

Foreign-Controlled Domestic Corporations, 2008

by James R. Hobbs

For Tax Year 2008, the 66,797 U.S. domestic corporations, each controlled by a foreign “person,” generated \$4.4 trillion of total receipts with \$10.9 trillion of total assets, based on information reported on corporation income tax returns filed with the Internal Revenue Service (IRS). A “person” is an entity, including an individual, corporation, partnership, estate, or trust. “Foreign-controlled domestic corporation” returns were relatively few in number, just 1.1 percent of the total U.S. corporation income tax returns filed. However, they accounted for 15.3 percent of the receipts and 14.2 percent of the assets reported on all U.S. corporation income tax returns.¹

The total profits (i.e., “net income (less deficit)”) reported by all foreign-controlled domestic corporations (FCDCs) for tax purposes under the Internal Revenue Code were \$21.8 billion for 2008. This was an 85.7-percent decrease from the amount reported for the prior year. Placed in context, the profits reported on all corporation income tax returns decreased by 46.4 percent from the prior year, to \$1.0 trillion for 2008.² FCDCs accounted for 2.2 percent of the profits reported by all corporations for 2008, down from 8.3 percent for 2007.

Of the 66,797 FCDCs, 28,399 reported positive profits for 2008, totaling \$172.9 billion. This was a 23.7-percent decrease from the prior-year amount. These profitable companies for 2008 also reported \$140.2 billion of taxable income (i.e., “income subject to tax”), once again a decrease of 23.7 percent from the prior year. The U.S. tax liability (i.e., “total income tax after credits”) of FCDCs was \$38.2 billion for 2008, 27.6 percent less than that of the prior year.

For 2008, there were 4,400 “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: 94.6 percent of total assets, 95.2 percent of total receipts, 96.4 percent of profits, 94.3 percent of taxable income, and 93.2 percent of total income tax after credits. After an overview of all FCDCs, this article focuses on these large foreign-controlled domestic corporations, and it includes a comparison of the “oldest and largest” FCDCs to other old and large domestic corporations (i.e., those not controlled by foreign persons). “Old” corporations are those with dates of incorporation prior to 2006 or with unknown dates of incorporation.

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 2008. Tables 2, 3, and 4 concentrate on Tax Year 2008 data. Table 2 includes information for all FCDCs, classified by major industry under the North American Industry Classification System (NAICS). Table 3 also presents data for all FCDCs, classified by country of the foreign owner, as well as age of the corporation. Table 4 presents information on “old and large” FCDCs for selected industries. For comparison purposes, this table also contains data for old and large domestic corporations not controlled by foreign persons.

Foreign Business Activity in the United States

Foreign business activity in the United States can take several forms, including corporations. With regard to corporations, a foreign investor may own stock in a domestic (i.e., United States) company or in a company that operates in the United States as a branch of a foreign corporation.^{3,4} This article focuses on domestic corporations that are “controlled” by foreign persons. For the foreign-controlled domestic

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¹ For additional 2008 statistics covering foreign-controlled domestic corporations (FCDCs), see Tables 24 and 25 of *Statistics of Income—2008, Corporation Income Tax Returns*, IRS Publication 16, April 2011. Statistics for tax years prior to 2008 are available in earlier editions of Publication 16. Additionally, for 2007 statistics covering FCDCs, see Hobbs, James R., “Foreign-Controlled Domestic Corporations, 2007,” *Statistics of Income Bulletin*, Summer 2010, Volume 30, Number 1. In addition, FCDC data are included on the IRS Internet site at www.irs.gov, under Tax Stats/International/Foreign-Controlled Domestic Corporations.

² Total corporate data referenced throughout this article come from: (1) *Statistics of Income Bulletin*, Publication 1136, selected issues; (2) *Statistics of Income—Corporation Income Tax Returns*, Publication 16, selected years; (3) *Source Book of Statistics of Income—Corporation Income Tax Returns*, Publication 1053, selected years; and (4) unpublished Statistics of Income tabulations.

³ Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is “one which is not domestic.”

⁴ 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. For the most recent statistics from that study, see Tables 10 and 11 that cover branch operations of foreign corporations with income “effectively connected” with a U.S. trade or business, in *Statistics of Income—2008, Corporation Income Tax Returns*, IRS Publication 16, April 2011. Statistics for tax years prior to 2008 are available in earlier editions of Publication 16 and on the IRS Internet site at www.irs.gov, under Tax Stats/International/Foreign Corporations with U.S. Business Operations.

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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.^{5,6} (This is discussed in greater depth in the Explanation of Selected Terms section of this article, under "Constructive ownership rules" and "Foreign person.")

The foreign-controlled domestic corporation statistics shown in this article exclude domestic corporations with only foreign "portfolio" investors. 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.

Foreign-controlled domestic corporations report tax information 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. In-*

come 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.⁷ 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 Tax Years 1999-2008. There were 59,514 returns of foreign-controlled domestic corporations for 1999 and 66,797 for 2008, a 12.2-percent increase. During this same time period, the total number of U.S. corporation income tax returns grew by 18.5 percent, from 4.9 million to 5.8 million. FCDCs generally comprised a slowly decreasing percentage of those returns, from 1.2 percent for 1999 down to 1.1 percent for 2008. The increase in total filings of U.S. corporation income tax returns has largely been due to the growth in the number of Forms 1120S filed by S corporations. For 1999, 1120S returns comprised 55.2 percent of all corporation returns (2.7 million of the total 4.9 million returns); for 2008, 69.3 percent of all returns (4.0 million of the total 5.8 million returns). FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes. (See "S corporations" in the Explanation of Selected Terms section of this article.)

The counts of corporation income tax returns include consolidated returns. These returns contain the combined financial data of two or more corporations in which a common parent corporation owns at least 80 percent of the stock of at least one member

⁵ This study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or less. However, the tax 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 data on these domestic corporations. For 2008, there were only 3,931 returns that indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported \$221.3 billion of assets, \$145.1 billion of receipts, \$6.8 billion of taxable income, and \$2.0 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.

⁶ 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.

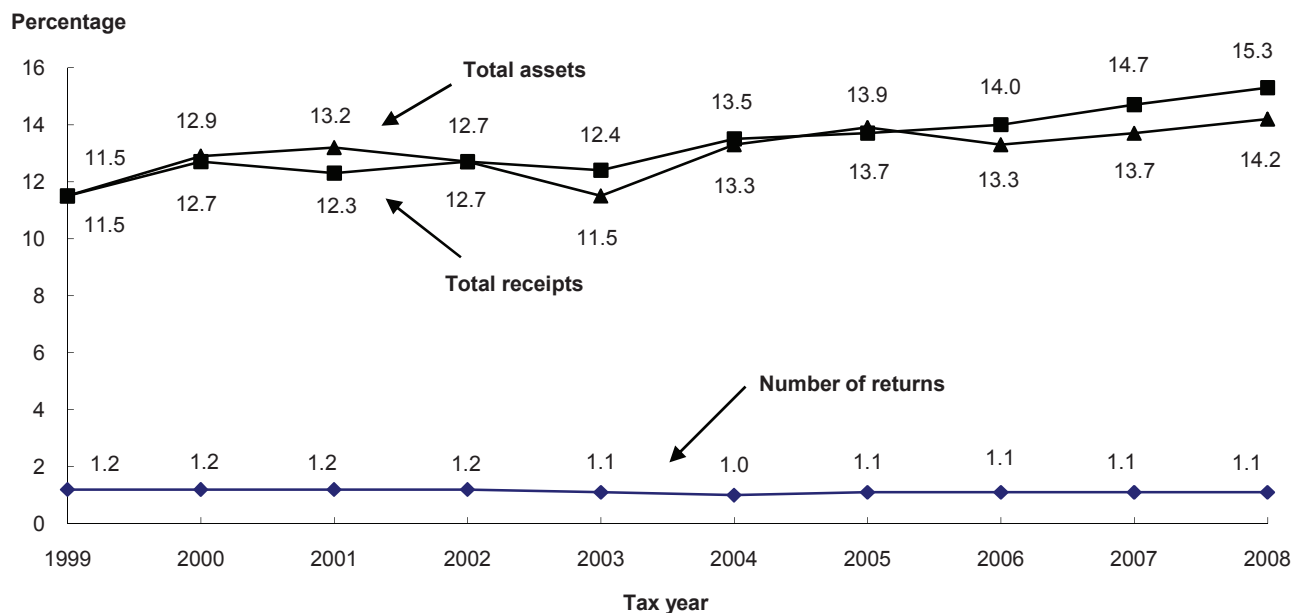
⁷ As a result of the Statistics of Income (SOI) sampling process, data shown in this article for "all corporations" exclude certain out-of-scope returns, such as returns for homeowners' associations (Form 1120-H) and certain political organizations (Form 1120-POL). For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income—2008, 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.

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Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 1999–2008



of the group, and at least 80 percent of the stock of each other member of the group is owned within the group. A consolidated return filed by a common parent is treated as a single unit, with each statistical item being determined on the basis of the combined data of the affiliated group.

FCDCs, like most other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. For 2008, there were 6,197 consolidated returns filed by FCDCs, 9.3 percent of all FCDC returns. These returns accounted for the majority of economic activity reported by all FCDCs. Specifically, they accounted for \$9.6 trillion of assets (88.3 percent of the total for all FCDCs), \$3.8 trillion of receipts (86.6 percent of the total), \$14.2 billion of profits (65.2 percent of the total), \$120.9 billion of taxable income (86.2 percent of the total), and \$32.4 billion of total income tax after credits (84.8 percent of the total).

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. The study, however, did not tabulate the number of subsidiary corporations included in the consolidated returns.

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.⁸ In particular, the share of both total U.S. corporate assets and receipts accounted for by FCDCs increased between 1999 and 2008.

The assets of domestic corporations controlled by foreign persons increased by 128.7 percent between 1999 and 2008, as compared to the 85.2-percent increase for the assets reported on all U.S. corporation income tax returns.⁹ As a result of these changes, the percentage of total corporate assets accounted for by FCDCs increased from 11.5 percent for 1999 to 14.2 percent for 2008 (Figure A).

Total receipts of FCDCs increased by 101.5 percent between 1999 and 2008, as compared to the

⁸ 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. Electronic versions of the articles can be obtained from the Internet at www.bea.gov/international/index.htm. 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.

⁹ The percentage changes in the assets between 1999 and 2008 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. 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.

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increase of 51.3 percent for all corporations. As a result, the share of the receipts reported on all corporate returns attributed to FCDCs increased from 11.5 percent for 1999 to 15.3 percent for 2008.

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

Industry Characteristics

For 2008, 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, 45,860 of the 66,797 (more than two-thirds of the total) had primary business activities in one of the following four industrial sectors: (1) wholesale trade (16,211); (2) real estate and rental and leasing (12,881); (3) professional, scientific, and technical services (8,918); and (4) manufacturing (7,850). By comparison, relatively few FCDCs were primarily involved in utilities (250), health care and social assistance (89), and educational services (13). The Data Sources and Limitations section discusses how returns were classified by industry.¹⁰

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

Figure B

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2008

[Money amounts are in millions of dollars]

Industrial sector	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	66,797	100.0	10,887,289	100.0	4,367,410	100.0
Agriculture, forestry, fishing, and hunting	823	1.2	6,183	0.1	3,438	0.1
Mining	708	1.1	191,849	1.8	86,126	2.0
Utilities	250	0.4	146,193	1.3	62,653	1.4
Construction	1,594	2.4	48,490	0.4	55,284	1.3
Manufacturing	7,850	11.8	2,578,206	23.7	2,018,705	46.2
Wholesale and retail trade	19,810	29.7	695,042	6.4	1,122,809	25.7
Wholesale trade	16,211	24.3	609,569	5.6	984,088	22.5
Retail trade	3,600	5.4	85,472	0.8	138,720	3.2
Transportation and warehousing	1,730	2.6	75,649	0.7	69,076	1.6
Information	2,346	3.5	292,536	2.7	111,938	2.6
Finance and insurance	3,361	5.0	5,065,415	46.5	509,053	11.7
Real estate and rental and leasing	12,881	19.3	179,054	1.6	26,316	0.6
Professional, scientific, and technical services	8,918	13.4	195,577	1.8	104,512	2.4
Management of companies (holding companies)	2,500	3.7	1,244,448	11.4	90,963	2.1
Administrative and support and waste management and remediation services	1,223	1.8	61,341	0.6	48,190	1.1
Educational services	13	[1]	4,221	[1]	1,762	[1]
Health care and social assistance	89	0.1	36,929	0.3	13,167	0.3
Arts, entertainment, and recreation	682	1.0	12,307	0.1	5,650	0.1
Accommodation and food services	1,424	2.1	46,832	0.4	29,959	0.7
Other services	592	0.9	7,018	0.1	7,809	0.2

[1] Less than 0.05 percent.

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

¹⁰ Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 24.9 percent and 24.7 percent of the receipts of all companies classified as wholesalers and manufacturers, respectively. However, these percentages may overstate the FCDC portion of wholesaling and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of the same product(s) and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies were classified in the wholesale trade industrial sector. See the Data Sources and Limitations section for additional information about industrial classification limitations.

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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 (valued as of the end of their accounting periods), resulting in \$1.61 of receipts for each dollar of end-of-year assets for 2008. 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 end-of-year assets. See Table 2.

Corporations classified as wholesalers accounted for 22.5 percent of the receipts for all FCDCs, a significant percentage, as is the 24.3 percent of the total FCDC returns they comprised. However, these companies reported only 5.6 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 1.6 percent of the assets and 0.6 percent of the receipts of all FCDCs. These percentages were both substantially less than the 19.3 percent of the FCDC returns that they filed.

Corporations classified in the professional, scientific, and technical services industrial sector reported only 1.8 percent of the assets and 2.4 percent of the receipts of all FCDCs. Both of these percentages are significantly lower than the portion (13.4 percent) of total FCDC returns this service sector represented. These service corporations were often small, with reported average amounts of assets and receipts of \$21.9 million and \$11.7 million, respectively.

Manufacturing corporations filed 11.8 percent of the FCDC returns for 2008. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (23.7 percent) and receipts (46.2 percent). These corporations were often large, with reported average amounts of assets and receipts of \$328.4 million and \$257.2 million, respectively.

Two additional sectors warrant discussion. While corporations classified in the finance and insurance industrial sector composed only 5.0 percent of the total returns filed by FCDCs for 2008, they accounted for the largest share (46.5 percent) of the total assets reported for any of the industrial sectors. Additionally, finance and insurance companies accounted for 11.7 percent of the total FCDC receipts.

Management (or holding) companies contributed a significant portion (11.4 percent) of the FCDC total

assets. However, this sector accounted for smaller portions of both the number of returns (3.7 percent) filed by FCDCs and the receipts (2.1 percent) reported by them.

While foreign-controlled domestic corporations accounted for 15.3 percent of the \$28.6 trillion of total receipts reported by all corporations filing U.S. income tax returns for 2008, these companies played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (24.9 percent), manufacturing (24.7 percent), and mining (18.4 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 agriculture, forestry, fishing, and hunting (2.1 percent), and health care and social assistance (2.0 percent). See Figure C.

FCDC industrial data at the sector level can be decomposed into more specific industrial classifications for analysis purposes. In general, sectors are composed of major groups, which in turn are composed of minor industries. For 2008, FCDCs in 17 minor industries each reported more than \$50 billion of total receipts. See Figure D. The largest minor industry was petroleum manufacturing refineries with \$749 billion of receipts. FCDCs in this minor industry accounted for 17.1 percent of the receipts of FCDCs in all industries, and for 32.3 percent of the receipts of all corporations classified in the petroleum manufacturing refineries industry.

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, a country represents 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 foreign corporation in the chain of related companies, which directly owns the stock of a U.S. subsidiary, may be located in a country different from that of the ultimate owner, the country reported on the tax return may not

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Figure C

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2008

[Money amounts are in millions of dollars]

Industrial sector	Total receipts		
	All corporations	Foreign-controlled domestic corporations	Percentage
	(1)	(2)	(3)
All industries [1]	28,589,771	4,367,410	15.3
Agriculture, forestry, fishing, and hunting	167,541	3,438	2.1
Mining	468,911	86,126	18.4
Utilities	778,635	62,653	8.0
Construction	1,479,039	55,284	3.7
Manufacturing	8,181,480	2,018,705	24.7
Wholesale and retail trade	7,507,396	1,122,809	15.0
Wholesale trade	3,956,696	984,088	24.9
Retail trade	3,550,700	138,720	3.9
Transportation and warehousing	822,029	69,076	8.4
Information	1,126,108	111,938	9.9
Finance and insurance	3,675,481	509,053	13.8
Real estate and rental and leasing	338,720	26,316	7.8
Professional, scientific, and technical services	1,050,083	104,512	10.0
Management of companies (holding companies)	1,027,864	90,963	8.8
Administrative and support and waste management and remediation services	497,308	48,190	9.7
Educational services	47,731	1,762	3.7
Health care and social assistance	643,838	13,167	2.0
Arts, entertainment, and recreation	104,316	5,650	5.4
Accommodation and food services	468,856	29,959	6.4
Other services	204,259	7,809	3.8

[1] Includes "Not allocable" (which is not shown separately) for all corporations shown in Column 1.

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

necessarily reflect the country of the ultimate owner. (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 2008, residents of 43 countries accounted for nearly 9 of every 10 domestic corporations classified as 50-percent-or-more controlled by a foreign person. The 58,810 corporations controlled by persons resident in the 43 countries shown in Table 3 accounted for nearly all of the total FCDC financial items, including 99.5 percent of total assets, 99.2 percent of total receipts, 98.6 percent of taxable income, and 98.4 percent of total income tax after credits.

From among these 43 countries, domestic corporations controlled by persons from just 7 countries produced 76.1 percent of the total receipts of all FCDCs. These top seven countries, in decreasing size of receipts, are the United Kingdom, Japan, Germany, Canada, France, the Netherlands, and Switzerland.

Domestic corporations controlled by persons resident in the United Kingdom reported total receipts of \$1.1 trillion for 2008, an amount larger than that for any other country. These receipts represented 24.1 percent of the total for all FCDCs. As shown in Figure E, the United Kingdom's share of 2008 FCDC receipts is substantially larger than its share of 1999 FCDC receipts (i.e., 14.3 percent).

