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Foreign-controlled domestic corporations (76,793) accounted for a small share (1.3 percent) of all U.S. corporation income tax returns filed for tax year 2011. Collectively, these corporations produced 16.2 percent ($4.6 trillion) of the total receipts reported by all U.S. corporation income tax returns for the year; however, a small portion of these corporations accounted for most of this amount. FCDCs accounted for 14.4 percent ($11.7 trillion) of the total assets reported by U.S. corporations for 2011.

The bonds market was still dominated by the more than 21,000 tax-exempt governmental bonds issued in 2011, raising $297.3 billion in proceeds for public projects, such as schools, transportation infrastructure, and utilities. While overall bond issuance fell between 2010 and 2011, tax-exempt bond proceeds totaled nearly $384.3 billion, accounting for almost all (98.4 percent) municipal bond proceeds for the year.

In the Next Issue

Articles on the following topics are tentatively planned for inclusion in the quarter 2014 issue of the *Statistics of Income Bulletin*, scheduled to be published in December 2014:

- Corporate Foreign Tax Credit, 2010
- Exempt Organizations Unrelated Business Income Taxes, 2010

Municipal Bonds, 2011

by Aaron Barnes

State and local governments issue three types of bonds to finance essential operations, facilities, infrastructure, and services for their constituents.[1] These are tax-exempt, tax credit, and direct payment bonds. Tax-exempt bonds provide bondholders (investors) interest payments exempt from Federal taxation, and often State and local taxation. Tax credit bonds are not explicitly interest-bearing obligations. In lieu of, or in addition to, receiving periodic interest payments from the issuer, a tax credit bondholder is generally allowed an income tax credit while the bond is outstanding.[2] Multiplying the bond's credit rate, determined by the Secretary of the Treasury, by the face amount on the holder's bond determines the amount of tax credit. Direct payment bonds reimburse issuers with a Federal subsidy equal to some percentage of the total interest payment made to bondholders. The interest received is subject to Federal taxation; however, the interest rate is generally greater than that of a comparable tax-exempt bond.

Municipal bond issues decreased from $556.9 billion in 2010 to $390.6 billion in 2011. One likely driver of lower bond issuance was the expiration of the Build America Bond program, which ended on January 1, 2011.[3] Tax-exempt bond proceeds totaled nearly $384.3 billion, or 98.4 percent of all municipal bond proceeds in 2011 (Figure A). Proceeds from direct payment bonds totaled less than $6.2 billion and made up 1.6 percent of all municipal bond proceeds for the year. Tax credit bond proceeds totaled $0.2 billion and accounted for 0.1 percent of all municipal bond proceeds in 2011.[4]

This article presents information for tax-exempt and direct payment bonds issued in 2011. Tax credit bonds will not be discussed due to the low overall issuance in 2011. The first section looks at several defining characteristics of tax-exempt bonds and provides an overview of the market by State. The next section discusses direct payment bond programs and presents data for 2011. Within this discussion, data are presented on the credit payments received by issuers of direct payment bonds.

The Statistics of Income (SOI) Division based the tax-exempt bond data presented here on the populations of Forms 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*, and Forms 8038-G, *Information Return for Tax-Exempt Governmental Obligations*, filed with the Internal Revenue Service (IRS) for bonds issued during Calendar Year 2011. For direct payment bonds, SOI based the data on populations of

Figure A

Total Volume of Tax-Exempt, Taxable Direct Payment, and Tax Credit Bonds, 2011

[Money amounts are in millions of dollars]

Type of bond	Number	Amount	Percentage of total amount
	(1)	(2)	(3)
Total [1]	**24,282**	**390,629**	**100.0**
Tax-exempt bonds	23,612	384,257	98.4
Taxable direct payment bonds [2]	614	6,156	1.6
Tax credit bonds [3]	56	216	0.1

[1] Includes combined data from all governmental, private activity bond, Build America Bond, and specified tax credit and tax credit bond returns (Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations* ; Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues* ; and Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds*).

[2] Includes specified tax credit bonds reported on Form 8038-TC that indicate the issuer elected to apply Internal Revenue Code section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A). Issuers who elect to apply Internal Revenue Code section 6431(f) are eligible to receive Federal direct payments and are classified as "taxable direct payment bonds" for purposes of this figure.

[3] Includes bonds reported on Form 8038-TC with a specific reference to "qualified school construction" bonds, "qualified zone academy" bonds, "new clean renewable energy" bonds, or "qualified energy conservation" bonds in either their issue name or other description. Excludes bonds reported on Form 8038-TC that indicate the issuer elected to apply section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A).

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014

Highlights

- Municipal bond issuance decreased from $556.9 billion in 2010 to $390.6 billion in 2011.
- Tax-exempt bond proceeds totaled nearly $384.3 billion, or 98.4 percent of all municipal bonds proceeds in 2011.
- Tax-exempt governmental bond issues raised $297.3 billion in proceeds for public projects such as schools, transportation infrastructure, and utilities.
- Long-term governmental bonds totaled $232.5 billion in 2011, of which $118.4 billion financed new projects, while the remaining $114.1 billion were used to refund prior governmental bond issues.
- Nearly 2,500 tax-exempt private activity bonds were issued in 2011, for a total of $86.9 billion in proceeds.
- Long-term private activity bonds totaled $86 billion in 2011, of which $40.6 billion financed new projects, while the remaining $45.5 billion were used to refund prior private activity bond issues.

[1] The term "State" includes the District of Columbia and any possessions of the United States. The term "State" also includes Federally recognized Indian Tribal governments.

[2] Issuers of certain qualified tax credit bonds, specifically new clean renewable energy bonds and qualified energy conservation bonds, pay bondholders an interest payment in addition to the tax credit the bondholder receives. For additional information, see "Frequently Asked Questions on Qualified Tax Credit Bonds and Specified Tax Credit Bonds" at http://www.irs.gov/pub/irs-tege/tc_and_stcb_q-a._09-07-10_1.5.pdf.

[3] For information on the Build America Bond program, see Barnes, Aaron "Municipal Bonds, 2010," *Statistics of Income Bulletin, Spring 2013, Volume 32, Number 4* at http://www.irs.gov/pub/irs-soi/13ebsprbulbonds.pdf.

[4] In 2011, all direct payment bonds were comprised of specified tax credit bonds. Specified tax credit bonds allow issuers of tax credit bonds to irrevocably elect to receive Federal direct payments of allowances of refundable tax credits.

Forms 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds*, filed for specified tax credit bonds issued during the year. For issuers of direct payment bonds requesting credit payments for bonds with interest payments occurring in Calendar Year 2011, SOI based the data on populations of Forms 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds.* Bond issuers filed the majority of these returns in 2011 and 2012.[5]

Tax-Exempt Bonds

Tax-exempt bonds fall into two classifications, "governmental" or "private activity," depending on whether public or private entities and resources used and secured the proceeds. The total amount of tax-exempt bonds decreased 7.2 percent between Calendar Years 2010 and 2011, from $420.7 billion to $390.6 billion.[6] For 2011, governmental bonds accounted for $297.3 billion (76.1 percent) of total tax-exempt bond proceeds, an increase of 1.3 percent from the $293.6 billion issued in 2010. Private activity bonds accounted for the remaining $86.9 billion (22.2 percent) of all tax-exempt bonds, a decrease of 31.6 percent from the $127.1 billion issued in 2010.

