forestry, fishing, and hunting .....	215	75	75	0	4	1	72
Mining.....	1,789	717	626	91	524	524	193
Utilities.....	48	50	16	31	0	0	50
Construction.....	1,258	449	440	8	8	6	441
Manufacturing.....	51,594	18,232	18,040	190	4,708	3,744	13,524
Wholesale and retail trade.....	16,221	5,706	5,658	47	388	221	5,319
Wholesale trade.....	14,478	5,086	5,050	35	353	211	4,733
Retail trade.....	1,743	620	609	12	35	10	585
Transportation and warehousing.....	726	257	253	4	26	9	230
Information.....	1,752	644	611	33	77	49	568
Finance and insurance.....	11,312	4,012	3,934	83	518	370	3,494
Real estate and rental and leasing.....	583	217	203	14	18	5	200
Professional, scientific, and technical services.....	1,435	508	500	7	109	82	399
Management of companies (holding companies).....	7,922	2,805	2,772	23	392	166	2,413
Administrative and support and waste management and remediation services.....	275	102	96	6	14	1	88
Educational services.....	d	d	d	d	d	d	d
Health care and social assistance.....	418	147	146	1	7	1	140
Arts, entertainment, and recreation.....	d	d	d	d	d	d	d
Accommodation and food services.....	1,070	382	374	7	167	111	215
Other services.....	270	95	95	0	32	31	63
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>							
<b>All industries.....</b>	<b>694,388</b>	<b>245,495</b>	<b>243,046</b>	<b>2,646</b>	<b>67,145</b>	<b>51,085</b>	<b>178,349</b>
Agriculture, forestry, fishing, and hunting .....	1,110	388	387	2	10	5	379
Mining.....	9,885	3,571	3,458	112	968	789	2,603
Utilities.....	12,762	4,596	4,485	91	718	28	3,878
Construction.....	13,491	4,723	4,712	7	122	11	4,601
Manufacturing.....	230,842	81,346	80,750	558	39,762	33,668	41,584
Wholesale and retail trade [3].....	96,260	33,900	33,911	237	3,453	2,746	30,446
Wholesale trade.....	36,950	12,999	12,902	103	2,482	2,004	10,517
Retail trade.....	59,307	20,900	21,008	134	972	742	19,928
Transportation and warehousing.....	11,335	3,972	3,962	10	324	183	3,648
Information.....	46,444	16,407	16,249	153	3,575	2,663	12,832
Finance and insurance.....	143,902	51,604	50,275	1,354	9,546	5,258	42,059
Real estate and rental and leasing.....	2,223	801	776	24	21	6	780
Professional, scientific, and technical services.....	7,710	2,729	2,690	38	454	360	2,275
Management of companies (holding companies).....	98,137	34,335	34,306	25	6,747	4,475	27,588
Administrative and support and waste management and remediation services.....	4,076	1,435	1,422	13	388	240	1,047
Educational services.....	1,103	386	386	1	4	3	383
Health care and social assistance.....	5,855	2,058	2,046	12	52	15	2,005
Arts, entertainment, and recreation.....	562	200	195	4	57	47	143
Accommodation and food services.....	7,936	2,779	2,772	5	933	584	1,846
Other services.....	753	263	263	1	11	4	252

Footnotes at end of table.



# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages					
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	Total liabilities divided by net worth
	Divided by total number of returns		Divided by total assets			(48)
	(43)	(44)	(45)	(46)	(47)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries.....</b>	<b>69.35</b>	<b>66.26</b>	<b>45.64</b>	<b>33.03</b>	<b>21.33</b>	<b>368.74</b>
Agriculture, forestry, fishing, and hunting .....	35.29	29.41	27.95	31.05	41.00	143.90
Mining.....	63.08	58.46	10.77	26.91	62.32	60.46
Utilities.....	56.52	56.52	12.30	61.32	26.38	279.05
Construction.....	70.77	69.23	43.47	28.57	27.96	257.67
Manufacturing.....	64.79	61.06	46.91	27.73	25.36	294.25
Wholesale and retail trade.....	78.58	75.29	42.49	30.19	27.32	266.03
Wholesale trade.....	79.66	76.47	45.25	25.50	29.26	241.82
Retail trade.....	69.67	65.57	32.02	47.99	19.98	400.41
Transportation and warehousing.....	61.80	58.43	23.17	43.56	33.27	200.53
Information.....	49.54	46.79	12.09	28.64	59.26	68.73
Finance and insurance.....	76.45	76.09	46.94	41.96	11.10	800.65
Real estate and rental and leasing.....	73.02	71.43	36.85	41.66	21.49	365.43
Professional, scientific, and technical services.....	59.63	58.39	29.62	22.13	48.25	107.24
Management of companies (holding companies).....	67.61	64.79	74.13	15.01	10.86	820.73
Administrative and support and waste management and remediation services.....	59.65	56.14	24.20	39.69	36.11	176.93
Educational services.....	d	d	26.17	31.32	42.51	135.26
Health care and social assistance.....	50.00	50.00	15.66	26.11	58.23	71.72
Arts, entertainment, and recreation.....	d	d	47.89	17.29	34.82	187.21
Accommodation and food services.....	61.90	57.14	13.00	42.43	44.57	124.35
Other services.....	73.33	66.67	23.78	42.96	33.26	200.67
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries.....</b>	<b>73.64</b>	<b>71.66</b>	<b>46.69</b>	<b>30.78</b>	<b>22.53</b>	<b>343.85</b>
Agriculture, forestry, fishing, and hunting .....	71.13	67.01	22.83	51.24	25.93	285.61
Mining.....	62.43	67.40	13.86	44.87	41.27	142.31
Utilities.....	61.08	62.28	20.57	53.35	26.08	283.41
Construction.....	81.52	82.14	31.03	34.12	34.85	186.90
Manufacturing.....	67.42	64.81	31.50	33.16	35.34	183.00
Wholesale and retail trade [3].....	77.22	74.28	31.52	22.27	46.22	116.36
Wholesale trade.....	80.10	77.32	27.66	20.42	51.91	92.63
Retail trade.....	73.77	70.68	35.32	24.08	40.60	146.32
Transportation and warehousing.....	68.58	64.59	21.69	52.47	25.84	287.04
Information.....	51.99	51.07	19.66	38.29	42.04	137.86
Finance and insurance.....	83.37	82.23	45.94	39.88	14.18	605.31
Real estate and rental and leasing.....	58.49	56.60	26.42	40.82	32.76	205.30
Professional, scientific, and technical services.....	66.16	65.47	35.61	30.48	33.92	194.82
Management of companies (holding companies).....	93.97	94.45	71.81	13.34	14.84	573.83
Administrative and support and waste management and remediation services.....	68.05	61.98	19.54	45.09	35.37	182.75
Educational services.....	65.12	65.12	32.24	13.06	54.70	82.83
Health care and social assistance.....	60.59	55.29	20.54	46.96	32.50	207.73
Arts, entertainment, and recreation.....	49.18	49.18	18.30	57.73	23.97	317.27
Accommodation and food services.....	57.37	53.39	15.93	43.92	40.16	149.02
Other services.....	53.33	52.00	19.23	49.45	31.32	219.28

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages—Continued					
	Total receipts divided by total assets	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by		
				Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries.....</b>	<b>37.74</b>	<b>72.24</b>	<b>4.36</b>	<b>1.17</b>	<b>5.46</b>	<b>3.09</b>
Agriculture, forestry, fishing, and hunting .....	248.05	87.12	1.23	4.74	11.57	1.91
Mining.....	40.02	54.11	5.68	2.44	3.91	6.09
Utilities.....	35.98	57.43	8.59	-0.01	-0.04	-0.03
Construction.....	136.73	84.99	1.22	5.11	18.28	3.74
Manufacturing.....	67.07	77.11	2.42	2.22	8.77	3.32
Wholesale and retail trade.....	164.20	80.95	0.92	3.35	12.27	2.04
Wholesale trade.....	166.19	83.03	0.82	3.73	12.76	2.25
Retail trade.....	156.70	72.65	1.34	1.92	9.58	1.22
Transportation and warehousing.....	89.57	35.71	2.04	0.14	0.42	0.15
Information.....	15.70	37.99	14.50	0.19	0.32	1.21
Finance and insurance.....	9.38	50.58	14.68	0.43	3.91	4.63
Real estate and rental and leasing.....	23.91	21.87	10.39	-3.36	-15.62	-14.03
Professional, scientific, and technical services.....	48.54	39.29	3.09	0.91	1.88	1.87
Management of companies (holding companies).....	7.16	0.17	27.89	0.93	8.59	13.03
Administrative and support and waste management and remediation services.....	85.93	50.70	3.71	0.79	2.20	0.92
Educational services.....	55.83	32.29	4.12	-0.79	-1.87	-1.42
Health care and social assistance.....	68.71	28.75	3.32	2.36	4.05	3.44
Arts, entertainment, and recreation.....	75.20	32.66	5.44	8.59	24.66	11.42
Accommodation and food services.....	51.76	43.47	3.48	1.38	3.10	2.67
Other services.....	102.53	50.51	1.81	8.84	26.59	8.63
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries.....</b>	<b>32.00</b>	<b>61.70</b>	<b>5.82</b>	<b>1.52</b>	<b>6.77</b>	<b>4.76</b>
Agriculture, forestry, fishing, and hunting .....	86.22	75.85	2.57	4.00	15.42	4.64
Mining.....	44.59	57.92	4.25	2.90	7.03	6.51
Utilities.....	40.47	59.83	6.67	0.25	0.96	0.62
Construction.....	129.95	75.20	1.19	8.81	25.28	6.78
Manufacturing.....	59.95	72.07	3.39	2.51	7.09	4.18
Wholesale and retail trade [3].....	162.09	77.03	0.85	5.61	12.13	3.46
Wholesale trade.....	133.16	84.34	0.91	4.28	8.24	3.21
Retail trade.....	190.66	72.01	0.81	6.92	17.04	3.63
Transportation and warehousing.....	81.58	26.19	2.54	0.24	0.91	0.29
Information.....	34.49	20.20	6.46	1.15	2.73	3.33
Finance and insurance.....	15.60	56.09	12.71	1.14	8.05	7.31
Real estate and rental and leasing.....	47.30	16.37	7.20	-0.55	-1.69	-1.17
Professional, scientific, and technical services.....	75.63	32.85	2.31	0.25	0.73	0.33
Management of companies (holding companies).....	5.70	3.65	25.18	0.93	6.25	16.29
Administrative and support and waste management and remediation services.....	86.61	45.80	3.10	1.08	3.04	1.24
Educational services.....	104.82	13.65	1.17	8.92	16.31	8.51
Health care and social assistance.....	113.63	12.85	2.49	2.94	9.04	2.59
Arts, entertainment, and recreation.....	63.43	19.87	7.45	-0.08	-0.33	-0.12
Accommodation and food services.....	75.11	34.79	4.08	3.03	7.56	4.04
Other services.....	83.01	43.88	3.21	0.85	2.73	1.03