For 2008, domestic corporations with owners resident in Japan (\$585 billion), Germany (\$432 billion), Canada (\$397 billion), France (\$295 billion), the Netherlands (\$293 billion), and Switzerland (\$271 billion) also accounted for significant amounts of receipts. Of these six countries, Japan's portion of total receipts decreased significantly between 1999 and 2008 (from 21.0 percent to 13.4 percent), as did the portions for Germany (14.4 percent down to 9.9 percent) and the Netherlands (12.4 percent down to 6.7 percent). Figure E shows that the portion of

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Figure D

Foreign-Controlled Domestic Corporations: Selected Items for the Largest Minor Industries, Tax Year 2008

[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)	14	657,322	748,810	23,118	23,971	23,862	3,882	0.5
Stock life insurance companies	60	1,406,720	248,290	-9,813	2,570	2,330	708	0.3
Motor vehicles and parts (manufacturers)	765	364,023	195,310	-9,376	704	418	107	0.1
Petroleum and petroleum products (wholesalers)	62	53,178	168,746	1,186	2,035	1,827	623	0.4
Electrical and electronic goods (wholesalers)	1,911	96,628	161,624	264	1,601	1,064	343	0.2
Motor vehicles and motor vehicle parts and supplies (wholesalers)	977	118,818	152,106	-5,215	611	391	137	0.1
Pharmaceutical and medicine (manufacturers)	115	287,820	140,755	17,096	19,189	18,245	5,111	3.6
Securities brokerage	109	1,291,802	94,936	-35,665	887	778	268	0.3
Offices of bank holding companies	32	1,148,485	83,963	-3,763	3,242	3,263	974	1.2
Professional and commercial equipment and supplies (wholesalers)	2,551	44,350	73,304	199	1,426	1,035	300	0.4
Food and beverage stores (retailers)	53	33,597	69,097	555	1,505	1,454	502	0.7
Furniture, sports, toys, recycle, jewelry, and other durable goods (wholesalers)	2,235	29,659	68,404	364	1,302	1,189	406	0.6
Basic chemicals (manufacturers)	110	86,431	67,984	-983	1,299	1,029	311	0.5
Machinery, equipment, and supplies (wholesalers)	3,034	43,550	62,887	964	1,695	1,535	513	0.8
Stock property and casualty insurance companies	130	399,408	59,200	2,013	5,929	4,848	1,407	2.4
Metal and mineral, except petroleum (wholesalers)	311	37,489	54,623	931	1,526	1,475	504	0.9
Iron, steel mills and steel products (manufacturers)	75	56,184	54,566	2,491	2,752	2,668	1,001	1.8

NOTES: This figure includes minor industries with at least \$50 billion of total receipts. These industries are listed by decreasing size of total receipts (column 3). Percentages are computed using rounded data.

FCDC total receipts accounted for by countries other than the largest seven increased in size over the 10-year period, from 16.9 percent to 23.8 percent. For 2008, the countries with the largest receipts included in this “other” grouping were: Sweden (\$94 billion), Bermuda (\$86 billion), South Korea (\$78 billion), Belgium (\$68 billion), Luxembourg (\$64 billion), and Australia (\$52 billion).

Domestic corporations controlled by persons resident in the United Kingdom accounted for \$2.5 trillion of assets, the largest portion held by any country. Corporations controlled by persons resident in Switzerland (\$1.3 trillion), Germany (\$1.2 trillion), Canada (\$1.2 trillion), France (\$1.1 trillion), the Netherlands (\$1.1 trillion), and Japan (\$0.8 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 2008, the United Kingdom was not responsible for the largest number of returns filed

for FCDCs. Canadian-controlled domestic corporations filed the most returns, 10,132. Japanese-controlled domestic corporations were second with 6,108 returns, followed by U.K.-controlled domestic corporations with 5,524 returns and German-controlled domestic corporations with 4,346 returns.

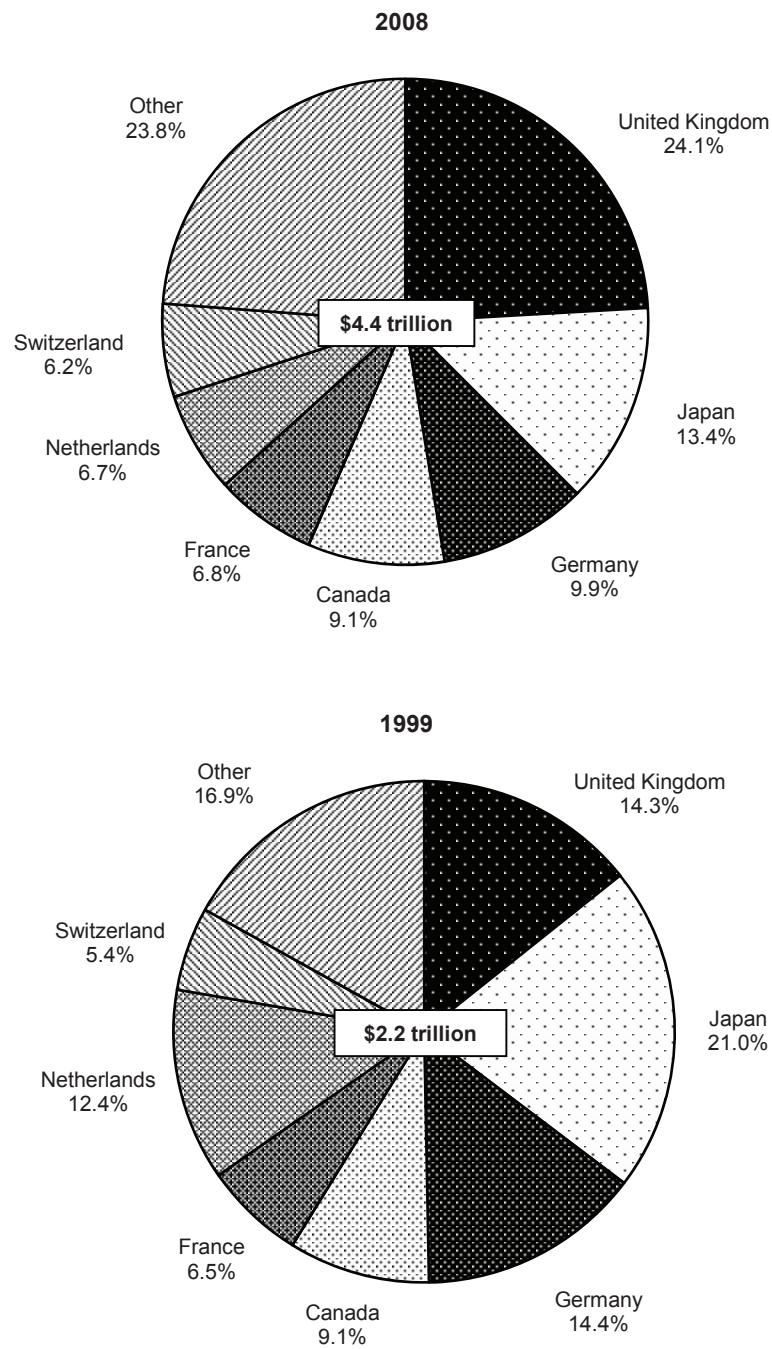
For 2008, the U.S. tax liability of all FCDCs was \$38.2 billion, or 0.9 percent of the \$4.4 trillion of receipts reported by all FCDCs. U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability (\$9.0 billion). Canadian-controlled corporations, with \$4.5 billion of tax liability, and Swiss-controlled corporations, with \$4.2 billion of tax liability, followed. For the U.K.-controlled corporations, tax liabilities were 0.9 percent of their \$1.1 trillion of receipts. Tax liabilities as a percent of receipts were somewhat higher at 1.1 percent for Canadian-controlled corporations, and even higher for Swiss-controlled corporations at 1.6 percent of their receipts. Many factors, including differences

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Figure E

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 1999 and 2008



NOTE: All amounts are in current dollars.

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in industrial apportionments and age apportionments (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

Combined Country and Industry Characteristics

There were some similarities, but also important differences among the primary industrial activities of the corporations with owners from the top seven countries. Figure F shows the industries that accounted for at least 10 percent of the total receipts of each of these countries.

For the United Kingdom, manufacturing was the predominant industrial sector, accounting for 70.5 percent of its total \$1.1 trillion of receipts. More specifically, petroleum and coal products manufacturers produced the most receipts of any major industrial group, accounting for \$616 billion, or 58.6 percent of the country total.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the \$585 billion of receipts: wholesale trade (54.3 percent of the total) and manufacturing (33.2 percent). Japan was the only country of the top seven in which wholesale trade was the leading industrial sector in producing receipts. More specifically, wholesale trade of durable goods was the leading major industrial group, producing 43.8 percent of the total receipts for this country. The second largest major industrial group was transportation equipment manufacturing with 18.6 percent of the receipts.

Like those in the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing, with 49.2 percent of the \$432 billion of receipts for that country coming from corporations in this industrial sector. Within this sector, chemical manufacturers (14.6 percent of the country total) and transportation equipment manufacturers (13.8 percent) produced the most receipts. Wholesale trade (17.1 percent of the country total) and finance and insurance (12.0 percent) were the other predominant industrial sectors.

Canadian-controlled corporations were primarily concentrated in manufacturing, which accounted for 30.5 percent of the \$397 billion of receipts for that country. This sector was followed by finance and insurance (22.0 percent) and wholesale trade (19.3 per-

cent). More specifically, insurance carriers reported 17.8 percent of the total receipts and wholesalers of nondurable goods accounted for 12.7 percent of the receipts.

For France, manufacturers produced 45.5 percent of the \$295 billion of receipts for this country. This was followed by finance and insurance (19.0 percent) and wholesale trade (16.2 percent). More specifically, petroleum and coal products manufacturers and insurance carriers produced 14.5 percent and 10.5 percent, respectively, of the receipts for the country.

For the Netherlands, finance and insurance was the largest industrial sector with 37.5 percent of the total receipts (\$293 billion). This sector was followed by manufacturing (24.1 percent), wholesale trade (11.5 percent), and retail trade (11.2 percent). Insurance carriers reported 31.9 percent of the total receipts for this country, the largest portion for any major industrial group.

For Switzerland, 35.3 percent of the \$271 billion of receipts came from the manufacturing sector, followed by wholesale trade with 31.9 percent and finance and insurance with 27.3 percent. More specifically, wholesalers of nondurable goods (27.8 percent of the country total) were the leading major industry. Other important major industries were chemical manufacturers (16.8 percent), businesses that handled securities and commodity contracts and other financial investments (14.9 percent), and insurance carriers (12.1 percent).

Age Characteristics

Table 3 presents data for two groups of FCDCs based on the age of each corporation. A “new” corporation is one defined here as having been incorporated in 2006 or after, as reported on its income tax return. An “old” corporation is one incorporated in or prior to 2005, or with an unknown (i.e., unreported) date of incorporation.¹¹

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

¹¹ Dates of incorporation are reported on Form 1120, page 1, question C. This information is also reported on Forms 1120L, 1120-PC, 1120-REIT, and 1120-RIC, in different locations.

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Figure F

Foreign-Controlled Domestic Corporations: Selected Items for Selected Countries and Selected Industries, Tax Year 2008

[Money amounts are in millions of dollars]

Country and 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)
United Kingdom, total	5,524	2,461,016	1,051,104	30,791	43,090	40,212	8,955	0.9
Manufacturing	518	834,440	740,923	29,141	30,640	29,401	5,639	0.8
Petroleum and coal products manufacturing	3	619,912	615,816	22,117	22,117	22,031	3,255	0.5
Japan, total	6,108	767,073	584,521	-2,729	14,867	11,695	3,606	0.6
Manufacturing	1,049	202,914	194,199	-4,862	2,910	2,419	725	0.4
Transportation equipment manufacturing	236	127,713	108,579	-5,375	421	229	70	0.1
Wholesale trade	1,648	192,532	317,165	2,189	6,976	5,388	1,752	0.6
Wholesale trade, durable goods	1,374	149,504	255,797	-1,226	3,338	2,936	949	0.4
Wholesale trade, nondurable goods	273	42,979	61,344	3,407	3,630	2,445	800	1.3
Germany, total	4,346	1,225,241	431,607	-7,666	12,182	8,513	2,595	0.6
Manufacturing	921	391,191	212,307	-455	5,375	4,376	1,202	0.6
Chemical manufacturing	54	72,593	62,950	1,535	2,062	1,656	516	0.8
Transportation equipment manufacturing	71	207,457	59,491	-3,353	89	56	18	[1]
Wholesale trade	1,252	82,527	73,947	-2,109	1,057	949	307	0.4
Wholesale trade, durable goods	1,043	76,709	62,914	-2,134	747	659	222	0.4
Finance and insurance	100	600,864	51,684	-6,022	1,235	856	264	0.5
Canada, total	10,132	1,220,119	396,848	7,548	20,825	13,904	4,470	1.1
Manufacturing	1,051	98,718	121,174	1,240	4,007	3,449	1,131	0.9
Wholesale trade	1,643	53,188	76,441	3,114	3,477	3,039	1,004	1.3
Wholesale trade, nondurable goods	481	41,550	50,506	2,615	2,767	2,389	787	1.6
Finance and insurance	423	658,819	87,139	4,871	9,450	4,380	1,274	1.5
Insurance carriers and related activities	36	398,627	70,798	937	4,263	3,912	1,114	1.6
France, total	2,024	1,138,540	295,410	7,467	16,168	11,653	3,365	1.1
Manufacturing	497	207,250	134,530	2,713	4,654	4,131	1,302	1.0
Petroleum and coal products manufacturing	d	10,160	42,726	109	109	109	37	0.1
Wholesale trade	392	42,210	47,760	827	1,083	1,008	335	0.7
Finance and insurance	158	702,571	56,224	-1,259	4,139	1,149	367	0.7
Insurance carriers and related activities	29	175,900	31,127	-2,750	143	72	27	0.1
Netherlands, total	1,873	1,075,971	292,575	-164	7,937	5,403	1,696	0.6
Manufacturing	168	112,617	70,630	3,012	3,613	2,614	830	1.2
Wholesale trade	330	17,147	33,710	119	465	334	111	0.3
Retail trade	248	18,456	32,623	-1,190	94	63	18	0.1
Finance and insurance	119	802,912	109,795	-2,601	1,985	1,133	351	0.3
Insurance carriers and related activities	15	570,821	93,266	-3,727	384	235	39	[1]
Switzerland, total	1,420	1,271,917	270,527	-22,690	13,895	13,015	4,243	1.6
Manufacturing	184	125,606	95,572	6,379	8,627	8,262	2,717	2.8
Chemical manufacturing	39	64,655	45,380	4,502	6,115	5,997	1,984	4.4
Wholesale trade	356	18,183	86,404	823	1,081	1,046	332	0.4
Wholesale trade, nondurable goods	40	11,937	75,278	754	839	827	258	0.3
Finance and insurance	56	1,108,726	73,771	-30,379	3,168	2,752	895	1.2
Securities, commodity contracts, and other financial investments and related activities	18	850,976	40,258	-29,371	163	169	57	0.1
Insurance carriers and related activities	17	252,071	32,796	-1,060	2,932	2,512	813	2.5

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

[1] Less than 0.05 percent.

NOTES: This figure includes the seven countries with the largest amounts of total receipts. For each of these countries, this table also includes industries that accounted for at least 10 percent of the total receipts of the country. Percentages are computed using rounded data.

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is the reorganization of an existing corporation into a new corporation, which results in a recent year of incorporation, even though it is an “old” business. An additional limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return, and recourse to other sources is not always practical. Thus, it is subject to higher levels of taxpayer reporting and data entry errors, as compared to statistical items that can be evaluated against other reported items.

For 2008, there were 16,224 FCDCs incorporated in 2006 or later. Professional, scientific, and technical services accounted for the largest portion of these “new” corporations with 4,144 companies, followed by real estate with 2,351 companies and wholesalers of nondurable goods with 2,310 companies.

More than three out of every four foreign-controlled domestic corporations were incorporated prior to 2006, i.e., considered to be “old” corporations. These corporations tended to be larger than the new corporations, accounting for 92.7 percent of the FCDC assets and 91.5 percent of the receipts.

Old corporations were generally more profitable than the newer corporations. Among other factors, newer companies may have had more expenses (including startup costs) relative to receipts than the older companies. For 2008, old corporations reported \$28.8 billion of net profits on \$4.0 trillion of receipts, while new corporations reported \$7.0 billion of net losses on \$0.4 trillion of receipts. Thus, net profits (i.e., net income less deficit) as a percentage of total receipts were 0.7 percent for old corporations, versus -1.9 percent for new corporations.

As a result of reporting most of the profits, old corporations also accounted for most of U.S. taxable income (94.2 percent) and U.S. tax liabilities (93.4 percent) of all FCDCs. The old corporations had \$35.7 billion of tax liabilities after credits, equaling 0.9 percent of their total receipts. The new corporations had \$2.5 billion of tax liabilities after credits, equaling 0.7 percent of their total receipts.

Receipts, Deductions, and Profits

Total receipts comprise all of the income “actually” received by corporations. 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 total 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.¹²

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 receipts and deductions, as well as 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

¹² For the most recent detailed information on transactions between “foreign-owned domestic corporations” and their related foreign persons, see Lowe, Mark R., “Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2006,” *Statistics of Income Bulletin*, Fall 2009, Volume 29, Number 2. The data contained in that article are not completely comparable to the data contained in this article, since they cover different time periods and are for U.S. corporations that were owned, 25 percent or more, by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the “foreign-owned” study showed total receipts of \$500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25-Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business*. Neither of these conditions was a requirement for inclusion in the FCDC study.

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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 unrelated enterprises and determined by market forces.

More than 88 percent of the \$4.4 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 \$4.4 trillion of total deductions. Cost of goods sold was more than 65 percent of that total. (See “Business receipts” and “Cost of goods sold” in the Explanation of Selected Terms section.)

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, FCDCs reported \$.79 of cost of goods sold for every dollar of business receipts, while the amount was \$.75 for all other corporations classified in this sector. Thus, FCDCs had smaller gross profits than other corporations, \$.21 compared to \$.25 for every dollar of business receipts. In wholesale trade, all FCDCs reported \$.84 of cost of goods sold for every dollar of business receipts. The amount was slightly less (\$.82) for all other corporations classified in this sector. As a result, FCDCs had smaller gross profits than other corporations, \$.16 and \$.18, respectively, for every dollar of business receipts.

Taxable interest received by FCDCs for Tax Year 2008 amounted to \$288 billion, 6.6 percent of their total receipts. Interest paid by FCDCs for that year amounted to \$252 billion, 5.8 percent of their total deductions. Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2008, Corporation Income Tax Returns*.

Total receipts less total deductions for FCDCs equaled \$15.5 billion for 2008. By comparison, net

income (less deficit) amounted to \$21.8 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.¹³ 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 2008, FCDCs reported \$8.0 billion of constructive taxable income, and received \$1.7 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) for foreign-controlled domestic corporations decreased from \$152.3 billion for 2007 to \$21.8 billion for 2008. This was a decrease of \$130.5 billion, or 85.7 percent. In comparison, net income (less deficit) reported on all corporation income tax returns decreased by 46.4 percent between 2007 and 2008, to \$984.3 billion.

Most industrial sectors contributed to the \$130.5 billion decrease in total FCDC net income (less deficit) between 2007 and 2008. Five sectors accounted for most of the decrease: finance and insurance (\$42.0 billion), manufacturing (\$33.1 billion), wholesale trade (\$16.5 billion), holding companies (\$13.5 billion), and information (\$6.2 billion). Within the finance and insurance sector, the net income (less deficit) of securities and commodity contracts dealers and insurance carriers declined the most, by \$22.0 billion and \$17.3 billion, respectively. There were four sectors that reported higher profits for 2008. However, the amounts of the increases were small for three of those sectors. The professional, scientific,

¹³ 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: Nontaxable Interest on State and Local Government Obligations (Included in Total Receipts, above)

Equals: Net Income (Less Deficit)

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and technical services sector reported \$1.3 billion of increased profits for 2008.

The \$21.8 billion of total FCDC net income (less deficit) for 2008 were the result of 28,399 corporations collectively reporting \$172.9 billion of positive net income and 38,398 companies reporting \$151.1 billion of deficits.¹⁴ Thus, less than one out of every two (42.5 percent) domestic corporations with foreign owners reported a positive net income. In comparison, 54.5 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 20.2 percent for health care and social assistance to a high of 69.2 percent for educational services. For the more predominant sectors of FCDCs, the percentages of profitable companies were 43.1 percent for manufacturing and 49.4 percent for wholesale trade.