When a bond is issued, the issuer is obligated to repay the borrowed funds at a specified interest rate, by a specific date. For Federal income tax purposes, investors who purchase governmental bonds and certain types of qualified private activity bonds are able to exclude the interest they earn from their gross incomes.[7,8] This tax exemption lowers the borrowing cost incurred by the issuers, since holders of tax-exempt bonds are generally willing to accept an interest rate that is lower than that earned on comparable taxable bonds.[9,10] The spread between high-grade municipal bonds and high-grade corporate bonds varied from 0.5 percent to 1.5 percent, depending on the bonds' maturity dates. Spread is a measure of the difference between the two investment yields. Investors in higher tax brackets have a greater tax incentive to invest in tax-exempt bonds than investors in lower brackets because the required yield on a taxable bond needs to be even greater than a tax-exempt bond for a comparable tax benefit.[11]

Governmental bond proceeds finance government operations, facilities, and services for general public use. Governmental sources pay the debt service on these bonds.[12] Private activity bonds are issued by, or on behalf of, State or local governments to finance the project of a private user. Since private activity bond proceeds are used by one or more private entities, the debt service is paid or secured by one or more private entities.[13] Interest income on most private activity bonds is taxable. However, Congress has deemed certain types of private activities necessary for the public good, and therefore, interest earned on "qualified private activity bonds," as defined in IRC section 141(e), is generally tax exempt. [14,15]

Tax-Exempt Bond Volume, by Term of Issue

Bonds are classified as either short term or long term, depending on the length of time from issuance to maturity. Bonds typically classified as short term mature in less than 13 months, while bonds classified as long term mature in 13 months or more. Long-term bonds make up the majority of the governmental bond market because they are generally used to finance construction or other capital improvement projects. Of the $297.3 billion in tax-exempt governmental bonds issued, long-term bonds accounted for $232.5 billion, more than three-quarters (78.4 percent) of all governmental bond proceeds.

Governmental bonds issued for short-term projects made up the remaining $64.8 billion of bond proceeds. Most short-term governmental bonds are issued in the form of tax anticipation notes (TANs), revenue anticipation notes (RANs), or bond anticipation notes (BANs). TANs and RANs generally mature within 1 year of issuance, at which time the proceeds are paid from specific tax receipts or other revenue sources. BAN proceeds are typically used to pay for start-up costs associated with a future long-term, bond-financed project. A renewal BAN can be issued on maturity of an outstanding BAN, until the proceeds of the future bond issue are used to pay off, or retire, the outstanding BAN. Combined, BANs, TANs, and RANs accounted for almost $61.7 billion, nearly 20.8 percent, of the total governmental bond proceeds for 2011.

[5] Bond issuers were required to file these information returns by the 15th day of the second calendar month after the close of the calendar quarter in which the bond was issued.

[6] For Calendar Year 2010 data, see Barnes, Aaron "Municipal Bonds, 2010," *Statistics of Income Bulletin*, Spring 2013, Volume 32, Number 4.

[7] In addition, for State income tax purposes, most States allow for the exclusion of interest on bonds issued by government agencies within their own States, thus increasing the benefit to the bondholder.

[8] The extent of exclusion of interest income can vary with taxpayer characteristics. For example, banks and insurance companies may be limited as to how much tax-exempt interest they can exclude.

[9] The interest exclusion for tax-exempt bonds is not allowed for arbitrage bonds or unregistered bonds. An arbitrage bond is one in which any portion of the proceeds is used to purchase higher-yielding investments or is used to replace proceeds that have been used to purchase higher-yielding investments. Certain rules allow for arbitrage earnings with respect to tax-exempt bonds within a specified period, as long as these earnings are rebated to the Department of the Treasury.

[10] A registered bond is defined as "a bond whose owner is designated on records maintained by a registrar, the ownership of which cannot be transferred without the registrar recording the transfer in its records," according to the *Municipal Securities Rulemaking Board's Glossary of Municipal Securities Terms*, http://www.msrb.org/glossary.aspx. See also IRC section 149(a) for additional information.

[11] For more information on taxable and tax-exempt rate comparisons see: http://www.investinginbonds.com/learnmore.asp?catid=8&subcatid=53&id=206.

[12] See Section 7871(c) of the Internal Revenue Code for tax-exempt bond requirements for Indian Tribal governments.

[13] Section 141(a) of the Internal Revenue Code (IRC) provides that the term private activity bond means any bond issued as part of an issue that meets: 1) the private business tests set forth in the IRC section 141(b); or 2) the private loan financing test set forth in IRC section 141(c). The private business tests of IRC section 141(b) define a bond as a private activity bond if both of the following criteria are met: 1) more than 10 percent of the bond proceeds are used for a private business purpose; and 2) more than 10 percent of the bond debt service is derived from private business use and is secured by privately used property. The private loan-financing test of IRC section 141(c) defines a bond as a private activity bond if the amount of proceeds used to (directly or indirectly) finance loans to nongovernmental persons exceeds the lesser of $5 million or 5 percent of the proceeds.

[14] Tax-exempt private activity bonds include exempt facility bonds, qualified mortgage bonds, qualified veterans' mortgage bonds, qualified small issue bonds, qualified student loan bonds, qualified redevelopment bonds, and qualified section 501(c)(3) bonds, all of which are defined in the "Explanation of Terms" section of this article. Examples of exempt facilities include airports; docks and wharves; sewage facilities; solid waste disposal facilities; qualified residential rental projects; and facilities for the local furnishing of electricity or gas. Qualified section 501(c)(3) bonds are issued by State and local governments to finance the activities of charitable and similar organizations that are tax exempt under IRC section 501(c)(3). The primary beneficiaries of these bonds are hospitals, universities, and organizations that provide low-income housing or assisted living facilities.

[15] The interest income from qualified private activity bonds (other than qualified section 501(c)(3) bonds) is considered a tax preference for the alternative minimum tax calculations.

Private activity bonds have even higher rates of long-term bond issuance compared to governmental bonds. Of the $86.9 billion in private activity bond proceeds in 2011, almost all (98.9 percent or slightly less than $86 billion) were long term. Short-term private activity bond proceeds totaled more than $0.9 billion, only 1.1 percent of the total private activity bond proceeds for the year.

Long-Term, Tax-Exempt Bond Volume, by Type of Issue

Total bond issuance is composed of both nonrefunding ("new money") issues and refunding issues. New money proceeds finance new capital projects, while refunding proceeds retire outstanding bond issues. A bond issue can include both new money and refunding proceeds.

Figures B and C show total long-term issuance, as well as its distribution between new money and refunding proceeds, for both governmental and private activity bonds issued between 2007 and 2011. New money issues accounted for about half (50.9 percent) of all long-term governmental bond proceeds for 2011 (Figure B). New money governmental bond proceeds increased 25.1 percent, from $94.6 billion in 2010 to $118.4 billion in 2011. Refunding governmental bond proceeds decreased 6.9 percent, from $122.6 billion to $114.1 billion.

For 2011, new money issues also made up 47.2 percent of all long-term private activity bond proceeds (Figure C). New money private activity bond proceeds decreased 36 percent, from $63.3 billion in 2010 to $40.5 billion in 2011. Refunding private activity bond proceeds decreased 24.5 percent, from $60.2 billion to $45.5 billion. The decrease in private activity bond issuance is likely the result of States increasing their 2010 issuance to take advantage of expiring stimulus bonds according to an annual survey of market participants.[16]