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages—Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
(55)	(56)	(57)	(58)	
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>				
<b>All industries.....</b>	<b>1.22</b>	<b>5.71</b>	<b>3.23</b>	<b>19.31</b>
Agriculture, forestry, fishing, and hunting .....	4.79	11.69	1.93	13.65
Mining.....	2.57	4.12	6.42	44.09
Utilities.....	-0.01	-0.05	-0.04	87.69
Construction.....	5.16	18.45	3.77	27.04
Manufacturing.....	2.35	9.27	3.51	14.34
Wholesale and retail trade.....	3.40	12.44	2.07	13.95
Wholesale trade.....	3.79	12.96	2.28	11.91
Retail trade.....	1.91	9.56	1.22	28.27
Transportation and warehousing.....	0.11	0.32	0.12	26.59
Information.....	0.32	0.54	2.03	49.01
Finance and insurance.....	0.44	3.95	4.68	29.61
Real estate and rental and leasing.....	-3.40	-15.82	-14.22	48.85
Professional, scientific, and technical services.....	1.02	2.11	2.10	29.32
Management of companies (holding companies).....	0.94	8.61	13.06	3.16
Administrative and support and waste management and remediation services.....	0.81	2.23	0.94	56.67
Educational services.....	-0.48	-1.12	-0.85	d
Health care and social assistance.....	2.39	4.10	3.47	12.94
Arts, entertainment, and recreation.....	8.59	24.66	11.42	d
Accommodation and food services.....	1.49	3.35	2.88	20.69
Other services.....	9.96	29.94	9.71	5.57
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>				
<b>All industries.....</b>	<b>1.68</b>	<b>7.46</b>	<b>5.25</b>	<b>6.71</b>
Agriculture, forestry, fishing, and hunting .....	4.29	16.54	4.97	9.03
Mining.....	3.02	7.31	6.76	14.00
Utilities.....	0.30	1.16	0.75	21.23
Construction.....	8.80	25.26	6.78	3.07
Manufacturing.....	3.28	9.29	5.47	6.90
Wholesale and retail trade [3].....	5.85	12.66	3.61	4.70
Wholesale trade.....	4.63	8.92	3.48	7.25
Retail trade.....	7.05	17.37	3.70	3.03
Transportation and warehousing.....	0.39	1.51	0.48	4.33
Information.....	1.29	3.07	3.74	15.87
Finance and insurance.....	1.14	8.02	7.29	4.39
Real estate and rental and leasing.....	-0.55	-1.68	-1.16	19.73
Professional, scientific, and technical services.....	0.43	1.27	0.57	21.67
Management of companies (holding companies).....	0.91	6.16	16.06	0.94
Administrative and support and waste management and remediation services.....	1.14	3.22	1.32	22.03
Educational services.....	8.74	15.98	8.34	4.74
Health care and social assistance.....	2.86	8.81	2.52	12.92
Arts, entertainment, and recreation.....	-0.07	-0.27	-0.10	11.02
Accommodation and food services.....	3.18	7.92	4.23	6.70
Other services.....	0.84	2.69	1.02	6.43

Footnotes at end of table.