The \$151.1 billion of deficits for 2008 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” (NOL) in the Explanation of Selected Terms section). Net operating losses carried back to Tax Year 2008 from 2009 and beyond, reported on Forms 1120X and 1139, are not included in the statistics shown in this article.¹⁵ However, NOLs carried forward to Tax Year 2008 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.¹⁶ 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 2008, the difference between the \$172.9 billion

of positive net income and \$140.2 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was \$24.6 billion and accounted for 64.9 percent of the \$37.9 billion of total statutory special deductions. In calculating taxable income for 2008, FCDCs reduced their positive net incomes by 14.2 percent using NOLs carried over from prior years.

For 2008, foreign-controlled domestic corporations reported \$140.2 billion of taxable income. This was the base on which \$48.8 billion of income tax were computed. The \$49.4 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 \$0.5 billion, and the remaining taxes comprised a very small part of the total.

Tax credits totaling \$11.2 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from \$49.4 billion to \$38.2 billion for 2008. The largest credits claimed were \$9.4 billion of foreign tax credits, \$1.3 billion of general business credits, and \$0.5 billion of prior-year minimum tax credits. The \$38.2 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 2008. The originally reported tax liability does not take into account either: (1) amended or superseded returns filed by the corporations, or (2) adjustments made by IRS as a result of tax examination or enforcement activities. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits.

The percentage of FCDCs reporting U.S. tax liabilities (i.e., total income tax after credits) for 2008 was 31.3 percent, significantly less than the 34.7 percent for 2007. The amount of tax liability reported by FCDCs also decreased to \$38.2 billion for 2008 from \$52.8 billion for 2007, a 27.6-percent decrease.

¹⁴ The 38,398 companies reporting a deficit may include a small number of “break-even” companies, i.e., those whose receipts and deductions were equal.

¹⁵ When a company carried back a deficit to a previous tax year, it could file Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*.

¹⁶ There were certain exceptions to the relationship of positive net income minus statutory special deductions equaling taxable income. First, in some cases, the statutory special deductions for dividends received and for dividends paid on certain preferred stock of public utilities exceeded net income. Second, the tax bases of S corporations and life insurance companies were not defined as net income less statutory special deductions. Rather, these types of corporations computed taxable income using special provisions of the Internal Revenue Code. Also, regulated investment companies and real estate investment trusts generally passed their net incomes on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

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The “Largest” Foreign-Controlled Domestic Corporations

This article defines the largest companies as those with at least \$250 million of total assets, or those that produced at least \$50 million of business receipts. 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 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 underrepresented in comparison to the other group.

There were a total of 19,406 large domestic corporations for 2008. Of this total, foreign persons controlled 4,400 corporations, or 22.7 percent. This percentage is remarkably larger than the 1.1 percent that FCDCs accounted for of all corporations, regardless of size.

The 4,400 large foreign-controlled domestic corporations comprised just 6.6 percent of the number of income tax returns filed by FCDCs. However, these large companies accounted for the majority of the key FCDC financial items, reporting 94.6 percent of the total assets, 95.2 percent of the total receipts, 94.3 percent of the taxable income, and 93.2 percent of the total income tax after credits, of all FCDCs.

There were 15,006 large domestic corporations that did not have controlling foreign owners for 2008. 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 comprised a significant portion of the key financial items reported for these filers.

Collectively, the largest FCDCs reported slightly higher profits as a percentage of receipts than their smaller counterparts. For 2008, the largest FCDCs reported net profits of \$21.0 billion, 0.5 percent of the companies’ receipts. The smaller FCDCs reported net profits of \$0.8 billion, 0.4 percent of the companies’ receipts.

Figures G1 and G2 present 12 categories of tax liabilities as percentages of total receipts, shown separately for large FCDCs and for other large domestic corporations. “Other 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 G through I, and Table 4. 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 G through I, and Table 4.¹⁷ These corporations are identified from Schedule K of Form 1120 during Statistics of Income processing. However, they are neither FCDCs nor ODCs, as defined.

For 2008, the largest FCDCs reported \$35.6 billion of U.S. tax liabilities, which was 0.9 percent of their total receipts. Column 3 of Figure G1 shows that 40.2 percent of largest FCDCs had no U.S. tax liabilities, 72.5 percent of these companies had tax liabilities of less than 1.0 percent of their receipts, and 91.8 percent of these companies had tax liabilities of less than 4.0 percent of their receipts. By comparison, Figure G2 shows that large domestic corporations not foreign-controlled reported \$172.9 billion of U.S. tax liabilities, 1.1 percent of their total receipts. For these companies, 35.1 percent had no tax liabilities, 69.4 percent had tax liabilities of less than 1.0 percent of their receipts, and 89.3 percent had tax liabilities of less than 4.0 percent of their receipts.

FCDCs claimed smaller amounts of tax credits than ODCs in relative terms. For 2008, large FCDCs claimed \$11.1 billion of credits, equaling 23.7

¹⁷ 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 G through I, 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.

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Figure G1

"Large" Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2008

[Money amounts are in millions of dollars]

(\$millions of dollars)

Percentage of total income tax after credits divided by total receipts	All returns			Returns of "old" corporations		Total assets		Total receipts	
	Number	Percentage of total	Cumulative percentage	Number	Percentage of all returns	Amount	Average	Amount	Average
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	4,400	100.0	N/A	3,854	87.6	10,304,448	2,342	4,156,595	945
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	3	0.1	0.1	d	d	3,974	1,325	0	0
Zero percent	1,765	40.1	40.2	1,491	84.5	4,162,662	2,358	1,388,761	787
Greater than zero and under 0.5 percent	1,046	23.8	64.0	957	91.5	3,282,753	3,138	1,414,667	1,352
0.5 percent under 1.0 percent	376	8.5	72.5	325	86.4	497,094	1,322	518,095	1,378
1.0 percent under 1.5 percent	286	6.5	79.0	256	89.5	295,946	1,035	209,909	734
1.5 percent under 2.0 percent	197	4.5	83.5	178	90.4	169,367	860	113,783	578
2.0 percent under 3.0 percent	209	4.8	88.2	187	89.5	653,755	3,128	189,407	906
3.0 percent under 4.0 percent	158	3.6	91.8	136	86.1	178,705	1,131	99,335	629
4.0 percent under 5.0 percent	98	2.2	94.0	90	91.8	384,340	3,922	80,860	825
5.0 percent under 7.5 percent	118	2.7	96.7	110	93.2	352,712	2,989	72,343	613
7.5 percent under 10.0 percent	48	1.1	97.8	d	d	181,600	3,783	26,091	544
10.0 percent or more	95	2.2	100.0	81	85.3	141,540	1,490	43,344	456

Percentage of total income tax after credits divided by total receipts	Total deductions	Total receipts less total deductions	Net income (less deficit)			Income subject to tax	Total income tax		
			Total	Net income	Deficit		Before credits	After credits	
								Amount	Average
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total	4,141,787	14,807	20,975	151,829	-130,856	132,176	46,675	35,621	8
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	25	-25	-25	0	-25	0	0	0	0
Zero percent	1,503,550	-114,789	-113,774	3,203	-116,977	1,809	633	0	0
Greater than zero and under 0.5 percent	1,398,145	16,522	18,773	32,581	-13,808	21,917	7,905	3,072	3
0.5 percent under 1.0 percent	502,898	15,197	15,747	15,770	-23	13,982	4,989	3,526	9
1.0 percent under 1.5 percent	201,464	8,444	8,490	8,490	0	7,981	2,784	2,449	9
1.5 percent under 2.0 percent	107,313	6,470	6,533	6,533	0	5,963	2,086	1,919	10
2.0 percent under 3.0 percent	172,129	17,278	18,252	18,261	-10	17,376	6,100	4,745	23
3.0 percent under 4.0 percent	86,608	12,727	13,205	13,217	-13	11,692	4,092	3,422	22
4.0 percent under 5.0 percent	69,297	11,563	11,589	11,589	0	11,373	4,039	3,679	38
5.0 percent under 7.5 percent	57,967	14,376	14,860	14,860	0	13,464	4,710	4,260	36
7.5 percent under 10.0 percent	17,878	8,213	8,422	8,422	0	7,961	2,801	2,348	49
10.0 percent or more	24,513	18,831	18,903	18,903	0	18,658	6,536	6,201	65

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

N/A—Not applicable.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). "Old" corporations are those with dates of incorporation prior to 2006, or with unknown dates of incorporation. 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.

percent of their income tax liabilities before credits. Other large domestic corporations claimed \$101.6 billion of credits for the same tax year, equaling 37.0 percent of their income tax liabilities before credits. The largest credit claimed by each group of corporations was the foreign tax credit, \$9.3 billion by large FCDCs (20.0 percent of their tax liabilities) and

\$90.3 billion by other large domestic corporations (32.9 percent of their tax liabilities).

Industry Characteristics

The industrial makeup of the largest foreign-controlled domestic companies is somewhat different from that of other large domestic corporations. For

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Figure G2

"Large" Domestic Corporations Not Foreign Controlled: Selected Items and Percentages, by Total Income Tax After Credits as a Percentage of Total Receipts, Tax Year 2008

[Money amounts are in millions of dollars]

Percentage of total income tax after credits divided by total receipts	All returns			Returns of "old" corporations		Total assets		Total receipts	
	Number	Percentage of total	Cumulative percentage	Number	Percentage of all returns	Amount	Average	Amount	Average
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total	15,006	100.0	N/A	13,679	91.2	47,628,091	3,174	15,134,448	1,009
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	10	0.1	0.1	7	70.0	26,581	2,658	0	0
Zero percent	5,258	35.0	35.1	4,547	86.5	14,912,552	2,836	3,431,008	653
Greater than zero and under 0.5 percent	3,929	26.2	61.3	3,717	94.6	13,477,150	3,430	4,663,758	1,187
0.5 percent under 1.0 percent	1,222	8.1	69.4	1,145	93.7	2,803,895	2,295	1,562,912	1,279
1.0 percent under 1.5 percent	823	5.5	74.9	759	92.2	2,393,240	2,908	1,306,937	1,588
1.5 percent under 2.0 percent	623	4.2	79.1	588	94.4	1,501,009	2,409	1,094,028	1,756
2.0 percent under 3.0 percent	946	6.3	85.4	872	92.2	6,690,602	7,073	1,603,674	1,695
3.0 percent under 4.0 percent	589	3.9	89.3	550	93.4	1,436,258	2,438	475,626	808
4.0 percent under 5.0 percent	445	3.0	92.3	425	95.5	1,886,397	4,239	393,029	883
5.0 percent under 7.5 percent	621	4.1	96.4	595	95.8	1,316,665	2,120	407,058	655
7.5 percent under 10.0 percent	264	1.8	98.2	245	92.8	686,208	2,599	118,874	450
10.0 percent or more	275	1.8	100.0	229	83.3	497,534	1,809	77,544	282

Percentage of total income tax after credits divided by total receipts	Total deductions	Total receipts less total deductions	Net income (less deficit)			Income subject to tax	Total income tax		
			Total	Net income	Deficit		Before credits	After credits	
								Amount	Average
	(10)	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)
Total	14,786,839	347,607	460,095	838,849	-378,755	778,923	274,473	172,922	12
Percentage of total income tax after credits divided by total receipts:									
Zero total receipts	252	-252	-223	13	-236	10	3	2	[1]
Zero percent	3,697,603	-266,595	-246,983	35,897	-282,880	22,688	8,163	0	0
Greater than zero and under 0.5 percent	4,647,134	16,624	57,453	144,613	-87,160	125,226	44,622	7,732	2
0.5 percent under 1.0 percent	1,508,214	54,698	72,437	78,783	-6,346	75,221	26,825	11,305	9
1.0 percent under 1.5 percent	1,235,556	71,381	86,968	87,015	-47	83,172	29,216	16,548	20
1.5 percent under 2.0 percent	1,030,168	63,860	65,594	65,753	-159	60,680	21,446	18,354	29
2.0 percent under 3.0 percent	1,463,824	139,850	146,738	146,738	0	138,503	48,465	38,002	40
3.0 percent under 4.0 percent	418,770	56,856	56,846	56,851	-6	55,912	19,586	16,273	28
4.0 percent under 5.0 percent	332,195	60,833	62,515	62,515	0	61,075	21,430	17,440	39
5.0 percent under 7.5 percent	323,348	83,710	89,478	89,478	0	87,244	30,465	24,795	40
7.5 percent under 10.0 percent	88,486	30,387	30,686	30,686	0	30,085	10,523	9,930	38
10.0 percent or more	41,289	36,255	38,586	40,507	-1,921	39,107	13,729	12,541	46

N/A—Not applicable.

[1] Less than \$500,000.

NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors). "Old" corporations are those with dates of incorporation prior to 2006, or with unknown dates of incorporation. 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.

2008, 36.0 percent of the largest FCDCs were classified as manufacturers, while manufacturers made up just 21.2 percent of the largest domestic companies that were not foreign-controlled. Similarly,

wholesalers were a larger share of the FCDCs (27.5 percent) than of the other large domestic corporations (15.6 percent). Conversely, 12.7 percent of the largest ODCs were classified in finance and insurance,

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while this sector made up just 8.2 percent of the largest FCDCs. Retailers accounted for 9.3 percent of the largest domestic companies that were not foreign-controlled, while only 2.4 percent of the largest FCDCs were similarly classified. See Figure H for other differences in the industrial makeup of these two groups of corporations.

The largest domestic corporations are primarily “old” corporations, with incorporation dates prior to 2006. Of the 4,400 large FCDCs contained in the Tax Year 2008 study, 87.6 percent were old corporations. Other large domestic corporations were similar to the FCDCs in this respect, with old corporations accounting for 91.2 percent of this group of 15,006 corporations.

Table 4 presents industry data for “old and large” domestic corporations, both foreign- and nonforeign-controlled. This comparison used 3,854 FCDCs and 13,679 ODCs that were incorporated prior to 2006 and that had assets of \$250 million or more and/or receipts of \$50 million or more. Each of the industrial sectors and major groups shown in this table had at least \$50 billion of receipts by FCDCs.

Column 43 of Table 4 shows the percentage of returns that reported profits (i.e., positive net income). While 63.1 percent of FCDCs reported profits, 68.7 percent of other domestic corporations (ODCs) were profitable. Within each group of corporations, the percentage of corporations that reported a profit varied substantially across the industrial sectors. For this reason, it is important to compare the two types of corporations for a specific industry, rather than for all industries. Of the industries shown in Table 4, the percentage of profitable returns was highest in the petroleum and coal products manufacturing industry for both FCDCs (79.0 percent) and ODCs (82.1 percent). Additionally, the percentage of profitable returns was lowest in the transportation equipment manufacturing industry for both FCDCs (40.4 percent) and ODCs (53.1 percent).

Column 57 of Table 4 shows the ratio of net income (less deficit) to total receipts.¹⁸ Overall, net income (less deficit) as a percentage of receipts for FCDCs (0.6 percent) was considerably smaller than for ODCs (3.2 percent). Within each group of corporations, the ratio of profits to receipts varied across the industries. Certain industries, such as mining (12.6 percent for FCDCs and 10.1 percent for ODCs), reported high percentages. Other industries, such as securities, commodity contracts, and other financial investments and related activities (-26.6 percent for FCDCs and -25.0 percent for ODCs), reported much lower percentages.

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, 3.3 percent for FCDCs versus 5.2 percent for ODCs for all industries. For each group of corporations, the ratio of taxable income to receipts varied among the different industries. For FCDCs, the ratio ranged from a low of 0.3 percent for utilities to a high of 13.5 percent for mining companies. For ODCs, the lowest ratio was 1.6 percent for retail food, beverage, and liquor stores, and the highest ratio was 11.3 percent for mining companies.

Table 4 also includes the ratio of total U.S. income tax after credits to total receipts (column 64).¹⁹ The total income tax after credits reported by both FCDCs (\$33.4 billion) and ODCs (\$167.6 billion) represents the tax liability of these companies as reported on their originally filed U.S. income tax returns (see column 42). The ratio of tax to receipts shown in column 64 of this table takes into account only the U.S. tax liabilities of the corporations. Additional data, which are beyond the scope of this

¹⁸ 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—2008, 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 2008, the oldest and largest FCDCs reported \$-67.0 billion of total retained earnings, while other domestic corporations reported \$2.7 trillion of retained earnings. Retained earnings is a component of net worth and thus affects the ratio of net income (less deficit) to net worth, which is shown in column 56 of Table 4.

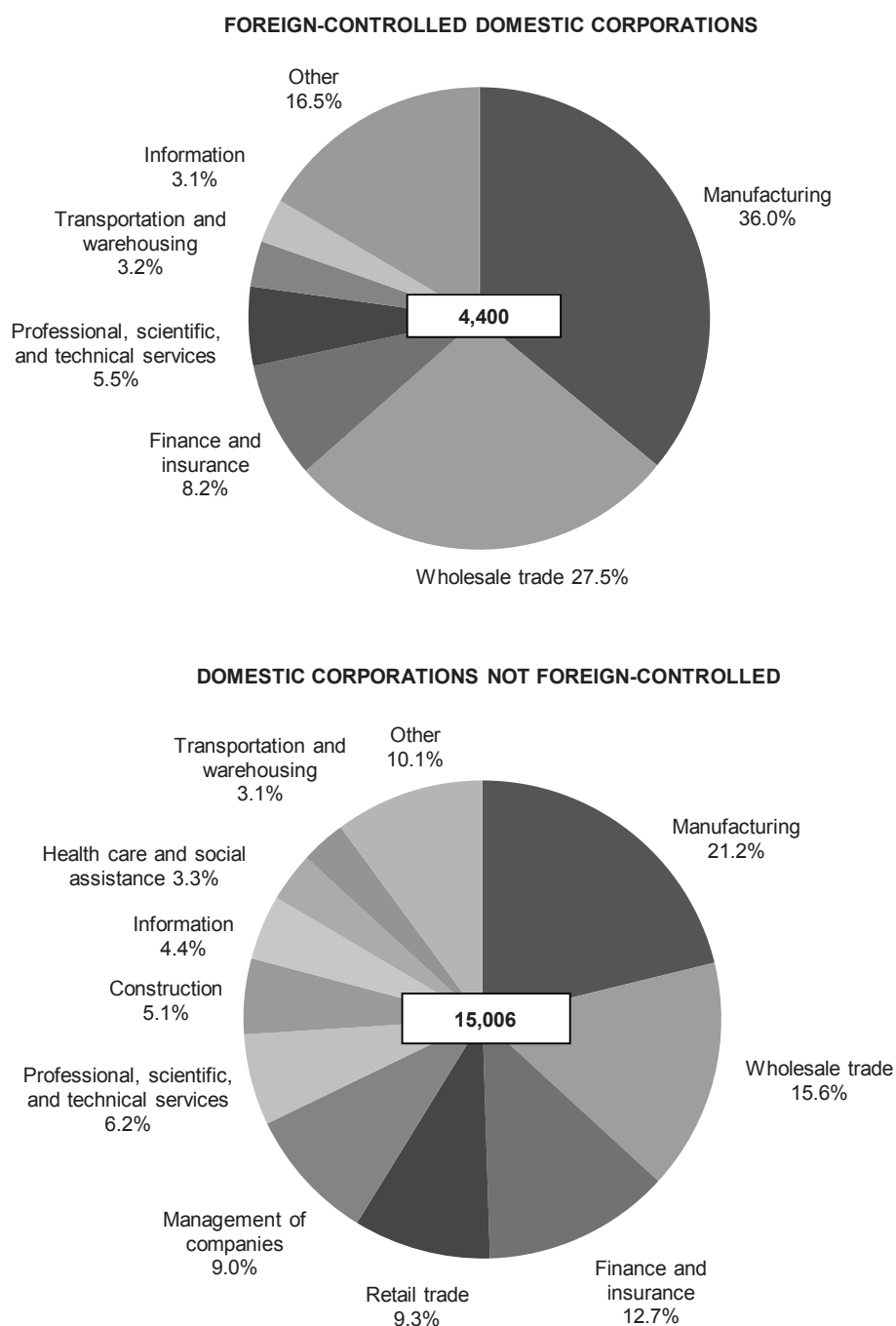
¹⁹ In using total income tax after credits as a percentage of total receipts, it should also be noted that a small portion of total income tax after credits (for example, the tax recapture of prior-year investment credits) does not relate to the current-year total receipts reported by corporations. However, this is not considered to be a major limitation in using the percentage because the regular income tax and the alternative minimum tax represented over 99 percent of the total income tax for both FCDCs and ODCs.