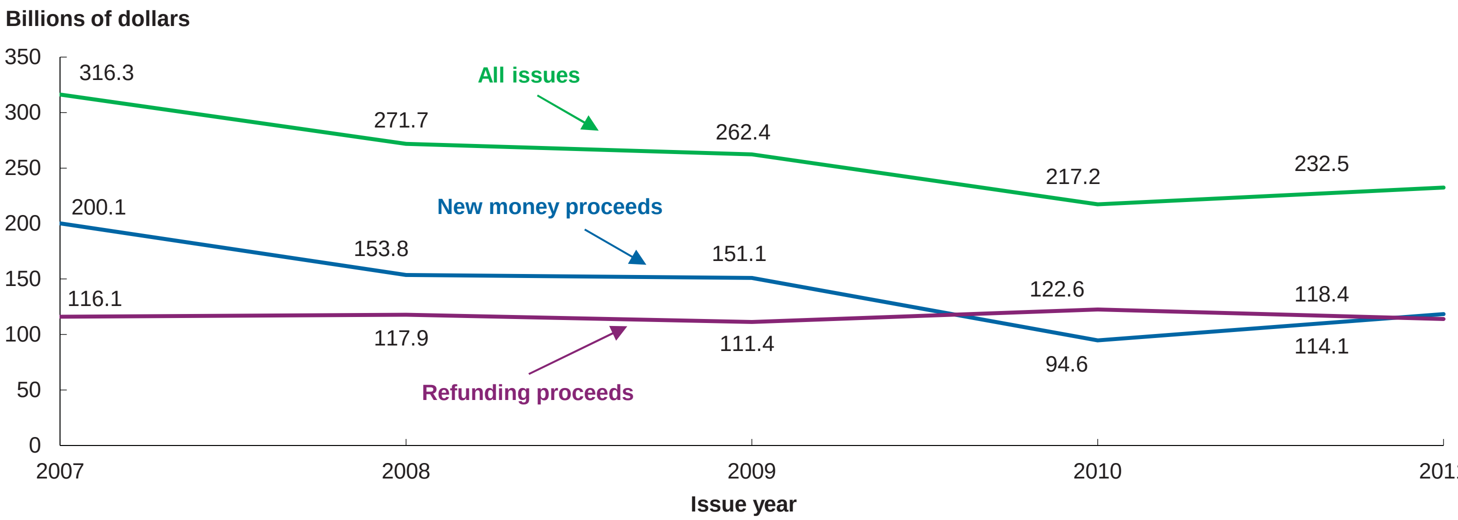
Long-Term, Tax-Exempt Bond Volume, by Selected Purpose

Figures D and E present long-term, tax-exempt bond proceeds, by selected purpose, as well as type of issue for both governmental and private activity bond issues. During 2011, more than half (55.1 percent) of the total $232.5 billion in long-term, governmental bond proceeds financed education, utilities, and transportation projects (Figure D). States and local governments used nearly one-third (32.3 percent) of these proceeds for "other bond purposes," which may contain issues that were not separately allocated by the issuer, or issues that do not apply to any of the specific purposes listed on Form 8038-G. Issuers of governmental bonds for other purposes, education, and utilities used more proceeds to refund prior issues than to finance new capital projects, while issuers of governmental bonds for transportation, environment, public safety, and health and hospitals used more of their proceeds financing new capital projects than refunding prior bond issues.

Qualified section 501(c)(3) bonds, which include total qualified hospital bonds and qualified nonhospital bonds issued to benefit entities exempt from income tax under IRC section 501(c)(3), combined, accounted for nearly 55.5 percent of the $86 billion of long-term, private activity bond proceeds for 2011 (Figure E). Qualified mortgage and qualified residential rental bonds are two types of private activity bonds issued to provide housing assistance to communities. Housing assistance varies across programs and uses. In general, mortgage and residential

Figure B

Volume of Long-Term Tax-Exempt Governmental Bonds Issued, by Type and Issue Year, 2007–2011

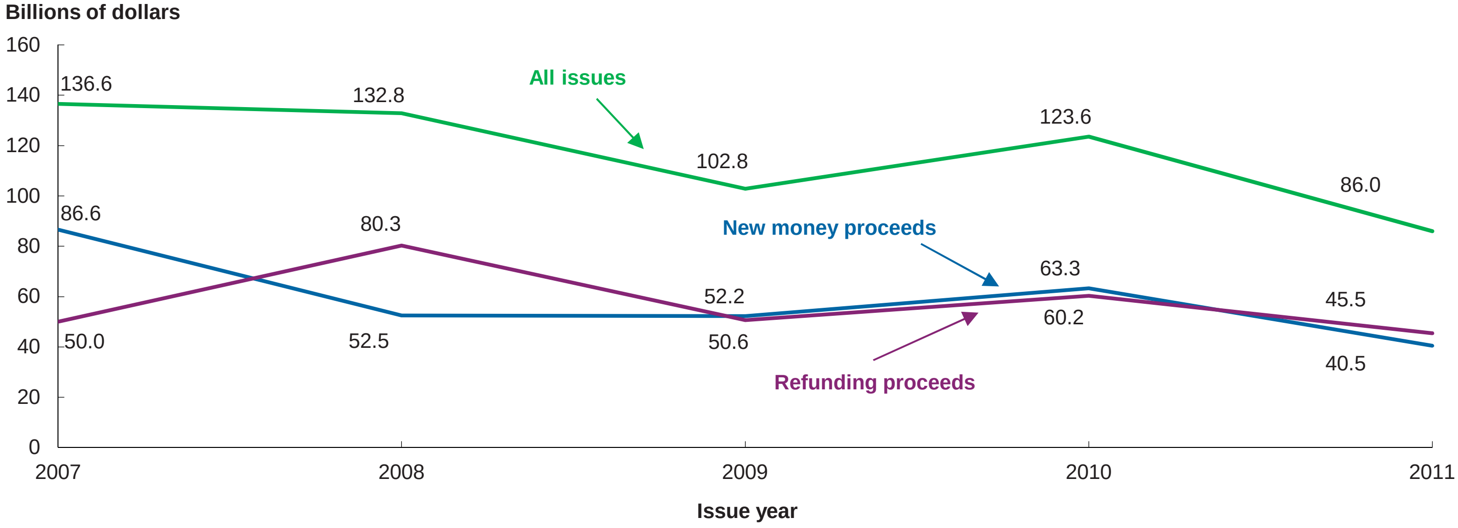


NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

[16] DePaul, Jennifer, "Private-Activity Bond Volume Sees 13% Slippage in 2011," *The Bond Buyer,* July 2012, (Last accessed May 22, 2014) http://www.bondbuyer.com/issues/121_141/private-activity-bond-issuance-annual-survey-1042167-1.html.

Figure C

Volume of Long-Term Tax-Exempt Private Activity Bonds Issued, by Type and Issue Year, 2007–2011



NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

Figure D

Volume of Long-Term Tax-Exempt Governmental Bonds, by Selected Bond Purpose and Type of Issue, 2011

[1] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G. It does not include specific purposes, such as housing and bond and tax/revenue anticipation notes, that are not shown separately in the figure. See Table 2.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

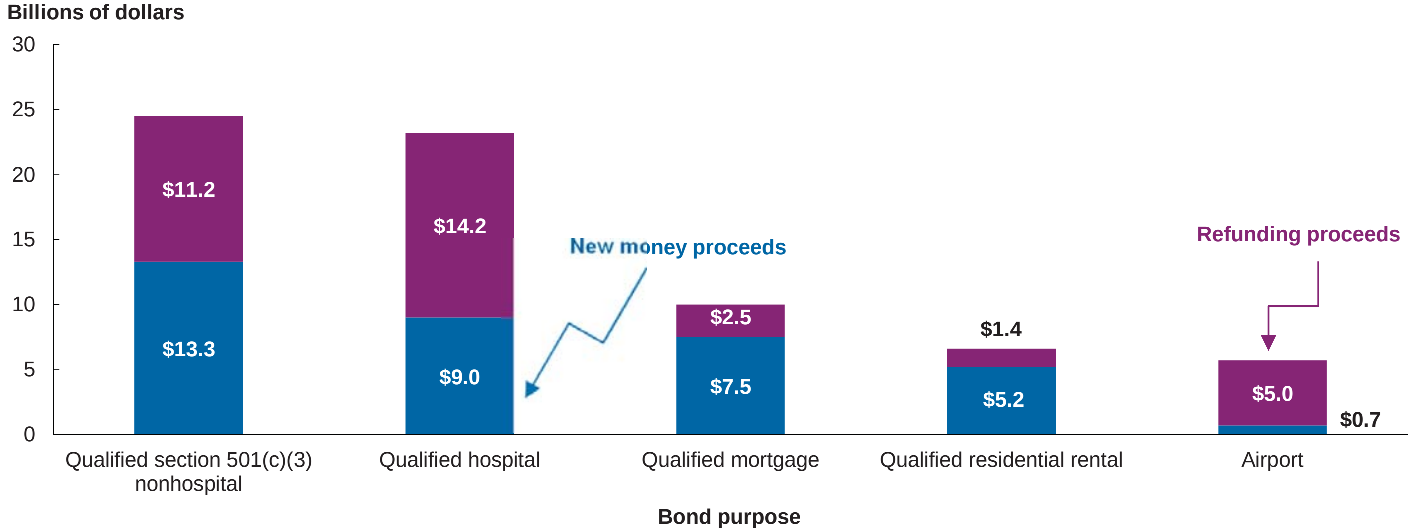
bonds help qualified individual acquire property, subsidize mortgage payments, and cover the cost of qualified home improvements all within targeted areas. Qualified mortgage ($10 billion) and qualified residential bonds ($6.5 billion) accounted for third largest and fourth most widely issued long-term, private activity bonds in 2011.