# Foreign-Controlled Domestic Corporations, 2004

**Table 4. "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Industrial Sectors, Tax Year 2004—Continued**

[Money amounts are in millions of dollars]

Control status and industrial sectors	Percentages—Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(59)	(60)	(61)	(62)	(63)	(64)
<b>FOREIGN-CONTROLLED DOMESTIC CORPORATIONS</b>						
<b>All industries.....</b>	<b>1.27</b>	<b>5.95</b>	<b>3.36</b>	<b>0.36</b>	<b>1.68</b>	<b>0.95</b>
Agriculture, forestry, fishing, and hunting .....	5.63	13.74	2.27	1.89	4.60	0.76
Mining.....	1.98	3.17	4.94	0.21	0.34	0.53
Utilities.....	0.06	0.22	0.16	0.06	0.23	0.17
Construction.....	4.51	16.14	3.30	1.58	5.66	1.16
Manufacturing.....	2.43	9.60	3.63	0.64	2.52	0.95
Wholesale and retail trade.....	3.60	13.17	2.19	1.18	4.32	0.72
Wholesale trade.....	4.06	13.87	2.44	1.33	4.53	0.80
Retail trade.....	1.85	9.27	1.18	0.62	3.11	0.40
Transportation and warehousing.....	1.70	5.11	1.90	0.54	1.62	0.60
Information.....	0.32	0.54	2.05	0.10	0.18	0.67
Finance and insurance.....	0.36	3.23	3.82	0.11	1.00	1.18
Real estate and rental and leasing.....	0.83	3.86	3.47	0.28	1.32	1.19
Professional, scientific, and technical services.....	1.64	3.41	3.39	0.46	0.95	0.94
Management of companies (holding companies).....	0.91	8.42	12.77	0.28	2.56	3.89
Administrative and support and waste management and remediation services.....	0.81	2.25	0.95	0.26	0.72	0.30
Educational services.....	d	d	d	d	d	d
Health care and social assistance.....	2.76	4.73	4.01	0.92	1.59	1.34
Arts, entertainment, and recreation.....	d	d	d	d	d	d
Accommodation and food services.....	2.21	4.95	4.27	0.44	1.00	0.86
Other services.....	10.03	30.17	9.79	2.34	7.04	2.28
<b>DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED</b>						
<b>All industries.....</b>	<b>1.84</b>	<b>8.15</b>	<b>5.74</b>	<b>0.47</b>	<b>2.09</b>	<b>1.47</b>
Agriculture, forestry, fishing, and hunting .....	4.36	16.81	5.06	1.49	5.74	1.73
Mining.....	3.04	7.38	6.83	0.80	1.94	1.80
Utilities.....	0.98	3.75	2.42	0.30	1.14	0.73
Construction.....	9.06	26.00	6.97	3.09	8.87	2.38
Manufacturing.....	3.50	9.91	5.84	0.63	1.79	1.05
Wholesale and retail trade [3].....	5.83	12.62	3.60	1.84	3.99	1.14
Wholesale trade.....	4.51	8.68	3.38	1.28	2.47	0.96
Retail trade.....	7.14	17.59	3.75	2.40	5.91	1.26
Transportation and warehousing.....	2.63	10.18	3.22	0.85	3.28	1.04
Information.....	2.07	4.92	5.99	0.57	1.36	1.66
Finance and insurance.....	1.10	7.76	7.05	0.32	2.27	2.06
Real estate and rental and leasing.....	1.83	5.60	3.88	0.64	1.97	1.36
Professional, scientific, and technical services.....	2.80	8.27	3.71	0.83	2.44	1.09
Management of companies (holding companies).....	0.89	6.01	15.67	0.25	1.69	4.40
Administrative and support and waste management and remediation services.....	2.31	6.54	2.67	0.59	1.68	0.69
Educational services.....	9.63	17.61	9.19	3.34	6.11	3.19
Health care and social assistance.....	4.43	13.63	3.90	1.52	4.67	1.33
Arts, entertainment, and recreation.....	1.75	7.31	2.76	0.45	1.86	0.70
Accommodation and food services.....	3.64	9.06	4.84	0.85	2.11	1.13
Other services.....	2.66	8.49	3.20	0.89	2.84	1.07

d 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 \$18.5 billion for large domestic corporations not foreign-controlled, and \$1.0 billion for large foreign-controlled domestic corporations.

[2] Less than \$500,000.

[3] Includes "Wholesale and retail trade not allocable," which is not shown separately.

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 because of rounding.