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Figure H

Distribution of Returns by Industry for "Large" Foreign-Controlled and Other Domestic Corporations, Tax Year 2008



NOTES: "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. (Total receipts are used in lieu of business receipts for the finance and insurance, and management of companies sectors.) Data exclude Forms 1120-REIT (real estate investment trusts), 1120-RIC (regulated investment companies), and 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

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article, would be required to examine the worldwide tax liabilities of the corporations.²⁰

Overall, while FCDCs reported average tax liabilities after credits of \$0.87 per \$100 of receipts (or 0.87 percent), other domestic corporations reported tax liabilities after credits of \$1.15 per \$100 of receipts (or 1.15 percent). FCDCs had a wide range, from a low of 0.10 percent for utilities to a high of 3.04 percent for mining companies. The range for ODCs was narrower, between a low of 0.53 percent for retail food, beverage, and liquor stores to a high of 2.17 percent for mining companies.

Table 4 highlights, once again, the differences in financial characteristics of corporations in different industries. For instance, looking at FCDCs, column 49 shows that retail food, beverage, and liquor stores had receipts equal to 212.5 percent of their assets, while companies handling securities, commodity contracts, and other financial investments had receipts of only 5.9 percent of their assets. Because the percentages of companies allocated by principal industrial activities are not the same for the FCDCs as they are for ODCs, this, again, illustrates the importance of comparing the two groups of corporations on an industry 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 the oldest and largest FCDCs, accounting for 48.2 percent of the total receipts of the group of corporations. The percentage of manufacturing FCDCs that reported positive profits was lower than that for the ODCs, 59.3 percent and 66.5 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, 6.7 percent, than it was for FCDCs, 2.5 percent (see column 57 of Table 4). Net income (less deficit) as a percentage of total receipts for Tax Years 1999-2008 is shown in Figure I. The difference in the percentages for FCDCs and ODCs for Tax Year 2008 is similar to the differences for most of the 9 previous tax years.

Manufacturing ODCs reported taxable incomes of 7.1 percent of their receipts, while the percentage for FCDCs was considerably 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 0.9 percent, respectively (see column 64 of Table 4). The relative 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 postcredit tax liabilities by a larger portion. ODCs reported credits equaling 57.7 percent of their precredit income tax liabilities. For FCDCs, the percentage was substantially less, at 30.8 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 the oldest and largest FCDCs, accounting for 20.3 percent of the total receipts of the group of corporations. The percentage of ODCs in this industrial sector that reported positive profits was higher than that for the FCDCs, 77.7 percent and 71.5 percent, respectively. Looking at the amounts of both profits and losses across the entire sector, the percentage of net income (less deficit) to total receipts was higher for ODCs (3.0 percent) than it was for FCDCs (0.9 percent). Figure I shows that the difference in percentages (of net income (less deficit) as a percentage of total receipts) between ODCs and FCDCs was mixed during the 1999-2003 period, but ODCs produced higher percentages over the 2004-2008 period.

Wholesale ODCs reported taxable incomes of 3.2 percent of their receipts, while the percentage was 1.7 for FCDCs. The ratio of total income tax after credits to total receipts was also higher for ODCs (1.0 percent) than that of FCDCs (0.6 percent). These latter percentages are once again impacted by the amount of credits claimed by both groups of corporations. ODCs and FCDCs claimed credits that equaled 11.5 percent and 7.1 percent, respectively, of their precredit income tax liabilities. For both groups of corporations, the foreign tax credit was the largest credit.

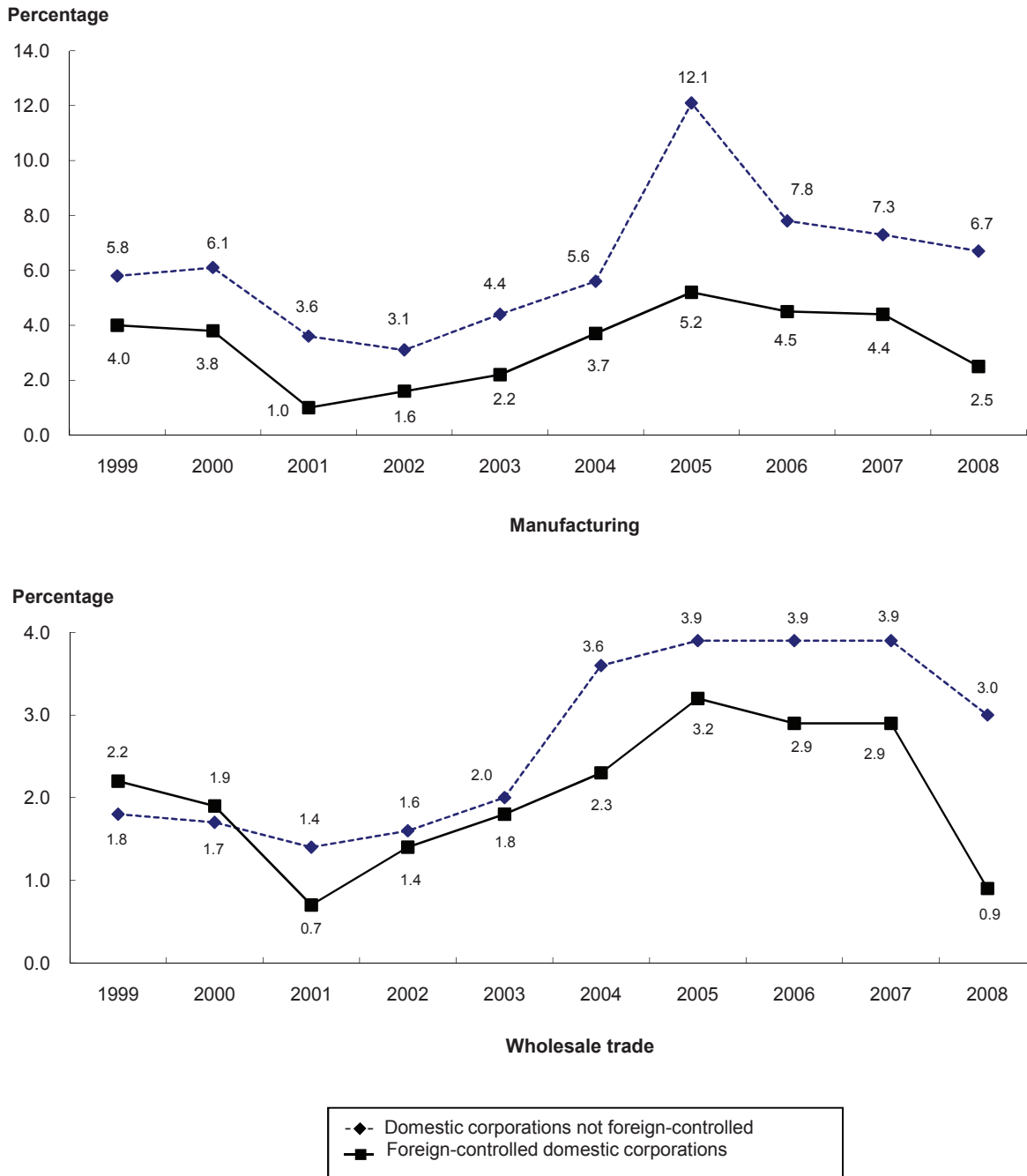
²⁰ One focus of this article is U.S. total income tax after credits. The reader might choose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. 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 McGrath, Nuria E., "Corporate Foreign Tax Credit, 2006," in the Summer 2010 issue of the *Statistics of Income Bulletin* (Volume 30, Number 1). In addition, foreign tax credit data are included on the IRS Internet site at www.irs.gov, under Tax Stats/International/Corporate Foreign Tax Credits.

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Figure I

"Old, Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts for Selected Industries, by Control Status, Tax Years 1999–2008



NOTES: "Old" corporations are those with dates of incorporation prior to 2006, or with unknown dates of incorporation. "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more. Data exclude Forms 1120S (S corporations). Data also exclude returns in which the foreign ownership level is between 25 percent and 49 percent.

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Summary

FCDCs accounted for only 1.1 percent of all corporation income tax returns filed for Tax Year 2008. This percentage is much smaller than the percentages of receipts (15.3 percent) and assets (14.2 percent) that those FCDCs produced.

The value of FCDC assets declined for 2008, as did the value of assets for all corporations. FCDC assets totaled \$10.9 trillion for 2008, a 2.5-percent decrease from the previous year. By comparison, all corporations reported a total of \$76.8 trillion of assets for 2008, a 5.8-percent decrease over the previous year. FCDCs accounted for 14.2 percent of total corporate assets for 2008, up from 13.7 percent for the previous year.

Foreign business activity in the United States through FCDCs grew for Tax Year 2008. FCDCs reported \$4.4 trillion of total receipts for the year, a 3.6-percent increase over the 2007 level. Total receipts reported on all U.S. corporation income tax returns actually decreased by a small percentage (0.6 percent) from the previous year. As a result, the share of total corporate receipts accounted for by FCDCs increased from 14.7 percent to 15.3 percent.

Two industrial sectors, manufacturing and wholesale trade, generated more than two-thirds of the \$4.4 trillion of total FCDC receipts. Manufacturers produced \$2.0 trillion of receipts, while wholesalers accounted for an additional \$1.0 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of \$1.1 trillion, 24.1 percent of the FCDC total. In addition, FCDCs owned by persons in Japan (13.4 percent), Germany (9.9 percent), Canada (9.1 percent), France (6.8 percent), the Netherlands (6.7 percent), and Switzerland (6.2 percent) accounted for significant portions of receipts.

FCDC “net” profits dropped by 85.7 percent from those of the previous year. The collective net income (less deficit) reported by foreign-controlled domestic corporations decreased from \$152.3 billion for 2007 to \$21.8 billion for 2008. To place the performance of FCDCs in context, total corporate profits also decreased, by 46.4 percent, totaling \$1.0 trillion for 2008.

FCDC “positive” profits (i.e., net income) decreased by 23.7 percent for 2008. The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction as did positive profits, decreasing from \$52.8 billion for 2007 to \$38.2 billion for 2008, or by 27.6 percent. To place this in perspective, the 2008 U.S. tax liabilities of all corporations were 31.0 percent lower than the previous year. Thus, FCDCs share of total corporate post-credit U.S. tax liabilities increased from 16.0 percent for 2007 to 16.7 percent for 2008.

Of the 66,797 foreign-controlled domestic corporations, the 4,400 “largest” companies accounted for most of the total amounts of key financial items (e.g., 94.6 percent of the total assets, 95.2 percent of the total receipts, 94.3 percent of the taxable income, and 93.2 percent of the total income tax after credits).

This article compared the 3,854 oldest and largest foreign-controlled domestic corporations to the 13,679 other old and large domestic companies for selected industries, focusing on 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 the results varied by industry and criteria, percentages reflecting ODC performance were more frequently higher than those reflecting FCDC performance.²¹

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—2008, Corporation Income Tax Returns*, IRS Publication 16.

Alternative minimum tax—This tax was designed to ensure that a taxpayer with substantial economic income would have at least a minimum amount of income tax liability in spite of the 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

²¹ 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, age, and industry, additional research is needed to explain the differences in those ratios. For additional information on this subject, see “Tax Administration: Comparison of the Reported Tax Liabilities of Foreign- and U.S.-Controlled Corporations, 1998-2005,” U.S. Government Accountability Office, GAO-08-957, July 2008. 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.

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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. Thus, the statistics for balance sheets contained more reporting variability than those for income statement and tax computation items. Since balance sheet data were from the taxpayer's books, they were normally governed by generally accepted accounting principles rather than the special rules of tax accounting. A number of steps were taken during statistical processing to reduce the variability due to taxpayer reporting practices. Misreported amounts were transferred to their proper accounts. Missing balance sheets were either supplied from reference books or statistically imputed based on other data and the company's characteristics. Some balance sheets were suppressed during statistical processing, including those for final returns of corporations going out of existence because they should have had either zero assets (if liquidating) or assets included in another corporation's return (if merging). Additionally, balance sheets of part-year returns (for the most part, by continuing corporations changing their accounting periods) were not included in the statistics because the same corporations' data could have been subject to inclusion from their full-year returns.

Business receipts—These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. They represented all of a corporation's receipts except investment and incidental income. Business receipts also exclude gains from the sale of assets. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of "cost of goods sold" or as "taxes paid"); others reported their receipts after adjustment for these taxes. Business receipts include rents reported by real estate operators and other corporations for which rent made up a significant portion of income. The latter corporations included manufacturers that rented their products, lessors of public

utility facilities, and companies engaged in rental services, such as lodging places and the rental of automobiles. Business receipts include such banking items as fees, commissions, and credit card income. Interest, the principal operating income of banking and other 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.²² Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, even if 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

²² For the most recent statistics covering CFCs, see Mahony, Lee and Randy Miller, "Controlled Foreign Corporations, 2006," *Statistics of Income Bulletin*, Winter 2011, Volume 30, Number 3. In addition, CFC data are included on the IRS Internet site at www.irs.gov, under Tax Stats/International/Controlled Foreign Corporations.

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paid by the U.S. corporation, is included as income of the U.S. corporation. Constructive taxable income from related foreign corporations is not included in the statistics for total receipts.

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. For insurance companies, benefits paid (e.g., the death benefits paid by life insurance companies) were included in the cost of goods sold. In general, finance corporations did not have any cost of goods sold.

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 shareholders, mortgage and real estate loans, other investments, depreciable assets (less accumulated depreciation), depletable assets (less accumulated depletion), land, intangible assets (less accumulated amortization), and other assets, including those not identified on the tax return as either current or long-term.

Current and noncurrent liabilities—In this article, current liabilities include accounts payable; mortgages, notes, and bonds payable in less than 1 year; and other current liabilities, such as accrued taxes, payrolls, and other expenses. Noncurrent liabilities include loans from shareholders; 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.

Dividends received from domestic corporations—These dividends represented most distribu-

tions from the earnings and profits of companies incorporated in the United States. They were generally used in computing the special deduction from net income for dividends received. Dividend distributions among member corporations electing to file a consolidated return were eliminated from the statistics as part of the consolidated reporting of tax accounts.

Dividends received from foreign corporations—These were dividends paid from the earnings and profits of companies incorporated in foreign countries. This item does not include constructive taxable income from related foreign corporations (discussed above) because it was not an actual receipt. Dividends received from foreign corporations out of U.S. source earnings and profits or from Foreign Sales Corporations were usually eligible for the dividends received deduction. Not eligible were dividends out of foreign-source earnings and profits.

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

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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 insurance companies, based on changes in their reserve accounts. Also, S corporations, regulated investment companies, and real estate investment trusts generally passed their net income on to be taxed at the shareholder level. They had limited tax liabilities (based on capital gains for S corporations and undistributed income for RICs and REITs) and, thus, small amounts of taxable income.

Income tax—This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates. (However, there were certain exceptions for members of controlled groups and personal service corporations.) It is included in the amounts reported for both total income tax before (and after) credits. A small number of corporations without net income had an income tax liability under special life insurance rules.

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

Net income (or deficit)—This is a company's net profit or loss from taxable sources of income reduced by deductions allowed by the Internal Revenue Code. It reflects not only actual receipts, but "constructive" receipts as well (i.e., includable income from Controlled Foreign Corporations and the foreign dividend "gross-up"). Tax-exempt interest on State and local government obligations is excluded from this item, but is included in "total receipts." The deductions include ordinary and necessary business deductions, but do not include statutory special deductions. The statistics for (positive) net income are generally larger than those for "income subject to tax" because the latter is reduced by the amount of statutory special deductions, including the net operating loss deduction. In this article, for a group of returns, this item may be referred to as either "profits" (i.e., net income exceeds deficits) or "losses" (deficits exceed net income). On Form 1120, net income (or deficit) was reported on page 1, line 28, entitled "Taxable in-

come 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. Similarly, 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 (2008) tax year. Losses incurred after Tax Year 2008 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 2008 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 represents the shareholders' 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. Capital stock includes amounts of outstanding shares of both common and preferred stock. Additional paid-in capital comprises additions to the corporation's capital from sources other than earnings, including receipts from the sale of capital stock in excess of the stated value and stock redemptions or conversions. Retained earnings and profits of corporations can be appropriated (i.e., set aside for specific purposes such as for plant expansions or bond retirements) or unappropriated (dividends and distributions to shareholders are paid from these funds). Adjustments to shareholders' equity can be either positive or negative, and includes 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.

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Number of returns—The data contained in this article include the number of returns filed by “active” corporations (i.e., those reporting at least one item of income or deductions) for Tax Year 2008. 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 real estate investment trusts (REITs). Foreign-controlled domestic corporations can be REITs. However, REITs played a much larger role for ODCs than for FCDCs.²³ REITs generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; 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, com-

mon 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.²³ 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 include the number and types of shareholders. These companies are involved in numerous industrial activities. They report corporate income and deductions from their conduct of trades and businesses, but generally allocate any income or loss to their shareholders to be taxed only at the individual level. S corporations comprise a very large part of the corporate population. However, foreign-controlled domestic corporations cannot elect to be treated as S corporations.²³

Statutory special deductions—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. In general, net income less statutory special deductions equals income subject to tax.

²³ Shown in Appendix A of this article are Tax Year 2008 data for all REITs, RICs, and S corporations, regardless of size, filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

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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 2008, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.9 percent of the total tax). The alternative minimum tax accounted for 1.1 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 2008, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (84.2 percent of the \$11.2 billion of total credits), the general business credit (11.7 percent), and the prior-year minimum tax credit (4.2 percent), as well as a small amount for 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 (i.e., business receipts, taxable interest, rents, royalties, most net capital gains, net noncapital gains, dividends received, and other 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 2008 are based on returns with accounting periods that ended between July 2008 and June 2009. 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 2008, that span was from August 2007 through June 2009. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2008. Of the 66,797 FCDC returns filed for Tax Year 2008, 46,815 had accounting periods that ended in December 2008, 70 percent of the total. These returns accounted for 79 percent of both the receipts and deductions reported by all FCDCs, as well as 85 percent of the FCDC assets.

The sampling frame for the 2008 statistics consisted, in general, of tax returns with accounting periods that ended between July 2008 and June 2009, and that posted to the IRS Business Master File between July 2008 and June 2010. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2009. Second, while

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corporation returns must be filed within 2 1/2 months after the close of the accounting period, many corporations requested and received filing extensions of 6 months. Third, normal administrative processing time lags required that the sampling process remained open until June 2010.