Overview of Tax-Exempt Bond Issues, by State

Figure F presents States with the largest absolute decreases and increases in the amount of new money long-term, tax-exempt governmental bonds from 2010 to 2011. States with large decreases in this type of bond issuance indicated changes in their budget environment, while States with large increases in the number of new capital projects showed increases in issuances. Total new money long-term, governmental bond proceeds increased nearly $23.8 billion (up 25.1 percent) from 2010 to 2011, rising to $118.4 billion. While bond issuance in Florida (down 63.8 percent) and California (down 9.2 percent) fell during the year, these States also experienced the largest absolute decreases in new money long-term governmental bond proceeds in 2011. Also of interest, Arizona issued 36.9 percent less of this type of bond for the year. In all, 16 States reported a

Figure E

Volume of Long-Term Tax-Exempt Private Activity Bonds, by Selected Bond Purpose and Type of Issue, 2011



SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

decline in proceeds totaling slightly more than $11 billion from this type of bond from 2010 to 2011.

New York represented the largest absolute increase (up $8.2 billion) in new money long-term governmental bond proceeds, issuing nearly $14.8 billion in 2011. Additionally, Michigan (up 365.8 percent), Massachusetts (up 151 percent), and Virginia (up 143.4 percent) showed significant increases in proceeds for this same type of bond for the year. In all, 36 States increased the amount of new money long-term governmental bond proceeds by slightly more than $34.8 billion from 2010 to 2011.

Figure G presents the amount of bond proceeds for the top 15 States, in terms of total dollar volume of new money long-term, tax-exempt bonds issued for 2011, for governmental bonds. Combined, these 15 States accounted for 68.8 percent of the total $118.4 billion of new money long-term governmental bond proceeds. Authorities in five States issued about $48.1 billion (40.6 percent) of the total proceeds for the year: New York (12.5 percent), California (11.1 percent), Texas (8.6 percent), Michigan (4.5 percent), and Illinois (3.9 percent). According to 2011 Census estimates, these five States accounted for almost 33.9 percent of the total U.S. population.[17]

By looking at the allocation of bond proceeds, it is possible to see how the purpose of these bonds may vary by State. Overall, for 2011, States issued about a quarter (26.5 percent) of the $118.4 billion of new money long-term governmental bonds for educational purposes. California issued the largest portion (43.6 percent) of its new money long-term bond issues for education. In contrast, Michigan (12.7 percent) and New Jersey (9.2 percent) reported issuing the smallest portion of their long-term government bonds for this purpose.

Figure F

States with Largest Decreases and Increases in Amount of New Money Long-Term Tax-Exempt Governmental Bonds, 2010 to 2011

[Money amounts are in millions of dollars]

State of issue	2010 amount	2011 amount	Change in amount	Percentage change in amount
	(1)	(2)	(3)	(4)
All States	**94,644**	**118,431**	**23,787**	**25.1**
States with decreases:				
Florida	8,436	3,052	-5,384	-63.8
California	14,502	13,164	-1,338	-9.2
Arizona	3,227	2,035	-1,192	-36.9
U.S. Possessions [1]	3,145	2,538	-607	-19.3
Oklahoma	1,909	1,312	-597	-31.3
States with increases:				
New York	6,612	14,792	8,180	123.7
Michigan	1,156	5,385	4,229	365.8
Massachusetts	1,625	4,078	2,453	151.0
Virginia	1,599	3,892	2,293	143.4
Indiana	1,311	3,349	2,038	155.5

[1] U.S. Possessions include Guam, Puerto Rico, and the U.S. Virgin Islands.
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

[17] The resident population estimates for July 1, 2010, were produced by the U.S. Bureau of the Census and are available at http://www.census.gov/popest/data/state/totals/2011/tables/NST-EST2011-01.xls.

Figure G

New Money Long-Term Tax-Exempt Governmental Bond Proceeds, by Selected Bond Purpose, for Top 15 States, Ranked by Total Issuance, 2011

[Money amounts are in millions of dollars]

State of issue	Total amount	Selected bond purpose [1]									
		Other purposes [2]		Education		Transportation		Utilities		Environment	
		Amount	Percent of State total	Amount	Percent of State total	Amount	Percent of State total	Amount	Percent of State total	Amount	Percent of State total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
All States	**118,431**	**39,681**	**33.5**	**31,413**	**26.5**	**18,027**	**15.2**	**11,530**	**9.7**	**8,697**	**7.3**
New York	14,792	8,880	60.0	1,908	12.9	2,213	15.0	935	6.3	508	3.4
California	13,164	2,382	18.1	5,743	43.6	946	7.2	1,331	10.1	340	2.6
Texas	10,186	1,770	17.4	3,276	32.2	2,637	25.9	2,234	21.9	75	0.7
Michigan	5,385	3,682	68.4	686	12.7	110	2.0	617	11.5	167	3.1
Illinois	4,606	491	10.7	1,600	34.7	1,623	35.2	80	1.7	482	10.5
Massachusetts	4,078	2,055	50.4	1,592	39.0	90	2.2	40	1.0	161	3.9
Pennsylvania	4,010	1,112	27.7	968	24.1	831	20.7	241	6.0	702	17.5
Washington	3,951	1,003	25.4	719	18.2	984	24.9	573	14.5	454	11.5
Virginia	3,892	1,173	30.1	1,168	30.0	1,074	27.6	113	2.9	138	3.5
Indiana	3,349	195	5.8	395	11.8	52	1.6	1,141	34.1	1,504	44.9
Florida	3,052	1,706	55.9	470	15.4	346	11.3	284	9.3	87	2.9
New Jersey	2,880	438	15.2	264	9.2	1,997	69.3	18	0.6	27	0.9
North Carolina	2,817	1,225	43.5	388	13.8	525	18.6	249	8.8	127	4.5
Maryland	2,737	429	15.7	886	32.4	73	2.7	22	0.8	813	29.7
Minnesota	2,632	898	34.1	680	25.8	513	19.5	171	6.5	168	6.4

[1] Selected bond purposes do not add to total amount.
[2] In this figure, "other purposes" refers to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G. It does not include specific purposes, such as public safety and housing, that are not shown separately in the figure. See Table 2.
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

Transportation projects accounted for 15.2 percent of States' total new money long-term proceeds. In New Jersey, however, transportation projects made up 69.3 percent of the total amount of new money long-term governmental bonds, while Indiana allocated only 1.6 percent for the same purpose. In contrast, Maryland (2.7 percent) and Massachusetts (2.2 percent) accounted for the smallest percentages of transportation bond issues for the year.

Utility bond proceeds accounted for 9.7 percent of all new money long-term governmental bonds in 2011. Indiana (34.1 percent) and Texas (21.9 percent) each spent a large portion on utility projects. In contrast, New Jersey spent 0.6 percent of its total amount of new money long-term bonds on utility projects.

Figure H presents States with the largest absolute decreases and increases in the amount of new money long-term, tax-exempt private activity bonds from 2010 to 2011.[18] Total new money long-term, tax-exempt private activity bond proceeds decreased by approximately $22.8 billion (down 36.1 percent) from 2010 to 2011. For the 42 States that reduced their issuance of these bonds in 2011, the overall decrease in proceeds totaled just less than $23.9 billion. Texas accounted for the largest absolute decrease (down $3.0 billion) in new money long-term, tax-exempt private activity bond proceeds in 2011. States that showed significant

Figure H

States with Largest Decreases and Increases in Amount of New Money Long-Term Tax-Exempt Private Activity Bonds, 2010 to 2011

[Money amounts are in millions of dollars]

State of issue	2010 amount	2011 amount	Change in amount	Percentage change in amount
	(1)	(2)	(3)	(4)
All States	**63,330**	**40,496**	**-22,834**	**-36.1**
States with decreases:				
Texas	4,997	1,972	-3,025	-60.5
Louisiana	3,553	936	-2,617	-73.7
Florida	4,141	1,602	-2,539	-61.3
California	6,082	4,612	-1,470	-24.2
Georgia	1,852	688	-1,164	-62.9
States with increases:				
New York	4,990	5,325	335	6.7
Massachusetts	2,442	2,655	213	8.7
Alaska	167	324	157	94.0
Indiana	774	922	148	19.1
Iowa	422	560	138	32.7

NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

[18] Qualified private activity bond authority is generally allocated to States based on population; States with higher populations are more likely to show up in Figures H and I.

relative decreases in these same type of bonds from 2010 to 2011 included Louisiana (down 73.7 percent), Florida (down 61.3 percent), and California (down 24.2 percent).

New York represented the largest absolute increase (up $335 million) in new money long-term, tax-exempt private activity bond proceeds. Other States with significant increases in these same type of bond issues from 2010 to 2011 included Massachusetts (up 8.7 percent) and Alaska (up 94 percent). In all, 10 States increased their new money long-term, tax-exempt private activity bond proceeds from 2010 to 2011, by just less than $1.2 billion.

Figure I shows the amount of bond proceeds for the top 15 States, in terms of total dollar volume of new money long-term, tax-exempt bonds issued for 2011, for private activity bonds. Combined, these 15 States accounted for 69 percent of the total $27.9 billion of new money long-term, tax-exempt private activity bond proceeds for the year. Authorities in the following five States issued almost $16.8 billion (41.5 percent) of the total proceeds: New York (13.1 percent), California (11.4 percent), Massachusetts (5.6 percent), Pennsylvania (6.5 percent), and Texas (7.9 percent). According to 2011 Census estimates, these five States accounted for almost 32.8 percent of the total U.S. population.

As was the case with governmental bond issuance, there were differences in the composition of total new money long-term, tax-exempt private activity bond issuance, by purpose, among the States. Examining the bond allocations by purpose for 2011, overall, qualified IRC section 501(c)(3) nonhospital organizations accounted for almost a third (32.9 percent) of the proceeds for the year. Qualified hospital bonds made up another 22.1 percent of this bond issuance.

Massachusetts issued most of its total proceeds for IRC section 501(c)(3) nonhospital organizations (65.1 percent), compared to Alabama (8.2 percent) and Washington (7.6 percent). In comparison, Ohio issued most of its total proceeds for qualified hospital bonds (47.7 percent), compared to smaller shares issued by New Jersey (13.9 percent) and New York (13.3 percent) for this same purpose. Of the top 15 States, Minnesota had the smallest total reportable issuance for qualified hospitals, with only 2.4 percent of its total proceeds allocated for this purpose.

Bonds issued for qualified mortgage bonds accounted for 18.5 percent of all proceeds in 2011, totaling nearly $7.5 billion. Florida committed 31.5 percent of its total proceeds toward qualified mortgage bonds, while Ohio allocated 27.9 percent of its proceeds for this purpose.

Together, all States allocated 12.8 percent of the $5.2 billion of bond proceeds in 2011 for qualified residential rental facility bonds. However, New York (36.2 percent) and California (23.5 percent) directed a much larger share of their proceeds to this purpose. In contrast, Louisiana directed only 4.2 percent of its proceeds to qualified residential rental facility bonds.

Figure I

New Money Long-Term Tax-Exempt Private Activity Bond Proceeds, by Selected Bond Purpose, for Top 15 States, Ranked by Total Issuance, 2011

[Money amounts are in millions of dollars]

State of issue	Total amount	Selected bond purpose [1]							
		Qualified section 501(c)(3) nonhospital		Qualified hospital		Qualified mortgage		Qualified residential rental facility	
		Amount	Percent of State total	Amount	Percent of State total	Amount	Percent of State total	Amount	Percent of State total
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All States	**40,496**	**13,340**	**32.9**	**8,953**	**22.1**	**7,488**	**18.5**	**5,165**	**12.8**
New York	5,325	1,416	26.6	710	13.3	d	d	1,925	36.2
California	4,612	2,099	45.5	1,143	24.8	d	d	1,084	23.5
Massachusetts	2,655	1,728	65.1	435	16.4	d	d	301	11.3
Pennsylvania	2,260	916	40.5	796	35.2	420	18.6	d	d
Texas	1,972	444	22.5	d	d	336	17.0	68	3.4
Illinois	1,690	1,060	62.7	380	22.5	d	d	128	7.6
Florida	1,602	522	32.6	d	d	505	31.5	282	17.6
Ohio	1,450	275	19.0	692	47.7	404	27.9	d	d
New Jersey	1,327	364	27.4	184	13.9	d	d	d	d
Louisiana	936	279	29.8	184	19.7	126	13.5	39	4.2
Indiana	922	232	25.2	230	24.9	216	23.4	0	0.0
Alabama	820	67	8.2	d	d	0	0.0	0	0.0
Washington	812	62	7.6	368	45.3	d	d	151	18.6
Minnesota	785	339	43.2	19	2.4	194	24.7	131	16.7
Virginia	780	183	23.5	142	18.2	d	d	93	11.9

d—Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] Selected bond purposes do not add to total amount.

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

Direct Payment Bonds

The American Recovery and Reinvestment Act (ARRA) authorized direct payment bond issuance through the Build America Bonds (BAB) and the Recovery Zone Economic Development Bond (RZED) Programs. These programs were created to provide incentive for State and local governments to undertake new capital projects during a period of national recession. ARRA allowed issuers of these bonds to elect (in lieu of issuing tax-credit bonds) to receive a direct refundable credit payment from the Federal government equal to a percentage of the interest payments made. Issuers of Build America Bonds receive a credit payment equal to 35 percent of interest payable, and issuers of recovery zone economic development bonds receive a credit payment equal to 45 percent of interest payable. The bond programs authorized by ARRA expired for new issues on January 1, 2011; however, issuers of bonds created under ARRA continue to request credit payments for previously issued bonds by filing Form 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds*.

The Hiring Incentives to Restore Employment Act of 2010 (HIRE), enacted on March 18, 2010, extended the direct payment provision to certain issuers of specified tax credit bonds. In lieu of issuing bonds with a tax credit to the bondholder, issuers of specified tax credit bonds may elect to receive a Federal direct payment on an interest payment date equal to a certain percentage of the interest paid.[19] Specifically, issuers of qualified school construction bonds and qualified zone academy bonds could receive the lesser of 100 percent of their interest payment or the amount of interest that would have been paid if the interest rate was determined at the tax credit bond rate. Issuers of new clean renewable energy bonds and qualified energy conservation bonds receive the lesser of 70 percent of their interest payment or the amount of interest that would have been paid if the interest rate was determined at the tax credit bond rate. Once an issuer elected to treat a bond as a direct payment bond, the bondholders received taxable interest payments from the issuer instead of a tax credit. All direct payment bonds issued in Calendar Year 2011 were specified tax credit bonds. Issuers of specified tax credit bonds are required to file Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds*. With this form, direct payment bond issuers are required to attach a debt service schedule containing the following information: type of interest rate (variable or fixed), frequency of interest payments, total principal outstanding on each interest payment date, credit payment expected from the IRS, and earliest call date of the bond.