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. 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 nearly 9,200 unaudited tax returns selected from nearly 66,800 returns of active domestic corporations controlled by a foreign person filed for Tax Year 2008. The statistics for FCDCs are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDCs include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*). For Tax Year 2008, FCDCs filed only 47 Forms 1120L, 369

Forms 1120-RIC, 114 Forms 1120-REIT, and 51 Forms 1120-PC.²⁴ FCDCs could not file Forms 1120-A, 1120-F, and 1120S. The statistics for the largest FCDCs shown in Figures G through I, 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 2008, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of \$50 million or more, or with “proceeds” of \$10 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—2008, 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 J 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 “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 corpora-

²⁴ The count of 47 Forms 1120L does not include returns of life insurance companies 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 2008, there were 162 section 1504(c) returns of foreign-controlled domestic corporations. Of this number, 81 returns had a property/casualty insurance company as the largest subsidiary, another 68 returns had a noninsurance company as the largest subsidiary, and 13 returns had a life insurance company as the largest subsidiary.

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Figure J

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sector and Selected Country of Foreign Owner, Tax Year 2008

Selected industrial sector or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	3.79	0.02	0.18	0.16	0.22	0.16	0.19
Selected industrial sector:							
Construction	28.39	0.86	1.89	2.84	2.14	3.03	3.11
Finance and insurance	10.80	0.01	1.03	0.49	0.13	0.48	0.42
Information	19.33	0.16	0.83	0.87	2.45	1.20	1.28
Management of companies (holding companies)	20.19	0.05	0.09	0.70	0.87	0.65	0.83
Manufacturing	10.54	0.05	0.10	0.14	0.37	0.14	0.19
Professional, scientific, and technical services	12.76	0.38	1.37	1.17	3.29	1.18	1.23
Real estate and rental and leasing	7.96	0.61	1.20	2.62	2.23	3.57	3.51
Retail trade	19.29	0.52	0.72	1.32	2.58	1.44	1.43
Wholesale trade	7.37	0.21	0.41	0.66	1.18	0.73	0.74
Selected country of foreign owner:							
Bermuda	24.21	0.14	0.57	0.64	2.52	0.69	1.08
Canada	13.18	0.08	0.70	0.68	0.91	0.67	0.68
France	21.84	0.05	0.34	0.40	0.91	0.51	0.59
Germany	16.13	0.07	0.36	0.67	0.44	0.85	0.91
Japan	20.40	0.13	0.41	0.56	0.59	0.62	0.67
Netherlands	22.74	0.05	1.80	0.87	0.85	1.12	0.93
South Korea, Republic of	9.94	0.94	1.59	4.08	4.83	6.54	7.45
Sweden	23.80	0.22	0.52	0.33	5.61	0.33	0.56
Switzerland	22.05	0.04	0.38	0.30	0.16	0.31	0.32
United Kingdom	15.41	0.03	0.15	0.21	0.85	0.19	0.28
Venezuela	2.31	1.08	0.87	1.11	10.85	1.12	1.03

tion 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.²⁵

If the first question was answered "Yes," and the second question was answered with a percentage between 50 and 100, then the return was included in the FCDC statistics. Taxpayers sometimes incorrectly answered these questions or did not answer them at all.²⁶ However, prior to tabulation, corporations with large amounts of assets or receipts, and with changes in foreign ownership status between 2007 and 2008, 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

²⁵ On Form 1120, Page 4, 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 the corporation's stock entitled to vote, or (b) the total value of all classes of the corporation's stock?" and "(7i) If 'Yes,' enter percentage owned." There was an additional question used for the country distribution of these statistics, which was: "(7ii) If 'Yes,' enter owner's country."

²⁶ The FCDC statistics include data from returns in which the first question (see footnote 25) was answered "Yes," and the second question covering percentage owned was not answered. There were 1,656 returns for Tax Year 2008 that were included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported \$71.4 billion of assets and \$34.0 billion of receipts.

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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.

Appendix A

REITs, RICs, and S Corporations Filed by Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs), Tax Year 2008

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts (REITs):		
Number of returns	114	1,546
Total assets	62,058	1,309,429
Total receipts	4,052	108,432
Net income (less deficit)	895	44,652
Income subject to tax	0	47
Total income tax after credits	[1]	33
Regulated Investment Companies (RICs):		
Number of returns	369	12,771
Total assets	246,326	11,868,196
Total receipts	10,159	426,705
Net income (less deficit)	8,316	301,713
Income subject to tax	1	25
Total income tax after credits	[1]	27
S Corporations:		
Number of returns	0	4,049,944
Total assets	0	3,367,304
Total receipts	0	6,126,387
Total net income (less deficit)	0	317,091
Net income (less deficit) from a trade or business	0	240,026
Total income tax before credits	0	620

[1] Less than \$500,000.

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2008

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

Item	1971	1990	1999	2000	2005	2006	2007	2008
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total	1,733,332	3,716,650	4,935,904	5,045,274	5,671,257	5,840,799	5,868,849	5,847,221
Number with net income	1,063,940	1,910,670	2,812,175	2,819,153	3,324,260	3,367,313	3,367,720	3,183,821
Total assets	2,889,221	18,190,058	41,464,153	47,026,872	66,445,430	73,080,647	81,486,346	76,799,144
Total receipts	1,906,008	11,409,520	18,892,386	20,605,808	25,504,789	27,401,874	28,762,924	28,589,771
Business receipts	1,763,760	9,860,442	16,313,971	17,636,551	21,800,290	23,310,310	24,217,396	24,718,122
Interest received [1]	65,596	942,238	1,301,772	1,576,101	1,712,271	2,242,464	2,569,844	2,108,790
Total deductions	1,824,063	11,032,575	17,966,972	19,691,592	23,612,766	25,501,558	26,974,257	27,686,727
Cost of goods sold	1,241,282	6,610,770	10,284,098	11,135,288	13,816,464	14,799,599	15,513,227	16,080,387
Interest paid	64,697	825,372	1,018,972	1,271,679	1,287,098	1,787,104	2,085,113	1,658,636
Total receipts less total deductions	81,945	376,945	925,414	914,216	1,892,024	1,900,316	1,788,667	903,044
Net income (less deficit)	79,700	370,633	928,956	927,526	1,948,655	1,933,374	1,836,783	984,342
Net income	96,688	552,527	1,229,296	1,336,620	2,234,882	2,239,614	2,252,874	1,806,890
Deficit	-16,988	-181,894	-300,340	-409,094	-286,227	-306,240	-416,091	-822,548
Income subject to tax	83,165	366,353	693,736	760,404	1,201,325	1,291,431	1,248,285	978,153
Total income tax before credits	37,510	128,186	241,988	266,282	419,209	453,082	437,076	342,381
Income tax	37,143	119,434	238,722	262,233	416,324	450,168	433,493	339,726
Total income tax after credits	30,220	96,403	193,028	204,044	312,086	353,084	331,374	228,523
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total	5,154	44,113	59,514	60,609	61,820	63,951	64,026	66,797
Number with net income	2,575	17,360	27,509	26,519	30,870	30,318	30,929	28,399
Total assets	36,674	1,652,255	4,761,072	6,071,994	9,218,983	9,743,225	11,161,430	10,887,289
Total receipts	39,181	1,060,295	2,167,523	2,612,072	3,505,629	3,839,754	4,217,409	4,367,410
Business receipts	38,043	950,083	1,888,652	2,253,215	3,058,260	3,323,274	3,597,435	3,855,657
Interest received [1]	420	67,315	142,325	180,006	235,304	304,577	387,460	288,390
Total deductions	38,050	1,056,921	2,109,522	2,549,986	3,345,178	3,671,102	4,071,891	4,351,886
Cost of goods sold	28,804	709,052	1,322,100	1,584,513	2,239,966	2,425,660	2,638,722	2,849,635
Interest paid	733	77,562	144,833	186,835	199,877	286,668	360,439	252,292
Total receipts less total deductions	1,132	3,374	58,002	62,085	160,450	168,652	145,518	15,524
Net income (less deficit)	1,111	3,966	60,213	66,312	165,188	172,560	152,261	21,769
Net income	1,496	29,410	99,974	118,598	201,597	214,812	226,419	172,866
Deficit	-384	-25,444	-39,762	-52,287	-36,409	-42,252	-74,158	-151,097
Income subject to tax	1,344	23,704	78,638	97,515	153,007	171,251	183,840	140,227
Total income tax before credits	650	8,719	28,107	34,650	53,820	60,313	65,071	49,407
Income tax	631	8,008	27,358	33,950	53,137	59,693	64,192	48,846
Total income tax after credits	610	7,438	23,937	28,073	42,415	49,953	52,845	38,234
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total	0.30	1.19	1.21	1.20	1.09	1.09	1.09	1.14
Number with net income	0.24	0.91	0.98	0.94	0.93	0.90	0.92	0.89
Total assets	1.27	9.08	11.48	12.91	13.87	13.33	13.70	14.18
Total receipts	2.06	9.29	11.47	12.68	13.74	14.01	14.66	15.28
Business receipts	2.16	9.64	11.58	12.78	14.03	14.26	14.85	15.60
Interest received [1]	0.64	7.14	10.93	11.42	13.74	13.58	15.08	13.68
Total deductions	2.09	9.58	11.74	12.95	14.17	14.40	15.10	15.72
Cost of goods sold	2.32	10.73	12.86	14.23	16.21	16.39	17.01	17.72
Interest paid	1.13	9.40	14.21	14.69	15.53	16.04	17.29	15.21
Total receipts less total deductions	1.38	0.90	6.27	6.79	8.48	8.87	8.14	1.72
Net income (less deficit)	1.39	1.07	6.48	7.15	8.48	8.93	8.29	2.21
Net income	1.55	5.32	8.13	8.87	9.02	9.59	10.05	9.57
Deficit	2.26	13.99	13.24	12.78	12.72	13.80	17.82	18.37
Income subject to tax	1.62	6.47	11.34	12.82	12.74	13.26	14.73	14.34
Total income tax before credits	1.73	6.80	11.62	13.01	12.84	13.31	14.89	14.43
Income tax	1.70	6.70	11.46	12.95	12.76	13.26	14.81	14.38
Total income tax after credits	2.02	7.72	12.40	13.76	13.59	14.15	15.95	16.73

[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, 2008

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2008

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries	66,797	28,399	20,910	10,887,289	2,231,511	4,367,410	3,855,657	4,351,886
Agriculture, forestry, fishing, and hunting	823	268	224	6,183	3,004	3,438	3,126	3,414
Agricultural production	710	234	190	5,315	2,770	2,718	2,492	2,664
Forestry and logging	*10	*3	*3	*568	*370	*465	*453	*465
Support activities and fishing, hunting, and trapping	*103	*31	*31	*299	*136	*255	*181	*286
Mining	708	288	234	191,849	82,372	86,126	78,376	78,530
Utilities	250	140	137	146,193	43,510	62,653	57,777	65,006
Construction	1,594	880	522	48,490	10,532	55,284	53,526	55,926
Construction of buildings	429	315	310	23,212	3,538	31,744	31,054	32,951
Heavy and civil engineering construction	816	314	58	17,751	5,085	14,688	13,743	14,314
Specialty trade contractors	348	250	154	7,527	1,908	8,852	8,729	8,661
Manufacturing	7,850	3,385	2,433	2,578,206	740,231	2,018,705	1,930,369	1,980,291
Food manufacturing	764	393	122	74,933	17,444	82,030	79,692	79,670
Beverage and tobacco product manufacturing	324	59	24	104,331	29,735	44,371	42,236	42,680
Textile mills and textile product mills	137	75	54	5,295	1,957	6,685	6,583	6,639
Apparel manufacturing	56	50	50	1,293	864	1,895	1,829	1,883
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	139	88	86	6,389	967	7,622	7,530	8,357
Paper manufacturing	100	64	60	14,830	5,202	16,657	16,456	16,906
Printing and related support activities	47	15	10	5,351	-1,330	6,144	5,986	6,274
Petroleum and coal products manufacturing	36	29	26	658,304	128,228	750,667	737,260	729,326
Chemical manufacturing	462	260	223	491,827	163,116	291,347	260,689	272,578
Plastics and rubber products manufacturing	426	150	137	51,685	18,000	53,228	52,037	53,975
Nonmetallic mineral product manufacturing	140	70	69	107,862	23,304	55,877	53,911	57,417
Primary metal manufacturing	169	78	80	83,565	23,881	87,703	85,754	84,393
Fabricated metal product manufacturing	861	245	217	41,126	12,548	40,480	39,256	39,498
Machinery manufacturing	807	344	311	125,293	42,200	98,471	93,909	96,283
Computer and electronic product manufacturing	1,501	877	541	216,953	94,738	137,296	130,314	141,144
Electrical equipment, appliance, and component manufacturing	222	133	80	86,922	33,024	37,624	36,656	36,302
Transportation equipment manufacturing	838	169	155	397,265	129,437	225,081	211,771	233,414
Furniture and related product manufacturing	172	7	7	2,024	-243	2,971	2,946	3,080
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	19,810	9,861	7,110	695,042	202,025	1,122,809	1,096,573	1,116,817
Wholesale trade	16,211	8,010	6,180	609,569	173,989	984,088	960,979	977,598
Wholesale trade, durable goods	11,876	5,824	4,561	389,853	103,858	599,738	585,233	602,479
Wholesale trade, nondurable goods	4,177	2,095	1,528	219,551	70,030	384,252	375,672	375,033
Wholesale electronic markets and agents and brokers	*157	*90	*90	*165	*101	*98	*74	*87
Retail trade	3,600	1,851	930	85,472	28,037	138,720	135,594	139,220
Motor vehicle dealers and parts dealers	407	307	281	2,467	685	5,728	5,404	5,766
Furniture and home furnishings stores	492	272	8	5,560	729	6,100	6,069	6,093
Electronics and appliance stores	299	98	95	1,319	-12	2,619	2,581	2,523
Building material and garden equipment and supplies dealers	284	26	25	468	184	938	931	947
Food, beverage and liquor stores	104	15	12	33,620	10,896	69,129	68,146	68,578
Health and personal care stores	144	125	24	6,901	1,018	6,384	6,220	6,315
Gasoline stations	*325	*322	*88	*3,010	*657	*14,117	*13,972	*14,056
Clothing and clothing accessories stores	392	63	58	19,676	9,012	18,558	17,747	18,706
Sporting goods, hobby, book, and music stores	346	60	60	1,366	451	1,177	1,152	1,179
General merchandise stores	*16	*5	*5	*271	*63	*734	*721	*745
Miscellaneous store retailers	110	32	32	5,405	2,680	4,631	4,363	5,459
Nonstore retailers	680	526	241	5,410	1,675	8,605	8,287	8,851

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2008—Continued

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

Major industry	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transportation and warehousing	1,730	824	648	75,649	20,077	69,076	65,743	70,515
Air, rail, and water transportation	123	85	27	20,679	5,389	13,179	12,986	13,084
Truck transportation	799	109	109	1,068	133	3,658	3,627	3,688
Transit and ground passenger transportation	*5	d	d	*7,499	*1,717	*5,797	*5,468	*6,013
Pipeline transportation	6	d	d	2,642	1,287	5,223	5,042	5,078
Other transportation and support activities	470	302	201	34,597	6,641	38,251	35,857	39,809
Warehousing and storage	327	322	305	9,164	4,911	2,970	2,763	2,844
Information	2,346	1,117	860	292,536	103,723	111,938	97,050	108,489
Publishing industries	687	311	161	111,459	18,638	50,430	44,276	49,964
Motion picture and sound recording industries	490	388	385	21,639	12,894	9,668	7,080	9,764
Broadcasting (except Internet)	50	21	21	3,634	1,145	1,132	932	1,189
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	363	204	139	142,496	69,210	45,189	39,743	42,119
Data processing, hosting, and related services	86	43	10	7,582	-247	2,904	2,496	2,868
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	671	151	145	5,727	2,083	2,615	2,523	2,587
Finance and insurance	3,361	1,662	1,197	5,065,415	687,591	509,053	253,437	546,635
Credit intermediation	526	152	145	347,243	22,490	22,884	11,885	24,259
Depository credit intermediation	38	26	27	119,809	4,143	7,007	962	5,978
Nondepository credit intermediation	488	126	118	227,435	18,347	15,877	10,923	18,280
Securities, commodity contracts, and other financial investments and related activities	1,364	557	503	2,564,321	115,421	155,708	36,809	194,886
Insurance carriers and related activities	332	203	202	1,838,819	300,483	316,775	204,636	322,858
Funds, trusts, and other financial vehicles	1,139	751	347	315,031	249,197	13,686	106	4,633
Real estate and rental and leasing	12,881	4,125	2,682	179,054	57,954	26,316	15,559	26,774
Real estate	12,328	3,665	2,579	137,017	48,701	15,704	7,610	15,285
Rental and leasing services	547	d	d	33,882	4,402	9,748	7,283	10,565
Lessors of nonfinancial intangible assets (except copyrighted works)	*6	d	d	*8,155	*4,851	*864	*666	*923
Professional, scientific, and technical services	8,918	2,820	2,340	195,577	78,953	104,512	96,573	100,995
Management of companies (holding companies)	2,500	1,174	882	1,244,448	155,837	90,963	9,984	92,692
Administrative and support and waste management and remediation services	1,223	525	424	61,341	17,867	48,190	45,926	48,174
Administrative and support services	1,212	519	418	51,176	13,887	42,797	40,701	42,611
Waste management and remediation services	11	6	6	10,165	3,980	5,393	5,225	5,563
Educational services	13	9	9	4,221	1,189	1,762	1,610	1,654
Health care and social assistance	89	18	15	36,929	11,399	13,167	12,463	12,788
Offices of health practitioners and outpatient care centers	*60	*4	d	*27,876	*9,568	*6,751	*6,462	*6,334
Miscellaneous health care and social assistance	22	10	10	6,102	915	3,594	3,517	3,661
Hospitals, nursing, and residential care facilities	7	4	d	2,951	916	2,822	2,483	2,792
Arts, entertainment, and recreation	682	243	222	12,307	636	5,650	4,923	5,994
Amusement, gambling, and recreation industries	121	25	7	9,328	978	2,797	2,456	3,101
Other arts, entertainment, and recreation	561	219	215	2,979	-342	2,852	2,467	2,894
Accommodation and food services	1,424	857	795	46,832	13,259	29,959	25,257	29,787
Accommodation	269	119	88	31,039	13,019	7,315	4,675	7,226
Food services and drinking places	1,156	738	707	15,793	240	22,644	20,582	22,561
Other services	592	205	178	7,018	1,353	7,809	7,385	7,404
Repair and maintenance	341	45	47	3,920	1,157	5,402	5,187	5,279
Personal and laundry services	251	160	131	3,098	196	2,407	2,198	2,126

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2008—Continued

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All industries	2,849,635	15,524	21,769	172,866	-151,097	140,227	49,407	38,234
Agriculture, forestry, fishing, and hunting	2,123	24	24	270	-246	182	63	60
Agricultural production	1,568	54	54	252	-198	167	58	56
Forestry and logging	*402	*1	*1	*7	*-7	*5	*2	*2
Support activities and fishing, hunting, and trapping	*153	*-31	*-31	*10	*-41	*10	*3	*3
Mining	42,383	7,595	8,236	12,462	-4,226	10,986	3,949	2,493
Utilities	36,248	-2,352	-2,357	760	-3,117	425	153	142
Construction	46,462	-642	-637	1,444	-2,081	1,121	395	347
Construction of buildings	29,453	-1,207	-1,200	478	-1,679	417	146	139
Heavy and civil engineering construction	10,792	374	371	669	-298	507	180	144
Specialty trade contractors	6,217	191	193	298	-105	197	69	65
Manufacturing	1,519,836	38,414	42,870	78,063	-35,193	70,896	24,960	17,563
Food manufacturing	55,567	2,360	2,430	2,977	-547	2,503	881	808
Beverage and tobacco product manufacturing	18,718	1,692	1,860	2,026	-166	1,590	556	446
Textile mills and textile product mills	5,120	46	48	214	-167	188	65	64
Apparel manufacturing	1,251	12	12	54	-42	43	15	14
Leather and allied product manufacturing	d	d	d	d	d	d	d	d
Wood product manufacturing	6,476	-735	-735	49	-784	46	15	15
Paper manufacturing	13,366	-250	-250	185	-435	168	58	55
Printing and related support activities	4,535	-130	-130	38	-168	28	10	9
Petroleum and coal products manufacturing	672,059	21,342	23,190	24,080	-890	23,935	8,378	3,907
Chemical manufacturing	159,961	18,770	19,893	25,331	-5,438	23,278	8,181	6,734
Plastics and rubber products manufacturing	39,155	-747	-687	635	-1,322	421	156	118
Nonmetallic mineral product manufacturing	38,257	-1,540	-1,511	1,181	-2,693	1,054	371	334
Primary metal manufacturing	71,364	3,309	3,598	4,464	-866	4,376	1,616	1,095
Fabricated metal product manufacturing	29,005	983	997	1,650	-654	1,496	521	505
Machinery manufacturing	70,444	2,188	2,358	3,892	-1,534	3,627	1,274	1,130
Computer and electronic product manufacturing	94,902	-3,848	-3,525	3,427	-6,952	2,164	764	627
Electrical equipment, appliance, and component manufacturing	26,158	1,322	1,425	2,115	-690	1,521	535	431
Transportation equipment manufacturing	164,516	-8,333	-8,272	2,135	-10,408	1,469	519	448
Furniture and related product manufacturing	2,146	-109	-109	21	-130	21	7	6
Miscellaneous manufacturing	d	d	d	d	d	d	d	d
Wholesale and retail trade	902,326	5,991	6,342	23,005	-16,663	18,507	6,469	6,009
Wholesale trade	808,524	6,491	6,836	20,279	-13,443	16,244	5,669	5,253
Wholesale trade, durable goods	490,801	-2,740	-2,444	8,532	-10,976	7,041	2,451	2,324
Wholesale trade, nondurable goods	317,723	9,219	9,269	11,734	-2,466	9,193	3,215	2,926
Wholesale electronic markets and agents and brokers	*0	*12	*12	*12	*-1	*11	*3	*3
Retail trade	93,802	-499	-493	2,726	-3,220	2,263	800	756
Motor vehicle dealers and parts dealers	4,787	-39	-38	26	-64	20	7	7
Furniture and home furnishings stores	3,367	6	6	97	-90	90	31	31
Electronics and appliance stores	1,627	96	96	180	-84	157	54	45
Building material and garden equipment and supplies dealers	734	-9	-9	12	-21	12	4	4
Food, beverage and liquor stores	47,996	551	552	1,505	-953	1,454	514	502
Health and personal care stores	2,790	69	72	155	-84	148	51	41
Gasoline stations	*12,113	*61	*61	*64	*-3	*61	*21	*15
Clothing and clothing accessories stores	9,373	-148	-145	539	-683	188	73	69
Sporting goods, hobby, book, and music stores	818	-2	-2	29	-31	29	10	10
General merchandise stores	*514	*-12	*-12	*15	*-26	*15	*5	*4
Miscellaneous store retailers	2,729	-828	-828	42	-870	41	14	14
Nonstore retailers	6,954	-245	-247	63	-310	48	16	16

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2008—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	29,394	-1,439	-1,430	1,270	-2,701	1,053	368	354
Air, rail, and water transportation	5,089	95	95	288	-193	271	96	91
Truck transportation	2,298	-30	-30	42	-72	39	12	12
Transit and ground passenger transportation	*1,143	*-216	*-216	d	d	d	d	d
Pipeline transportation	4,844	144	144	d	d	d	d	d
Other transportation and support activities	15,528	-1,558	-1,549	599	-2,148	545	189	182
Warehousing and storage	493	126	126	189	-63	156	54	52
Information	36,326	3,449	3,760	7,404	-3,645	3,957	1,427	1,238
Publishing industries	17,644	467	526	2,636	-2,110	1,865	659	537
Motion picture and sound recording industries	2,620	-96	46	350	-304	137	47	46
Broadcasting (except Internet)	531	-57	-57	55	-111	45	15	15
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	14,507	3,070	3,126	3,815	-689	1,401	528	492
Data processing, hosting, and related services	590	37	37	262	-225	250	87	87
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	433	28	82	287	-206	258	90	62
Finance and insurance	154,006	-37,582	-37,846	26,440	-64,286	15,210	5,342	4,815
Credit intermediation	315	-1,375	-1,419	1,754	-3,173	1,595	559	527
Depository credit intermediation	0	1,029	1,028	1,100	-73	1,071	375	373
Nondepository credit intermediation	315	-2,404	-2,446	654	-3,100	525	185	154
Securities, commodity contracts, and other financial investments and related activities	1,555	-39,178	-39,058	4,848	-43,906	4,510	1,581	1,502
Insurance carriers and related activities	152,137	-6,082	-6,421	10,076	-16,496	8,731	3,071	2,659
Funds, trusts, and other financial vehicles	0	9,053	9,051	9,762	-710	373	130	127
Real estate and rental and leasing	2,975	-457	-471	3,025	-3,496	1,634	569	556
Real estate	717	419	420	2,704	-2,284	1,391	484	475
Rental and leasing services	2,222	-817	-832	d	d	d	d	d
Lessors of nonfinancial intangible assets (except copyrighted works)	*36	*-59	*-59	d	d	d	d	d
Professional, scientific, and technical services	34,140	3,517	3,734	7,209	-3,476	5,647	1,981	1,765
Management of companies (holding companies)	1,778	-1,730	-1,294	8,138	-9,432	7,818	2,752	2,039
Administrative and support and waste management and remediation services	20,785	16	45	1,031	-986	711	252	201
Administrative and support services	20,157	186	215	913	-698	696	244	194
Waste management and remediation services	629	-170	-170	118	-288	15	7	7
Educational services	602	108	111	112	-1	96	34	29
Health care and social assistance	3,816	379	379	647	-267	572	201	195
Offices of health practitioners and outpatient care centers	*3,101	*417	*417	*480	*-63	*451	d	d
Miscellaneous health care and social assistance	661	-67	-67	73	-140	36	13	12
Hospitals, nursing, and residential care facilities	55	29	29	93	-64	85	d	d
Arts, entertainment, and recreation	1,738	-345	-321	151	-473	127	43	43
Amusement, gambling, and recreation industries	1,003	-303	-299	13	-311	8	3	3
Other arts, entertainment, and recreation	735	-41	-23	139	-161	119	41	40
Accommodation and food services	11,276	172	201	895	-695	775	271	233
Accommodation	472	90	116	383	-267	271	97	85
Food services and drinking places	10,804	83	84	512	-428	504	174	148
Other services	3,419	405	423	538	-115	510	177	154
Repair and maintenance	2,771	124	124	196	-72	195	67	64
Personal and laundry services	648	282	300	343	-43	315	110	90

* Estimate should be used with caution because of the small number of sample returns on which it is based.

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

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

Foreign-Controlled Domestic Corporations, 2008

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Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2008

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

Age of corporation and selected country of foreign owner	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All foreign-controlled domestic corporations	66,797	28,399	20,910	10,887,289	2,231,511	4,367,410	3,855,657	4,351,886
AGE OF CORPORATION								
Old corporations:								
Number or amount	50,572	23,402	16,866	10,087,490	1,981,231	3,998,122	3,511,760	3,975,156
Percentage of all corporations	75.71	82.40	80.66	92.65	88.78	91.54	91.08	91.34
New corporations:								
Number or amount	16,224	4,996	4,044	799,799	250,279	369,288	343,897	376,731
Percentage of all corporations	24.29	17.59	19.34	7.35	11.22	8.46	8.92	8.66
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	58,810	26,094	19,162	10,829,366	2,213,469	4,332,137	3,823,625	4,316,095
Percentage of all countries	88.04	91.88	91.64	99.47	99.19	99.19	99.17	99.18
Selected countries:								
Australia	1,201	473	361	158,665	38,016	52,292	44,532	52,746
Austria	751	290	222	11,461	3,530	14,111	13,815	14,104
Belgium	322	193	123	153,641	40,362	67,976	63,929	67,708
Bermuda	744	152	134	229,303	58,918	86,152	76,581	83,627
Brazil	1,130	665	300	18,705	4,990	19,167	18,660	19,662
British Virgin Islands [1]	2,933	707	616	27,941	6,023	25,488	23,474	25,468
Canada	10,132	5,511	3,950	1,220,119	334,647	396,848	344,821	389,289
Cayman Islands	1,459	510	427	75,736	32,081	29,399	25,737	31,674
China	1,543	642	355	8,325	2,850	10,385	10,031	10,198
China (Taiwan)	1,705	411	164	15,196	3,822	27,441	26,908	27,289
Colombia	857	26	26	2,197	1,046	1,525	1,509	1,703
Cyprus	46	26	9	3,256	508	8,252	8,188	8,280
Denmark	337	135	135	18,283	6,550	22,437	22,016	22,071
Finland	55	20	22	22,186	10,650	19,133	18,038	18,942
Former Soviet Union [2]	305	258	258	15,696	8,668	13,559	12,989	13,521
France	2,024	793	630	1,138,540	260,186	295,410	241,762	288,719
Germany	4,346	2,084	1,618	1,225,241	247,916	431,607	380,614	439,705
Gibraltar	83	3	3	30,653	-4,011	11,750	10,213	12,642
Hong Kong	1,134	398	286	14,008	3,160	16,254	15,786	16,569
Hungary	59	24	24	21,255	4,057	16,416	15,926	15,945
India	930	463	341	16,251	2,597	19,543	19,492	19,565
Ireland	430	178	116	95,678	40,251	35,967	33,465	35,817
Israel	864	483	439	57,892	13,638	31,284	29,534	31,972
Italy	1,609	504	422	62,395	20,250	32,199	30,455	31,711
Japan	6,108	2,955	2,160	767,073	211,387	584,521	557,226	587,623
Liechtenstein	340	56	33	3,560	1,333	5,125	4,993	4,961
Luxembourg	469	183	159	119,894	42,007	63,970	59,551	64,440
Mexico	1,393	689	529	41,058	6,734	35,926	33,572	33,790
Netherlands	1,873	858	469	1,075,971	136,685	292,575	216,144	292,827
Netherlands Antilles	285	134	130	15,838	7,549	12,887	11,864	11,772
Norway	227	67	64	21,940	8,240	20,199	19,622	20,308
Panama	915	434	150	13,994	4,885	9,133	8,507	8,418
Puerto Rico	26	6	6	23,964	9,448	1,206	237	2,640
Saudi Arabia	52	34	6	15,246	5,684	21,361	20,328	21,505
Singapore	267	80	79	29,117	17,996	17,694	16,914	18,112
South Africa, Republic of	106	34	34	3,830	1,158	5,741	5,727	5,726
South Korea, Republic of	1,811	1,050	928	46,912	10,410	78,359	76,768	78,659
Spain	817	193	172	123,062	33,795	30,112	23,932	29,849
Sweden	517	276	215	122,465	33,489	94,366	83,331	88,932
Switzerland	1,420	618	486	1,271,917	121,404	270,527	217,030	293,238
United Arab Emirates	144	63	63	9,013	2,563	5,054	4,503	5,097
United Kingdom	5,524	3,001	2,097	2,461,016	414,574	1,051,104	928,868	1,022,766
Venezuela	1,517	414	401	20,873	3,423	47,682	46,033	46,505

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2008—Continued

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

Age of corporation and selected country of foreign owner	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations	2,849,635	15,524	21,769	172,866	-151,097	140,227	49,407	38,234
AGE OF CORPORATION								
Old corporations:								
Number or amount	2,593,016	22,966	28,816	161,559	-132,742	132,052	46,538	35,702
Percentage of all corporations	90.99	147.94	132.37	93.46	87.85	94.17	94.19	93.38
New corporations:								
Number or amount	256,619	-7,442	-7,047	11,308	-18,355	8,176	2,869	2,532
Percentage of all corporations	9.01	-47.94	-32.37	6.54	12.15	5.83	5.81	6.62
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	2,825,101	16,042	22,254	170,652	-148,397	138,313	48,742	37,603
Percentage of all countries	99.14	103.34	102.23	98.72	98.21	98.64	98.65	98.35
Selected countries:								
Australia	28,911	-454	-226	2,256	-2,482	1,788	626	226
Austria	10,319	7	15	347	-332	254	89	85
Belgium	38,234	268	432	1,881	-1,448	1,700	600	456
Bermuda	48,811	2,525	2,775	4,763	-1,988	3,713	1,311	808
Brazil	17,016	-495	-495	391	-885	187	68	66
British Virgin Islands [1]	17,966	20	27	1,087	-1,060	781	277	269
Canada	258,709	7,559	7,548	20,825	-13,277	13,904	4,927	4,470
Cayman Islands	14,423	-2,275	-2,195	2,758	-4,953	1,687	596	421
China	8,194	188	188	389	-201	356	124	55
China (Taiwan)	24,529	151	150	453	-303	302	105	102
Colombia	1,293	-178	-178	8	-186	[3]	[3]	[3]
Cyprus	7,959	-28	-28	31	-59	29	10	10
Denmark	15,230	366	367	784	-417	700	245	219
Finland	14,148	192	200	409	-210	309	110	108
Former Soviet Union [2]	11,636	38	38	374	-337	373	131	113
France	173,655	6,691	7,467	16,168	-8,701	11,653	4,100	3,365
Germany	253,741	-8,098	-7,666	12,182	-19,848	8,513	3,037	2,595
Gibraltar	9,529	-893	-892	63	-955	63	22	21
Hong Kong	13,924	-315	-314	150	-465	84	29	28
Hungary	10,379	470	502	672	-169	671	247	161
India	12,138	-23	-22	493	-515	405	146	141
Ireland	19,748	150	150	866	-716	599	212	193
Israel	23,877	-688	-638	622	-1,260	525	181	152
Italy	18,910	488	523	1,413	-890	1,254	452	397
Japan	430,202	-3,102	-2,729	14,867	-17,595	11,695	4,107	3,606
Liechtenstein	3,642	165	162	242	-80	197	69	69
Luxembourg	43,123	-470	-364	2,765	-3,129	2,405	907	790
Mexico	24,448	2,136	2,389	3,621	-1,232	2,523	890	390
Netherlands	159,561	-251	-164	7,937	-8,101	5,403	1,914	1,696
Netherlands Antilles	5,949	1,115	1,159	1,292	-132	1,257	438	391
Norway	15,265	-109	-108	580	-687	516	180	165
Panama	6,878	715	729	814	-85	480	168	150
Puerto Rico	57	-1,433	-1,437	14	-1,451	13	4	4
Saudi Arabia	18,449	-144	-145	387	-532	348	122	120
Singapore	12,851	-418	-398	213	-611	182	64	59
South Africa, Republic of	4,498	15	15	179	-164	147	52	51
South Korea, Republic of	69,003	-300	-275	883	-1,158	457	158	136
Spain	13,955	263	173	1,846	-1,674	1,618	567	555
Sweden	61,035	5,434	6,282	6,881	-599	6,454	2,264	1,236
Switzerland	138,377	-22,711	-22,690	13,895	-36,585	13,015	4,557	4,243
United Arab Emirates	3,747	-43	-38	353	-392	148	51	45
United Kingdom	716,512	28,337	30,791	43,090	-12,299	40,212	14,100	8,955
Venezuela	44,270	1,177	1,174	1,408	-234	1,393	485	481

[1] Includes domestic corporations with owners from Saint Christopher, Nevis, and Anguilla.

[2] Includes domestic corporations with owners from Russia, Armenia, Uzbekistan, Ukraine, Turkmenistan, Tajikistan, Sakhalin Island, Moldova, Kyrgyzstan, Azerbaijan, Kazakhstan, Kurile Islands, Georgia, Belarus, and Estonia.

[3] Less than \$500,000.