A total of 614 specified tax credit bonds raised nearly $6.2 billion in bond proceeds in 2011 (Figure J). Qualified school construction bonds made up 83.8 percent of total direct payment bond proceeds, with slightly less than $5.2 billion issued in 2011. Qualified zone academy bonds ($562 million), qualified energy conservation bonds ($304 million), and new clean renewable energy bonds ($131 million) accounted the remaining proceeds for the year.

Figure J

Specified Tax Credit Bonds, by Bond Type, 2011

[Money amounts are in millions of dollars]

Bond type [1]	Specified tax credit bonds [2]		
	Number	Amount	Percentage of total amount
	(1)	(2)	(3)
Total	**614**	**6,156**	**100.0**
Qualified School Construction Bonds	446	5,159	83.8
Qualified Zone Academy Bonds	88	562	9.1
Qualified Energy Conservation Bonds	65	304	4.9
New Clean Renewable Energy Bonds	15	131	2.1

[1] Includes tax credit bonds reported on Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds,* that indicates the issuer elected to apply section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A).

[2] Excludes bonds reported on Form 8038-TC that did not indicate the issuer elected to apply section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A).

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

Ten States accounted for slightly more than $3.6 billion in specified tax credit bond issuance, 58.9 percent of the $6.2 billion total for 2011 (Figure K). According to the 2011 Census, these States combined accounted for nearly 45.2 percent of the U.S. population. California had slightly more than $1.1 billion in bond issuance, which made it the single largest issuer of specified tax credit bonds. In comparison, Pennsylvania issued $430 million (7.0 percent) and Georgia issued $389 million (6.3 percent) of all specified tax credit bonds for the year. However, Pennsylvania (4.1 percent) and Georgia (3.2 percent) represented smaller shares of the U.S. population.

Direct payment bond issuers are required to file Form 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds* to request credit payments as interest payments are made throughout the term of the bond. Credit payments received by issuers in 2011 were not subject to sequestration cuts. During 2011, issuers reported nearly $11.3 billion in interest to direct payment bond holders and requested 9,098 credit payments totaling $4.3 billion (Figure L).[20] This 138.8-percent increase from the $1.8 billion requested in 2010 resulted from the many issuers requesting their first credit payments for interest paid to bondholders in 2011. The number of Forms 8038-CP filed for direct payment

[19] Internal Revenue Notice 2010-35 states, “Section 301 of the Hiring Incentives to Restore Employment Act, Pub. L. No. 111-147, 124 Stat. 71 (2010) (the “HIRE Act”) added subsection (f) to section 6431 of the Code, which authorizes issuers to irrevocably elect to receive Federal direct payments of allowances of refundable tax credits to subsidize a prescribed portion of their borrowing costs instead of the Federal tax credits that otherwise would be allowed to holders of certain qualified tax credit bonds under section 54A. For more information regarding the HIRE Act see Internal Revenue Notice 2010–35

[20] Form 8038-CP, *Return for Credit Payment to Issuers of Qualified Bonds*, is used by issuers of Build America Bonds, recovery zone economic development bonds, and specified tax credit bonds who elect to receive a direct payment from the Federal Government equal to a percentage of the interest payments on these bonds. Specifically, issuers of Build America Bonds receive a credit payment equal to 35 percent of interest payable, and issuers of recovery zone economic development bonds receive a credit payment equal to 45 percent of interest payable. For specified tax credit bonds, the amount of refundable credit payments for qualified zone academy bonds and qualified school construction bonds are the lesser of 100 percent of the interest payable or 100 percent of the amount of interest determined at the applicable tax credit rate under 54A(b)(3). The amount of refundable credit payments for new clean renewable energy bonds and qualified energy conservation bonds are the lesser of 70 percent of the interest payable or 70 percent of the amount of interest determined at the applicable tax credit rate under 54A(b)(3).

Figure K

Specified Tax Credit Bonds, for All States and Top 10 States, 2011

[Money amounts are in millions of dollars]

State of issue	Specified tax credit bonds [1]			
	Number	Amount	Percentage of total amount	Rank
	(1)	(2)	(3)	(4)
All States	**614**	**6,156**	**100.0**	**N/A**
Top 10 States Combined	**264**	**3,628**	**58.9**	**N/A**
California	88	1,149	18.7	1
Pennsylvania	7	430	7.0	2
Georgia	13	389	6.3	3
New York	15	388	6.3	4
Texas	48	290	4.7	5
Massachusetts	12	228	3.7	6
Kentucky	21	198	3.2	7
Virginia	3	196	3.2	8
Arizona	31	187	3.0	9
Michigan	26	174	2.8	10

N/A--Not applicable. Rank applies only to individual states.
[1] Combines tax credit bonds reported on Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds,* that indicates the issuer elected to apply Internal Revenue Code section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A). Table excludes data for U.S. Possessions.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

bonds allowable under ARRA (6,563) accounted for almost 89 percent of the total credit payments requested. Build America Bond issuers accounted for nearly 85 percent of all credit payments requested in 2011. Issuers of recovery zone economic development bonds requested an additional $169 million in credit payments. Issuers of direct payment bonds allowable under HIRE filed 2,535 Forms 8038-CP, requesting $472 million in credit payments, just less than 11.1 percent of all credit payments requested in 2011. Issuers of qualified school construction bonds filed 1,868 Forms 8038-CP and received $426 million in credit payments. The remaining 667 credit payment requests for issues allowable under HIRE were for qualified zone academy, qualified energy conservation, and new clean renewable energy bonds, totaling $47 million in credit payments.

Figure M presents the total amount of credit payment outlays requested by issuers of direct payment bonds allowable under ARRA and HIRE by bond type, and shows selected State data regarding credit payment requests. Issuers of the Build America Bonds requested just over $3.6 billion, nearly 85 percent of the total. One likely reason for this is that the program was not subject to volume cap restrictions, unlike all other direct payment bond programs.[21] Interestingly, States with the highest overall direct payment bond credit payment requests nearly mirrored the States with the highest requests for credit payments under the Build America Bond program, with the exception of Colorado.

Issuers of qualified school construction bonds received $426 million in credit payments in 2011 (Figure M). California, Michigan, and Florida requested the greatest amount of credit

Figure L

Interest and Credit Payment Outlays to Issuers of Direct Payment Bonds, by Bond Type, 2011

[Money amounts are in millions of dollars]

Direct payment bond type	Number of Forms 8038-CP filed	Interest payable to bondholders	Credit payment outlays
	(1)	(2)	(3)
Direct payment bonds, total [1][2]	**9,098**	**11,266**	**4,271**
Total, direct payment bonds allowable under the American Recovery and Reinvestment Act (ARRA)	**6,563**	**10,747**	**3,798**
Build America Bond	5,439	10,371	3,629
Recovery Zone Economic Development Bond	1,124	375	169
Specified tax credit bonds allowable under the Hiring Incentives to Restore Employment Act (HIRE), total	**2,535**	**519**	**472**
Qualified School Construction Bond	1,868	457	426
Qualified Zone Academy Bond	290	21	20
Qualified Energy Conservation Bond	222	21	14
New Clean Renewable Energy Bond	155	20	13

[1] Form 8038-CP, *Return for Credit Payment to Issuers of Qualified Bonds* , is used by issuers of Build America Bonds, recovery zone economic development bonds, and specified tax credit bonds who elect to receive a direct payment from the Federal Government equal to a percentage of the interest payments on these bonds. Specifically, issuers of Build America Bonds receive a credit payment equal to 35 percent of interest payable, and issuers of recovery zone economic development bonds receive a credit payment equal to 45 percent of interest payable. For specified tax credit bonds the amount of refundable credit payments for qualified zone academy bonds and qualified school construction bonds is the lesser of 100 percent of the interest payable or 100 percent of the amount of interest determined at the applicable tax credit rate under Internal Revenue Code section 54A(b)(3). The amount of refundable credit payments for new clean renewable energy bonds and qualified energy conservation bonds is the lesser of 70 percent of the interest payable or 70 percent of the amount of interest determined at the applicable tax credit rate under section 54A(b)(3).
[2] Credit payment outlays were not subject to sequestration cuts in 2011.
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

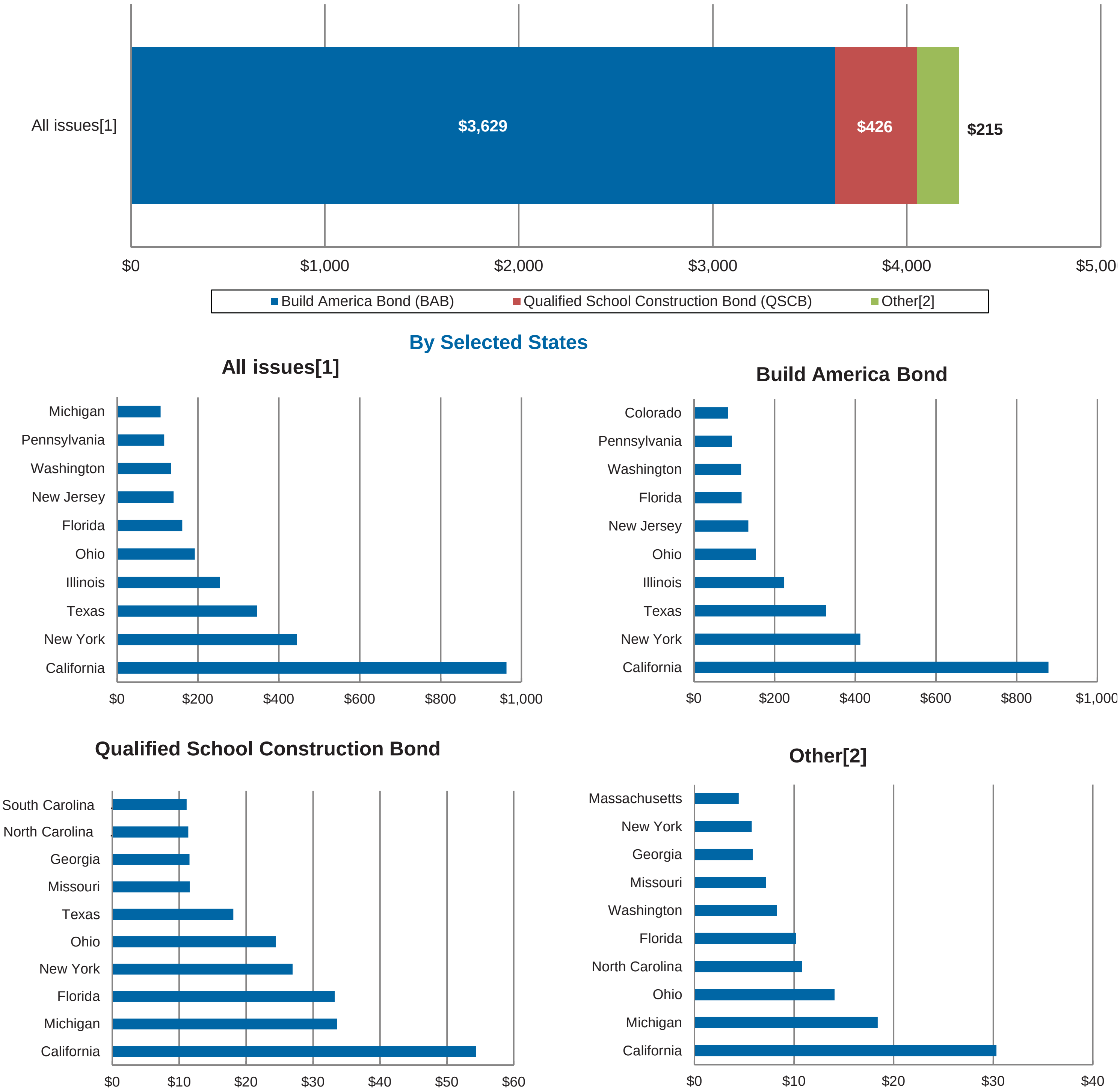
payments under the qualified school construction bond program. Both South Carolina and Missouri were among the top States requesting credit payments for qualified school construction bonds despite having lower populations than other leading States requesting these credit payments. All other direct payment bond program issuers (qualified energy conservation, qualified zone academy, new clean renewable energy, and recovery zone economic development bonds) requested $215 million in credit payments. These programs are grouped together to avoid disclosure of any specific tax paying entity.

Figure N shows the percentage of credit payment outlays received by issuers of direct payment bonds classified by State population and bond type. SOI created these classifications by placing States in rank order by population size, and separating them into three equal groups. State classifications include all 50 States, the District of Columbia, and Puerto Rico. All direct payment bond programs, with the exception of the Build America Bond program, are subject to volume cap limitations. While volume cap is allocated in different ways, a reasonable metric

[21] For information on the Build America Bond program and volume cap restrictions, see Barnes, Aaron,“ Municipal Bonds 2010,” *Statistics of Income Bulletin*, Spring 2013, Volume 32, Number 4 at http://www.irs.gov/pub/irs-soi/13ebsprbulbonds.pdf.

Figure M

Credit Payment Outlays to Issuers of Direct Payment Bonds, by Bond Type, 2011
[Money amounts are in millions of dollars]



[1] Credit payment outlays were not subject to sequestration cuts in 2011.
[2] Other includes recovery zone economic development, qualified zone academy, qualified energy conservation, and new clean renewable energy bonds as reported on Form 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds.*
NOTE: All dollar amounts are reported in millions of dollars.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

is to compare credit payments by population size for direct payment bond programs.[22] States with large populations have a combined population of 218 million people, representing 69.2 percent of the United States population. States with large populations received 78.0 percent of all credit payments requested by issuers of direct payment bonds, which suggests that the most populous states requested credit payments for direct payment bonds at a higher rate than States with lower populations. These States also received the highest shares of all credit payments requested by issuers of Build America Bonds (79.7 percent), qualified school construction bonds (69.7 percent), and other bond types (66.1 percent).

States with medium-size populations had a combined population of 76 million people, representing 24.1 percent of the United States population (Figure N). These States requested less credit payments (16.3 percent) than their share of the population and of all credit payments made to issuers of Build America Bonds (15.2 percent). This is due to the low percentage of credit payments requested by issuers of Build American Bonds. However, States in this population-size category requested credit payments for direct payment bond programs subject to the specific volume caps at a rate comparable to their share of the population. States in this size category received about equal shares of the overall credit payments for qualified school construction bonds (22.3 percent) and credit payments requested by issuers of all other bonds combined (22.2 percent).

States with small-size populations had a combined population of 21 million people, representing 6.7 percent of the United States population. Collectively, States in this population-size category received 5.7 percent of all credit payments to issuers of direct payment bonds, while receiving only 5.1 percent of all credit payments received by issuers of Build America Bonds. Interestingly, these States received 8.0 percent of qualified school construction bond credit payments and 11.4 percent of credit payments for all other bonds combined. This shows that States with the lowest populations utilized these programs at a higher rate than States with larger populations.

Summary

Overall bond issuance fell from $556.9 billion in 2010 to $390.6 billion in 2011. This is most likely the result of the expiration of the Build America Bond program, which ended on January 1, 2011. The majority of municipal bond issuance came from the slightly more than 21,000 tax-exempt governmental bonds issued in 2011, raising $297.3 billion of proceeds for public projects such as schools, transportation infrastructure, and utilities. Of the $232.5 billion of long-term governmental bonds issued, just over $118.4 billion of proceeds financed new projects, while the remaining $114.1 billion of proceeds were used to refund prior governmental bond issues. In addition, nearly 2,500 tax-exempt private activity bonds were issued in 2011, for a total of $86.9 billion in proceeds. These tax-exempt private activity bond proceeds financed qualified private facilities (such as residential rental facilities, single-family housing, and airports), as well the facilities of IRC section 501(c)(3) organizations (such as hospitals and private universities). Of the nearly $86 billion of long-term private activity bonds issued, just over $40.6 billion of proceeds were used to finance new projects, while the remaining $45.5 billion of proceeds refunded prior tax-exempt private activity bond issues. Proceeds from direct payment bonds totaled less than $6.2 billion and made up 1.6 percent of all municipal bond proceeds in 2011. These direct payment bonds are specified tax credit bonds authorized by The Hiring Incentives to Restore Employment Act of 2010. Credit payments received by issuers of direct payment bonds totaled slightly less than $4.3 billion in 2011, up from $1.8 billion received in 2010. This is the result of many issuers of direct payment bonds requesting their first credit payments for interest paid to bondholders.