NOTES: "New" corporations were those with dates of incorporation between 2006 and 2009; "old" corporations were those with dates of incorporation prior to 2006, 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 750 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, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008

[Money amounts are in millions of dollars]

Control status and selected industries	Number of returns			Assets			
	Total	With net income	With total income tax after credits	Total	Current	Noncurrent	
						Total	Loans to shareholders
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,854	2,432	2,362	9,605,852	4,400,757	5,205,094	45,254
Mining	91	55	56	161,714	43,795	117,919	762
Utilities	29	12	10	126,083	20,305	105,778	0
Manufacturing	1,392	825	807	2,287,548	943,341	1,344,207	3,562
Food manufacturing	102	63	60	65,431	16,070	49,361	59
Petroleum and coal products manufacturing	19	15	15	651,174	388,939	262,235	1,134
Chemical manufacturing	168	120	116	404,377	140,766	263,612	491
Primary metal manufacturing	83	53	56	72,721	27,826	44,895	0
Machinery manufacturing	171	117	116	99,766	44,562	55,204	65
Computer and electronic product manufacturing	130	86	83	155,154	42,020	113,134	682
Transportation equipment manufacturing	230	93	92	380,017	154,747	225,270	94
Wholesale and retail trade	1,201	837	814	586,390	296,730	289,660	4,446
Wholesale trade	1,111	794	769	512,141	271,733	240,408	3,708
Wholesale trade, durable goods	735	519	505	330,555	199,881	130,674	3,572
Wholesale trade, nondurable goods	375	274	263	181,587	71,852	109,735	136
Retail trade	90	44	46	74,249	24,997	49,252	738
Food, beverage and liquor stores	11	6	7	31,959	7,899	24,060	412
Transportation and warehousing	129	81	73	64,477	12,367	52,110	197
Information	119	68	65	266,279	44,039	222,239	3,937
Finance and insurance	304	184	186	4,642,540	2,227,399	2,415,140	30,310
Securities, commodity contracts, and other financial investments and related activities	88	52	53	2,456,809	1,703,004	753,805	556
Insurance carriers and related activities	127	75	78	1,824,222	337,935	1,486,287	439
Professional, scientific, and technical services	206	132	122	140,699	43,990	96,709	176
Management of companies (holding companies)	75	50	50	1,124,819	711,408	413,411	1,414
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	13,679	9,399	9,126	46,150,797	18,019,067	28,131,730	101,157
Mining	231	145	152	590,572	119,643	470,929	1,731
Utilities	158	98	99	1,318,043	233,136	1,084,908	22
Manufacturing	2,845	1,891	1,766	6,989,163	2,377,914	4,611,249	66,643
Food manufacturing	306	219	209	675,297	363,177	312,120	141
Petroleum and coal products manufacturing	39	32	31	1,246,929	357,930	888,999	29,242
Chemical manufacturing	288	211	201	1,147,519	300,304	847,215	27,859
Primary metal manufacturing	155	114	106	188,264	80,271	107,993	158
Machinery manufacturing	245	196	186	299,388	121,249	178,139	1,221
Computer and electronic product manufacturing	388	244	205	799,203	281,121	518,081	2,048
Transportation equipment manufacturing	192	102	103	801,825	358,329	443,496	132
Wholesale and retail trade	3,535	2,510	2,440	1,882,013	643,739	1,238,274	948
Wholesale trade	2,232	1,735	1,684	906,001	296,599	609,402	377
Wholesale trade, durable goods	941	727	722	188,774	98,498	90,276	221
Wholesale trade, nondurable goods	1,290	1,007	961	716,951	197,985	518,967	156
Retail trade	1,303	774	756	976,012	347,139	628,872	571
Food, beverage and liquor stores	160	119	117	93,060	28,597	64,462	3
Transportation and warehousing	417	279	256	493,582	102,711	390,871	1,767
Information	582	344	319	1,957,881	350,199	1,607,682	563
Finance and insurance	1,733	1,222	1,242	15,230,810	5,145,149	10,085,661	4,872
Securities, commodity contracts, and other financial investments and related activities	152	105	105	4,983,030	2,795,365	2,187,665	22
Insurance carriers and related activities	803	550	566	6,128,113	1,399,034	4,729,078	2,304
Professional, scientific, and technical services	820	550	529	306,074	140,376	165,698	272
Management of companies (holding companies)	1,256	946	975	16,446,105	8,632,569	7,813,536	23,556

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Liabilities			Net worth			
	Current	Noncurrent		Total	Retained earnings		
		Total	Loans from shareholders		Total	Appropriated	Unappropriated
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	4,623,710	3,285,653	152,368	1,696,488	-67,029	12,934	-79,963
Mining	28,985	58,138	4,058	74,592	17,751	3	17,748
Utilities	33,323	60,482	2,115	32,279	-6,617	1	-6,618
Manufacturing	892,161	729,883	61,900	665,505	31,709	336	31,373
Food manufacturing	21,689	29,401	9,725	14,340	-3,074	0	-3,074
Petroleum and coal products manufacturing	421,884	102,016	3	127,274	18,464	17	18,446
Chemical manufacturing	125,756	133,077	20,584	145,544	68,642	6	68,636
Primary metal manufacturing	19,038	32,231	5,372	21,452	-4,391	0	-4,391
Machinery manufacturing	31,290	29,426	1,480	39,050	-690	62	-752
Computer and electronic product manufacturing	33,198	52,931	16,893	69,025	-54,393	87	-54,480
Transportation equipment manufacturing	119,119	135,121	2,136	125,777	19,882	3	19,878
Wholesale and retail trade	233,154	171,887	7,872	181,349	18,508	66	18,442
Wholesale trade	212,773	143,595	7,023	155,773	18,246	66	18,179
Wholesale trade, durable goods	149,794	85,946	5,425	94,815	13,279	66	13,213
Wholesale trade, nondurable goods	62,978	57,650	1,597	60,959	4,966	0	4,966
Retail trade	20,382	28,292	850	25,575	263	0	263
Food, beverage and liquor stores	6,804	14,687	83	10,469	-1,964	0	-1,964
Transportation and warehousing	13,874	33,452	3,989	17,151	-4,986	22	-5,008
Information	48,595	113,257	33,468	104,427	-39,063	183	-39,246
Finance and insurance	2,556,149	1,682,084	23,548	404,307	-52,703	12,218	-64,921
Securities, commodity contracts, and other financial investments and related activities	1,656,442	719,073	13,671	81,294	-28,473	0	-28,473
Insurance carriers and related activities	706,416	820,204	601	297,602	-17,387	12,211	-29,598
Professional, scientific, and technical services	42,201	40,166	3,259	58,332	-13,324	34	-13,357
Management of companies (holding companies)	729,351	290,303	2,585	105,165	7,931	0	7,931
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	23,663,595	13,029,058	61,301	9,458,144	2,719,678	92,339	2,627,338
Mining	109,893	233,872	254	246,807	105,777	220	105,558
Utilities	224,995	776,684	108	316,365	62,172	2,094	60,078
Manufacturing	2,199,738	2,469,534	44,819	2,319,890	1,105,951	6,206	1,099,745
Food manufacturing	358,191	144,528	727	172,578	78,697	91	78,606
Petroleum and coal products manufacturing	321,992	264,122	21,099	660,815	444,912	2,167	442,745
Chemical manufacturing	285,099	411,599	2,539	450,821	283,685	43	283,642
Primary metal manufacturing	59,118	53,967	53	75,179	33,995	0	33,995
Machinery manufacturing	92,452	119,183	1,697	87,753	66,869	81	66,788
Computer and electronic product manufacturing	224,881	212,723	1,315	361,598	13,751	2,217	11,534
Transportation equipment manufacturing	328,052	434,584	490	39,189	-50,864	53	-50,917
Wholesale and retail trade	571,567	536,255	2,447	774,190	485,021	1,034	483,987
Wholesale trade	230,417	240,147	852	435,438	278,491	527	277,964
Wholesale trade, durable goods	63,875	50,339	395	74,560	41,133	279	40,854
Wholesale trade, nondurable goods	166,445	189,677	457	360,829	237,285	248	237,037
Retail trade	341,151	296,109	1,595	338,752	206,531	507	206,024
Food, beverage and liquor stores	36,942	28,496	246	27,622	26,520	7	26,512
Transportation and warehousing	105,499	269,515	3,308	118,567	29,315	3	29,312
Information	423,323	877,855	880	656,703	-128,151	703	-128,854
Finance and insurance	7,867,324	5,350,778	2,844	2,012,707	492,843	78,141	414,702
Securities, commodity contracts, and other financial investments and related activities	2,751,115	1,646,673	18	585,241	45,716	148	45,569
Insurance carriers and related activities	2,780,858	2,153,042	2,510	1,194,212	505,908	76,346	429,563
Professional, scientific, and technical services	105,892	96,677	810	103,505	-60,193	137	-60,330
Management of companies (holding companies)	11,831,366	1,937,252	2,114	2,677,487	574,111	1,627	572,484

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Receipts						
	Total	Business receipts	Interest [1]	Rents	Royalties	Dividends received from:	
						Domestic corporations	Foreign corporations
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,814,962	3,353,418	272,642	8,911	18,290	6,116	6,679
Mining	80,452	73,399	889	79	381	1,293	800
Utilities	57,020	52,509	628	132	0	37	7
Manufacturing	1,837,721	1,758,610	20,504	2,291	9,107	1,080	3,563
Food manufacturing	75,806	73,788	143	12	49	1	191
Petroleum and coal products manufacturing	738,706	725,472	1,502	513	286	95	1,069
Chemical manufacturing	254,099	226,467	2,897	147	6,123	93	838
Primary metal manufacturing	80,350	78,548	438	21	19	12	24
Machinery manufacturing	80,980	76,951	1,374	188	205	1	100
Computer and electronic product manufacturing	106,904	102,168	1,726	60	559	7	481
Transportation equipment manufacturing	207,051	194,486	7,796	414	250	24	102
Wholesale and retail trade	901,000	878,103	5,256	1,386	2,598	220	250
Wholesale trade	776,240	756,056	4,610	1,091	2,404	183	211
Wholesale trade, durable goods	515,906	503,337	3,721	807	1,385	113	153
Wholesale trade, nondurable goods	260,334	252,719	889	284	1,018	70	58
Retail trade	124,760	122,048	647	295	194	37	38
Food, beverage and liquor stores	67,925	67,001	125	225	0	34	0
Transportation and warehousing	59,267	56,197	416	242	0	15	17
Information	96,377	83,327	2,218	149	4,181	85	370
Finance and insurance	478,052	240,064	175,506	1,659	40	3,183	563
Securities, commodity contracts, and other financial investments and related activities	145,127	29,480	120,303	670	27	163	154
Insurance carriers and related activities	310,438	199,208	43,898	934	5	3,014	406
Professional, scientific, and technical services	76,089	70,039	1,244	76	1,135	41	183
Management of companies (holding companies)	84,759	9,250	63,989	1,213	37	103	814
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	14,570,822	12,092,430	1,454,147	79,470	144,635	27,859	95,839
Mining	294,263	261,773	3,448	1,042	1,079	462	6,763
Utilities	677,963	649,976	5,665	2,200	462	242	663
Manufacturing	4,960,477	4,443,918	151,029	27,728	90,990	5,734	67,740
Food manufacturing	366,734	350,424	3,201	386	1,922	116	2,715
Petroleum and coal products manufacturing	1,562,430	1,482,054	15,122	896	962	454	25,343
Chemical manufacturing	544,872	465,187	9,332	579	27,048	479	11,701
Primary metal manufacturing	150,497	144,266	1,825	63	566	18	810
Machinery manufacturing	237,687	219,629	4,419	1,534	3,293	33	2,119
Computer and electronic product manufacturing	523,290	462,852	6,081	1,392	34,979	295	8,509
Transportation equipment manufacturing	609,500	541,622	21,358	8,385	9,577	73	5,996
Wholesale and retail trade	3,008,334	2,910,751	15,472	5,305	9,953	2,037	3,401
Wholesale trade	1,244,733	1,208,432	7,784	2,618	4,251	1,939	2,180
Wholesale trade, durable goods	324,338	316,967	1,473	709	516	17	373
Wholesale trade, nondurable goods	919,965	891,055	6,309	1,906	3,735	1,921	1,807
Retail trade	1,763,602	1,702,319	7,689	2,687	5,702	98	1,221
Food, beverage and liquor stores	245,169	240,563	578	313	1,664	7	8
Transportation and warehousing	435,879	418,173	3,315	1,084	1,978	43	444
Information	843,357	715,696	21,941	11,146	27,794	805	2,638
Finance and insurance	2,376,221	1,506,700	670,046	9,939	990	16,035	5,927
Securities, commodity contracts, and other financial investments and related activities	261,947	90,184	166,706	420	291	1,379	1,711
Insurance carriers and related activities	1,696,802	1,340,256	191,715	9,086	377	12,007	3,653
Professional, scientific, and technical services	273,625	261,023	3,462	315	2,407	43	662
Management of companies (holding companies)	857,080	142,681	571,078	17,136	315	2,357	5,391

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Deductions						
	Total	Cost of goods sold	Compensation of officers	Salaries and wages	Interest paid	Taxes paid	Depreciation
	(22)	(23)	(24)	(25)	(26)	(27)	(28)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	3,797,245	2,490,804	13,545	232,787	229,917	44,667	105,102
Mining	70,919	40,268	318	3,524	2,494	1,250	4,593
Utilities	58,727	32,159	164	2,106	2,658	1,987	3,136
Manufacturing	1,796,711	1,390,825	4,930	82,483	41,044	19,284	49,339
Food manufacturing	73,418	51,335	261	3,544	1,807	580	1,818
Petroleum and coal products manufacturing	716,917	660,195	130	6,737	3,095	5,796	4,854
Chemical manufacturing	234,942	136,685	1,526	24,292	6,828	3,088	7,452
Primary metal manufacturing	76,942	65,353	192	1,489	1,550	453	1,946
Machinery manufacturing	78,654	58,189	337	5,587	2,366	869	1,716
Computer and electronic product manufacturing	110,103	72,406	341	10,163	3,220	1,031	2,312
Transportation equipment manufacturing	214,913	150,265	362	6,153	10,500	1,143	18,825
Wholesale and retail trade	893,806	715,502	1,895	41,443	10,757	6,836	23,829
Wholesale trade	769,435	631,263	1,726	29,829	8,335	5,063	20,489
Wholesale trade, durable goods	518,046	426,396	976	20,497	4,661	3,120	17,514
Wholesale trade, nondurable goods	251,388	204,867	750	9,331	3,674	1,943	2,975
Retail trade	124,371	84,239	169	11,614	2,422	1,774	3,340
Food, beverage and liquor stores	66,946	46,891	45	6,242	777	943	2,000
Transportation and warehousing	60,692	24,745	255	9,696	1,364	1,426	2,232
Information	92,174	30,875	545	12,683	8,678	1,625	4,924
Finance and insurance	522,402	152,816	3,491	33,279	118,268	4,815	8,655
Securities, commodity contracts, and other financial investments and related activities	183,845	1,502	2,004	17,942	99,576	1,315	1,242
Insurance carriers and related activities	314,892	151,120	1,337	13,685	7,537	3,328	1,175
Professional, scientific, and technical services	72,018	25,465	864	17,159	2,649	3,193	1,354
Management of companies (holding companies)	86,181	1,719	258	8,729	36,352	1,025	2,301
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	14,213,998	7,919,092	63,228	1,300,434	1,167,388	237,221	448,103
Mining	268,503	139,306	2,789	10,766	10,542	7,087	21,953
Utilities	672,408	426,668	1,913	22,739	29,373	20,402	47,608
Manufacturing	4,732,870	3,391,710	16,673	269,582	213,244	63,013	122,483
Food manufacturing	354,399	268,027	1,398	14,614	9,060	2,853	7,124
Petroleum and coal products manufacturing	1,468,378	1,335,739	1,107	18,877	19,917	24,684	13,769
Chemical manufacturing	506,063	288,718	2,192	45,936	19,477	5,466	15,367
Primary metal manufacturing	142,448	115,334	594	3,754	3,342	1,268	4,127
Machinery manufacturing	223,939	149,771	1,498	18,244	6,316	2,268	7,752
Computer and electronic product manufacturing	490,621	290,036	3,320	71,599	8,635	6,809	18,648
Transportation equipment manufacturing	614,220	427,843	1,362	24,182	32,448	6,287	22,378
Wholesale and retail trade	2,923,349	2,246,739	8,579	242,695	31,325	37,318	55,498
Wholesale trade	1,209,951	1,008,066	5,324	64,493	13,485	10,296	17,662
Wholesale trade, durable goods	315,588	251,810	2,199	23,320	3,807	3,074	4,698
Wholesale trade, nondurable goods	893,942	756,256	3,119	40,928	9,671	7,197	12,960
Retail trade	1,713,397	1,238,673	3,256	178,201	17,839	27,022	37,835
Food, beverage and liquor stores	241,397	177,694	278	23,830	1,508	3,539	5,574
Transportation and warehousing	427,125	121,350	1,729	76,776	10,742	12,942	26,004
Information	788,688	132,648	5,309	130,692	52,568	20,337	70,401
Finance and insurance	2,468,040	1,032,121	9,593	208,147	452,728	31,098	24,227
Securities, commodity contracts, and other financial investments and related activities	331,797	1,820	4,698	51,377	163,132	4,546	3,243
Insurance carriers and related activities	1,694,842	1,028,820	3,251	130,915	49,931	23,189	15,547
Professional, scientific, and technical services	266,971	95,618	5,617	69,503	6,531	7,137	6,191
Management of companies (holding companies)	833,219	4,306	4,099	111,872	330,811	12,066	29,760

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Total receipts less total deductions	Constructive taxable income from related foreign corporations	Net income (less deficit)	Net income	Deficit	Statutory special deductions	
						Total	Net operating loss deduction
	(29)	(30)	(31)	(32)	(33)	(34)	(35)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	17,718	7,415	23,498	142,766	-119,269	23,088	19,686
Mining	9,534	619	10,146	12,088	-1,941	1,266	232
Utilities	-1,707	0	-1,712	484	-2,195	321	291
Manufacturing	41,010	4,230	45,174	72,448	-27,274	5,762	4,851
Food manufacturing	2,388	65	2,453	2,793	-340	424	423
Petroleum and coal products manufacturing	21,789	1,851	23,637	24,053	-416	123	53
Chemical manufacturing	19,158	1,169	20,278	23,658	-3,379	1,747	1,671
Primary metal manufacturing	3,408	288	3,696	4,290	-595	69	60
Machinery manufacturing	2,326	126	2,452	3,509	-1,057	218	217
Computer and electronic product manufacturing	-3,200	202	-3,000	2,673	-5,673	749	744
Transportation equipment manufacturing	-7,863	40	-7,825	1,731	-9,556	467	448
Wholesale and retail trade	7,194	268	7,428	18,935	-11,507	3,865	3,704
Wholesale trade	6,805	261	7,033	16,583	-9,551	3,469	3,333
Wholesale trade, durable goods	-2,140	206	-1,939	6,294	-8,233	1,147	1,068
Wholesale trade, nondurable goods	8,945	56	8,972	10,290	-1,318	2,322	2,266
Retail trade	388	7	395	2,352	-1,956	396	371
Food, beverage and liquor stores	980	1	981	1,484	-503	38	15
Transportation and warehousing	-1,425	9	-1,416	943	-2,359	168	156
Information	4,203	306	4,504	6,650	-2,146	3,066	2,956
Finance and insurance	-44,351	913	-44,605	15,278	-59,883	6,441	5,452
Securities, commodity contracts, and other financial investments and related activities	-38,718	551	-38,603	3,659	-42,263	238	167
Insurance carriers and related activities	-4,454	353	-4,780	9,814	-14,594	5,957	5,043
Professional, scientific, and technical services	4,071	164	4,232	5,506	-1,274	1,010	975
Management of companies (holding companies)	-1,422	776	-979	6,183	-7,161	322	247
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	356,824	141,293	467,992	817,977	-349,985	80,563	60,798
Mining	25,760	3,954	29,688	35,971	-6,282	2,847	2,483
Utilities	5,555	772	6,194	17,337	-11,143	2,930	2,726
Manufacturing	227,607	103,691	330,200	373,545	-43,345	20,715	15,270
Food manufacturing	12,335	3,330	15,627	17,073	-1,446	560	472
Petroleum and coal products manufacturing	94,053	27,402	121,348	121,975	-626	971	615
Chemical manufacturing	38,809	19,096	57,758	61,910	-4,152	4,044	3,481
Primary metal manufacturing	8,049	833	8,865	9,544	-679	472	460
Machinery manufacturing	13,748	5,546	19,202	20,515	-1,313	464	439
Computer and electronic product manufacturing	32,668	16,746	49,008	55,210	-6,202	6,782	6,502
Transportation equipment manufacturing	-4,720	5,284	533	20,136	-19,602	959	899
Wholesale and retail trade	84,986	5,717	90,245	101,329	-11,084	5,123	3,664
Wholesale trade	34,781	3,283	37,845	42,058	-4,213	3,022	1,650
Wholesale trade, durable goods	8,750	632	9,351	11,794	-2,443	500	488
Wholesale trade, nondurable goods	26,023	2,651	28,486	30,256	-1,770	2,521	1,162
Retail trade	50,204	2,434	52,399	59,271	-6,871	2,101	2,014
Food, beverage and liquor stores	3,772	6	3,745	3,927	-182	78	73
Transportation and warehousing	8,754	402	9,084	15,110	-6,026	493	459
Information	54,668	4,180	58,472	69,522	-11,050	16,981	16,361
Finance and insurance	-91,819	9,504	-101,803	91,439	-193,242	17,831	8,262
Securities, commodity contracts, and other financial investments and related activities	-69,850	5,241	-65,513	13,972	-79,485	1,247	245
Insurance carriers and related activities	1,960	3,477	-10,629	51,466	-62,094	13,219	7,329
Professional, scientific, and technical services	6,653	840	7,386	13,007	-5,621	2,871	2,837
Management of companies (holding companies)	23,861	9,278	25,055	63,094	-38,039	7,670	5,711

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Income subject to tax	Total income tax before credits	Income tax	Alternative minimum tax	Total credits	Foreign tax credit	Total income tax after credits
	(36)	(37)	(38)	(39)	(40)	(41)	(42)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	124,817	44,080	43,582	484	10,723	9,095	33,356
Mining	10,823	3,891	3,790	101	1,443	1,165	2,448
Utilities	168	65	59	6	9	0	55
Manufacturing	66,780	23,520	23,312	205	7,233	6,575	16,287
Food manufacturing	2,368	834	827	8	68	58	766
Petroleum and coal products manufacturing	23,930	8,375	8,375	0	4,471	4,377	3,905
Chemical manufacturing	21,948	7,708	7,679	28	1,371	1,080	6,337
Primary metal manufacturing	4,229	1,564	1,445	119	520	491	1,045
Machinery manufacturing	3,291	1,158	1,149	10	128	87	1,030
Computer and electronic product manufacturing	1,925	680	668	11	125	77	555
Transportation equipment manufacturing	1,282	454	445	8	55	22	399
Wholesale and retail trade	15,106	5,315	5,265	49	358	175	4,957
Wholesale trade	13,148	4,618	4,581	37	326	153	4,292
Wholesale trade, durable goods	5,181	1,823	1,801	22	72	41	1,751
Wholesale trade, nondurable goods	7,968	2,795	2,780	15	254	112	2,541
Retail trade	1,958	697	684	12	32	22	665
Food, beverage and liquor stores	1,447	511	506	5	10	7	501
Transportation and warehousing	785	278	273	4	13	10	265
Information	3,629	1,311	1,269	37	186	104	1,125
Finance and insurance	13,595	4,784	4,744	38	510	397	4,274
Securities, commodity contracts, and other financial investments and related activities	3,510	1,234	1,216	18	66	54	1,168
Insurance carriers and related activities	8,523	2,999	2,982	15	412	312	2,587
Professional, scientific, and technical services	4,497	1,584	1,571	13	155	91	1,429
Management of companies (holding companies)	6,027	2,124	2,108	14	651	488	1,473
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	761,245	268,234	266,534	1,557	100,665	89,582	167,580
Mining	33,125	11,852	11,597	236	5,481	5,349	6,371
Utilities	14,854	5,278	5,197	80	535	223	4,742
Manufacturing	353,455	123,739	123,557	123	71,384	66,666	52,366
Food manufacturing	16,530	5,782	5,780	2	1,772	1,644	4,022
Petroleum and coal products manufacturing	121,130	42,399	42,395	2	33,918	33,549	8,481
Chemical manufacturing	58,028	20,287	20,247	31	11,618	10,548	8,669
Primary metal manufacturing	9,072	3,193	3,172	20	469	410	2,723
Machinery manufacturing	20,054	7,017	7,013	4	2,908	2,631	4,109
Computer and electronic product manufacturing	48,395	16,980	16,948	23	8,209	7,117	8,771
Transportation equipment manufacturing	19,213	6,775	6,722	13	1,811	1,434	4,964
Wholesale and retail trade	96,775	33,763	33,647	125	3,310	2,579	30,453
Wholesale trade	39,615	13,733	13,652	89	1,584	1,230	12,148
Wholesale trade, durable goods	11,298	3,938	3,938	9	291	242	3,648
Wholesale trade, nondurable goods	28,309	9,792	9,711	80	1,294	988	8,498
Retail trade	57,160	20,031	19,995	35	1,725	1,349	18,305
Food, beverage and liquor stores	3,849	1,346	1,345	1	51	2	1,295
Transportation and warehousing	14,632	5,140	5,116	23	469	344	4,671
Information	58,338	20,572	20,414	151	5,753	4,638	14,819
Finance and insurance	87,900	31,993	31,351	606	4,534	3,746	27,459
Securities, commodity contracts, and other financial investments and related activities	13,861	5,452	5,447	5	1,080	1,018	4,372
Insurance carriers and related activities	51,341	18,467	17,956	501	2,800	2,351	15,666
Professional, scientific, and technical services	10,142	3,584	3,542	42	589	444	2,995
Management of companies (holding companies)	57,139	20,006	19,931	71	5,938	3,510	14,068

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	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	Total receipts divided by total assets
	Divided by total number of returns	Divided by total assets	Divided by total assets	Divided by total assets	Divided by total assets	Divided by total assets	Divided by total assets
	(43)	(44)	(45)	(46)	(47)	(48)	(49)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	63.10	61.29	48.13	34.20	17.66	466.22	39.71
Mining	60.44	61.54	17.92	35.95	46.13	116.80	49.75
Utilities	41.38	34.48	26.43	47.97	25.60	290.61	45.22
Manufacturing	59.27	57.97	39.00	31.91	29.09	243.73	80.34
Food manufacturing	61.76	58.82	33.15	44.93	21.92	356.28	115.86
Petroleum and coal products manufacturing	78.95	78.95	64.79	15.67	19.55	411.63	113.44
Chemical manufacturing	71.43	69.05	31.10	32.91	35.99	177.84	62.84
Primary metal manufacturing	63.86	67.47	26.18	44.32	29.50	238.99	110.49
Machinery manufacturing	68.42	67.84	31.36	29.50	39.14	155.48	81.17
Computer and electronic product manufacturing	66.15	63.85	21.40	34.12	44.49	124.78	68.90
Transportation equipment manufacturing	40.43	40.00	31.35	35.56	33.10	202.14	54.48
Wholesale and retail trade	69.69	67.78	39.76	29.31	30.93	223.35	153.65
Wholesale trade	71.47	69.22	41.55	28.04	30.42	228.77	151.57
Wholesale trade, durable goods	70.61	68.71	45.32	26.00	28.68	248.63	156.07
Wholesale trade, nondurable goods	73.07	70.13	34.68	31.75	33.57	197.88	143.37
Retail trade	48.89	51.11	27.45	38.10	34.44	190.32	168.03
Food, beverage and liquor stores	54.55	63.64	21.29	45.96	32.76	205.28	212.54
Transportation and warehousing	62.79	56.59	21.52	51.88	26.60	275.94	91.92
Information	57.14	54.62	18.25	42.53	39.22	154.99	36.19
Finance and insurance	60.53	61.18	55.06	36.23	8.71	1,048.27	10.30
Securities, commodity contracts, and other financial investments and related activities	59.09	60.23	67.42	29.27	3.31	2,922.13	5.91
Insurance carriers and related activities	59.06	61.42	38.72	44.96	16.31	512.97	17.02
Professional, scientific, and technical services	64.08	59.22	29.99	28.55	41.46	141.20	54.08
Management of companies (holding companies)	66.67	66.67	64.84	25.81	9.35	969.58	7.54
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	68.71	66.72	51.27	28.23	20.49	387.95	31.57
Mining	62.77	65.80	18.61	39.60	41.79	139.28	49.83
Utilities	62.03	62.66	17.07	58.93	24.00	316.62	51.44
Manufacturing	66.47	62.07	31.47	35.33	33.19	201.27	70.97
Food manufacturing	71.57	68.30	53.04	21.40	25.56	291.30	54.31
Petroleum and coal products manufacturing	82.05	79.49	25.82	21.18	53.00	88.70	125.30
Chemical manufacturing	73.26	69.79	24.84	35.87	39.29	154.54	47.48
Primary metal manufacturing	73.55	68.39	31.40	28.67	39.93	150.42	79.94
Machinery manufacturing	80.00	75.92	30.88	39.81	29.31	241.17	79.39
Computer and electronic product manufacturing	62.89	52.84	28.14	26.62	45.24	121.02	65.48
Transportation equipment manufacturing	53.13	53.65	40.91	54.20	4.89	1,946.05	76.01
Wholesale and retail trade	71.00	69.02	30.37	28.49	41.14	143.09	159.85
Wholesale trade	77.73	75.45	25.43	26.51	48.06	108.07	137.39
Wholesale trade, durable goods	77.26	76.73	33.84	26.67	39.50	153.18	171.81
Wholesale trade, nondurable goods	78.06	74.50	23.22	26.46	50.33	98.70	128.32
Retail trade	59.40	58.02	34.95	30.34	34.71	188.12	180.69
Food, beverage and liquor stores	74.38	73.13	39.70	30.62	29.68	236.91	263.45
Transportation and warehousing	66.91	61.39	21.37	54.60	24.02	316.29	88.31
Information	59.11	54.81	21.62	44.84	33.54	198.14	43.07
Finance and insurance	70.51	71.67	51.65	35.13	13.21	656.73	15.60
Securities, commodity contracts, and other financial investments and related activities	69.08	69.08	55.21	33.05	11.74	751.45	5.26
Insurance carriers and related activities	68.49	70.49	45.38	35.13	19.49	413.15	27.69
Professional, scientific, and technical services	67.07	64.51	34.60	31.59	33.82	195.71	89.40
Management of companies (holding companies)	75.32	77.63	71.94	11.78	16.28	514.24	5.21

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Percentages—continued							
	Cost of goods sold divided by business receipts	Interest paid divided by total receipts	Total receipts less total deductions divided by			Net income (less deficit) divided by		
			Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(50)	(51)	(52)	(53)	(54)	(55)	(56)	(57)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
All industries	74.28	6.03	0.18	1.04	0.46	0.24	1.39	0.62
Mining	54.86	3.10	5.90	12.78	11.85	6.27	13.60	12.61
Utilities	61.24	4.66	-1.35	-5.29	-2.99	-1.36	-5.30	-3.00
Manufacturing	79.09	2.23	1.79	6.16	2.23	1.97	6.79	2.46
Food manufacturing	69.57	2.38	3.65	16.65	3.15	3.75	17.11	3.24
Petroleum and coal products manufacturing	91.00	0.42	3.35	17.12	2.95	3.63	18.57	3.20
Chemical manufacturing	60.36	2.69	4.74	13.16	7.54	5.01	13.93	7.98
Primary metal manufacturing	83.20	1.93	4.69	15.89	4.24	5.08	17.23	4.60
Machinery manufacturing	75.62	2.92	2.33	5.96	2.87	2.46	6.28	3.03
Computer and electronic product manufacturing	70.87	3.01	-2.06	-4.64	-2.99	-1.93	-4.35	-2.81
Transportation equipment manufacturing	77.26	5.07	-2.07	-6.25	-3.80	-2.06	-6.22	-3.78
Wholesale and retail trade	81.48	1.19	1.23	3.97	0.80	1.27	4.10	0.82
Wholesale trade	83.49	1.07	1.33	4.37	0.88	1.37	4.51	0.91
Wholesale trade, durable goods	84.71	0.90	-0.65	-2.26	-0.41	-0.59	-2.05	-0.38
Wholesale trade, nondurable goods	81.07	1.41	4.93	14.67	3.44	4.94	14.72	3.45
Retail trade	69.02	1.94	0.52	1.52	0.31	0.53	1.54	0.32
Food, beverage and liquor stores	69.99	1.14	3.07	9.36	1.44	3.07	9.37	1.44
Transportation and warehousing	44.03	2.30	-2.21	-8.31	-2.40	-2.20	-8.26	-2.39
Information	37.05	9.00	1.58	4.02	4.36	1.69	4.31	4.67
Finance and insurance	63.66	24.74	-0.96	-10.97	-9.28	-0.96	-11.03	-9.33
Securities, commodity contracts, and other financial investments and related activities	5.09	68.61	-1.58	-47.63	-26.68	-1.57	-47.49	-26.60
Insurance carriers and related activities	75.86	2.43	-0.24	-1.50	-1.43	-0.26	-1.61	-1.54
Professional, scientific, and technical services	36.36	3.48	2.89	6.98	5.35	3.01	7.26	5.56
Management of companies (holding companies)	18.58	42.89	-0.13	-1.35	-1.68	-0.09	-0.93	-1.16
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED								
All industries	65.49	8.01	0.77	3.77	2.45	1.01	4.95	3.21
Mining	53.22	3.58	4.36	10.44	8.75	5.03	12.03	10.09
Utilities	65.64	4.33	0.42	1.76	0.82	0.47	1.96	0.91
Manufacturing	76.32	4.30	3.26	9.81	4.59	4.72	14.23	6.66
Food manufacturing	76.49	2.47	1.83	7.15	3.36	2.31	9.06	4.26
Petroleum and coal products manufacturing	90.13	1.27	7.54	14.23	6.02	9.73	18.36	7.77
Chemical manufacturing	62.06	3.57	3.38	8.61	7.12	5.03	12.81	10.60
Primary metal manufacturing	79.95	2.22	4.28	10.71	5.35	4.71	11.79	5.89
Machinery manufacturing	68.19	2.66	4.59	15.67	5.78	6.41	21.88	8.08
Computer and electronic product manufacturing	62.66	1.65	4.09	9.03	6.24	6.13	13.55	9.37
Transportation equipment manufacturing	78.99	5.32	-0.59	-12.04	-0.77	0.07	1.36	0.09
Wholesale and retail trade	77.19	1.04	4.52	10.98	2.83	4.80	11.66	3.00
Wholesale trade	83.42	1.08	3.84	7.99	2.79	4.18	8.69	3.04
Wholesale trade, durable goods	79.44	1.17	4.64	11.74	2.70	4.95	12.54	2.88
Wholesale trade, nondurable goods	84.87	1.05	3.63	7.21	2.83	3.97	7.89	3.10
Retail trade	72.76	1.01	5.14	14.82	2.85	5.37	15.47	2.97
Food, beverage and liquor stores	73.87	0.62	4.05	13.66	1.54	4.02	13.56	1.53
Transportation and warehousing	29.02	2.46	1.77	7.38	2.01	1.84	7.66	2.08
Information	18.53	6.23	2.79	8.32	6.48	2.99	8.90	6.93
Finance and insurance	68.50	19.05	-0.60	-4.56	-3.86	-0.67	-5.06	-4.28
Securities, commodity contracts, and other financial investments and related activities	2.02	62.28	-1.40	-11.94	-26.67	-1.31	-11.19	-25.01
Insurance carriers and related activities	76.76	2.94	0.03	0.16	0.12	-0.17	-0.89	-0.63
Professional, scientific, and technical services	36.63	2.39	2.17	6.43	2.43	2.41	7.14	2.70
Management of companies (holding companies)	3.02	38.60	0.15	0.89	2.78	0.15	0.94	2.92

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 2008

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Table 4. "Old, Large" Domestic Corporations: Foreign-Controlled Corporations Compared to Other Corporations: Selected Items and Percentages, by Selected Industries, Tax Year 2008—Continued

[Money amounts are in millions of dollars]

Control status and selected industries	Percentages—continued						
	Net operating loss deduction divided by net income	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
	(58)	(59)	(60)	(61)	(62)	(63)	(64)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS							
All industries	13.79	1.30	7.36	3.27	0.35	1.97	0.87
Mining	1.92	6.69	14.51	13.45	1.51	3.28	3.04
Utilities	60.12	0.13	0.52	0.29	0.04	0.17	0.10
Manufacturing	6.70	2.92	10.03	3.63	0.71	2.45	0.89
Food manufacturing	15.15	3.62	16.51	3.12	1.17	5.34	1.01
Petroleum and coal products manufacturing	0.22	3.67	18.80	3.24	0.60	3.07	0.53
Chemical manufacturing	7.06	5.43	15.08	8.64	1.57	4.35	2.49
Primary metal manufacturing	1.40	5.82	19.71	5.26	1.44	4.87	1.30
Machinery manufacturing	6.18	3.30	8.43	4.06	1.03	2.64	1.27
Computer and electronic product manufacturing	27.83	1.24	2.79	1.80	0.36	0.80	0.52
Transportation equipment manufacturing	25.88	0.34	1.02	0.62	0.10	0.32	0.19
Wholesale and retail trade	19.56	2.58	8.33	1.68	0.85	2.73	0.55
Wholesale trade	20.10	2.57	8.44	1.69	0.84	2.76	0.55
Wholesale trade, durable goods	16.97	1.57	5.46	1.00	0.53	1.85	0.34
Wholesale trade, nondurable goods	22.02	4.39	13.07	3.06	1.40	4.17	0.98
Retail trade	15.77	2.64	7.66	1.57	0.90	2.60	0.53
Food, beverage and liquor stores	1.01	4.53	13.82	2.13	1.57	4.79	0.74
Transportation and warehousing	16.54	1.22	4.58	1.32	0.41	1.55	0.45
Information	44.45	1.36	3.48	3.77	0.42	1.08	1.17
Finance and insurance	35.69	0.29	3.36	2.84	0.09	1.06	0.89
Securities, commodity contracts, and other financial investments and related activities	4.56	0.14	4.32	2.42	0.05	1.44	0.80
Insurance carriers and related activities	51.39	0.47	2.86	2.75	0.14	0.87	0.83
Professional, scientific, and technical services	17.71	3.20	7.71	5.91	1.02	2.45	1.88
Management of companies (holding companies)	3.99	0.54	5.73	7.11	0.13	1.40	1.74
DOMESTIC CORPORATIONS NOT FOREIGN-CONTROLLED							
All industries	7.43	1.65	8.05	5.22	0.36	1.77	1.15
Mining	6.90	5.61	13.42	11.26	1.08	2.58	2.17
Utilities	15.72	1.13	4.70	2.19	0.36	1.50	0.70
Manufacturing	4.09	5.06	15.24	7.13	0.75	2.26	1.06
Food manufacturing	2.76	2.45	9.58	4.51	0.60	2.33	1.10
Petroleum and coal products manufacturing	0.50	9.71	18.33	7.75	0.68	1.28	0.54
Chemical manufacturing	5.62	5.06	12.87	10.65	0.76	1.92	1.59
Primary metal manufacturing	4.82	4.82	12.07	6.03	1.45	3.62	1.81
Machinery manufacturing	2.14	6.70	22.85	8.44	1.37	4.68	1.73
Computer and electronic product manufacturing	11.78	6.06	13.38	9.25	1.10	2.43	1.68
Transportation equipment manufacturing	4.46	2.40	49.03	3.15	0.62	12.67	0.81
Wholesale and retail trade	3.62	5.14	12.50	3.22	1.62	3.93	1.01
Wholesale trade	3.92	4.37	9.10	3.18	1.34	2.79	0.98
Wholesale trade, durable goods	4.14	5.98	15.15	3.48	1.93	4.89	1.12
Wholesale trade, nondurable goods	3.84	3.95	7.85	3.08	1.19	2.36	0.92
Retail trade	3.40	5.86	16.87	3.24	1.88	5.40	1.04
Food, beverage and liquor stores	1.86	4.14	13.93	1.57	1.39	4.69	0.53
Transportation and warehousing	3.04	2.96	12.34	3.36	0.95	3.94	1.07
Information	23.53	2.98	8.88	6.92	0.76	2.26	1.76
Finance and insurance	9.04	0.58	4.37	3.70	0.18	1.36	1.16
Securities, commodity contracts, and other financial investments and related activities	1.75	0.28	2.37	5.29	0.09	0.75	1.67
Insurance carriers and related activities	14.24	0.84	4.30	3.03	0.26	1.31	0.92
Professional, scientific, and technical services	21.81	3.31	9.80	3.71	0.98	2.89	1.09
Management of companies (holding companies)	9.05	0.35	2.13	6.67	0.09	0.53	1.64

[1] Excludes nontaxable interest received on State and local government obligations, which totaled \$30.1 billion for "old, large" domestic corporations not foreign-controlled, and \$1.6 billion for "old, large" foreign-controlled domestic corporations.

NOTES: "Old" corporations are those with dates of incorporation prior to 2006, or with unknown dates of incorporation. "Large" corporations are those with total assets of \$250 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.