Data Sources and Limitations

SOI based the data presented in this article on the populations of Forms 8038, 8038-G, and 8038-TC filed with the Internal Revenue Service for bonds issued during Calendar Year 2011. Form 8038-CP data are population data for credit payments requested during Calendar Year 2011.[23] Tax-exempt bond data exclude returns filed for commercial paper transactions, as well as issues that are loans from the proceeds of another tax-exempt bond issue, an arrangement known as pooled financing. Data for tax credit bonds and specified tax credit bonds were compiled from Forms 8038-TC. Data for credit payments were compiled from Forms 8038-CP filed for interest paid to bondholders in 2011.

Bond issuers were required to file Forms 8038, 8038-G, and 8038-TC by the 15th day of the second calendar month after the close of the calendar quarter in which the bond was issued. The filing deadline for Form 8038-CP varied based on the structure of the interest payments. In an effort to include as many applicable returns for a particular year as possible, each of the respective study periods extended well beyond established filing deadlines. The Forms 8038, 8038-G, and 8038-TC data include returns processed from January 1, 2011, to April 30, 2013, for bonds issued in 2010. The Form 8038-CP data include returns processed from January 1, 2011, to July 1, 2013, for interest paid during 2011. Where possible, SOI included data from amended returns filed and processed before the cutoff, and excluded late-filed returns processed after the respective cutoff dates.

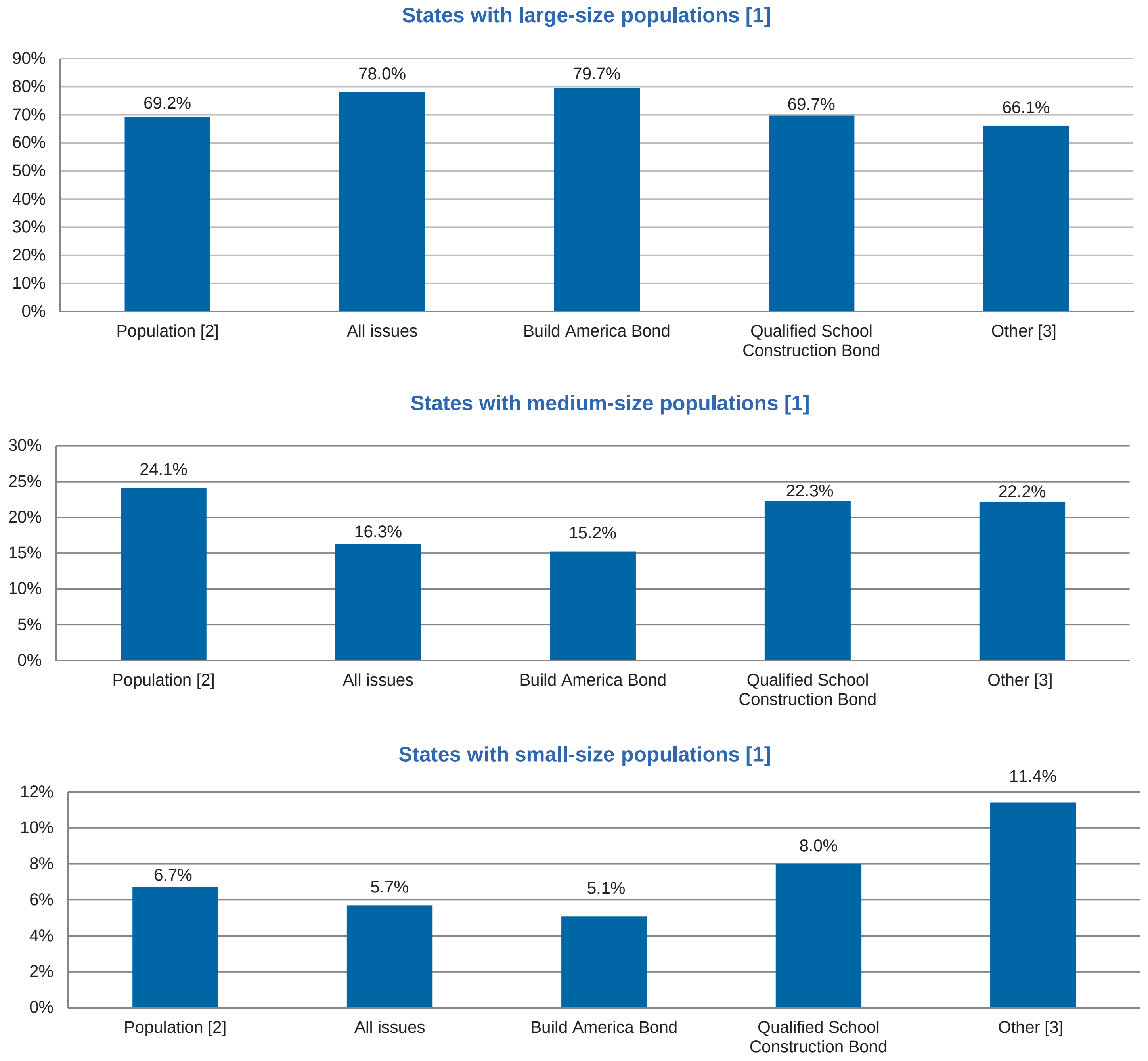
During statistical processing, returns were subject to thorough testing and correction procedures to ensure data accuracy and validity. SOI conducted additional checks to identify and exclude duplicate returns, and wherever possible, edited returns with incomplete information, mathematical errors, or

[22] Volume Cap allocations vary by bond program. For example, qualified zone academy bond volume cap allocation was based on poverty rates among populations, while qualified school construction bond volume cap allocation was based on poverty populations among individuals age of 5 and 17 years old. For more information on volume cap for each direct payment bond program, see the Explanation of Selected Terms section of this article.

[23] Filing requirements for Form 8038-CP, *Return for Credit Payment to Issuers of Qualified Bonds*, vary depending on whether the bond has a fixed or variable rate of interest. Fixed rate bonds must file no later than 45 days after the interest payment date and no earlier than 90 before the interest payment date. For variable rate bonds, if the issuer does not know the payment amount 45 days prior to the interest payment date, the issuer must aggregate all credit payments on a quarterly basis and file Form 8038-CP no later than 45 days after the last interest payment date.

Figure N

Percentage of Credit Payment Outlays Received by Issuers of Direct Payment Bonds, by State Population Classification and by Bond Type, 2011



[1] Classifications are based on population rank and include the District of Columbia and Puerto Rico. States with large-size populations include: California, Texas, New York, Florida, Illinois, Pennsylvania, Ohio, Michigan, Georgia, North Carolina, New Jersey, Virginia, Washington, Massachusetts, Indiana, Arizona, and Tennessee. States with medium-size populations include: Missouri, Maryland, Wisconsin, Minnesota, Colorado, Alabama, South Carolina, Louisiana, Kentucky, Oregon, Oklahoma, Puerto Rico, Connecticut, Iowa, Mississippi, Arkansas, Kansas, and Utah. States with small-size populations include: Nevada, New Mexico, West Virginia, Nebraska, Idaho, Hawaii, Maine, New Hampshire, Rhode Island, Montana, Delaware, South Dakota, Alaska, North Dakota, Vermont, District of Columbia, and Wyoming.
[2] Population shows the percentage of the U.S. resident population who live within each classification. Resident population estimates for July 1, 2011, are produced by the U.S. Bureau of the Census and are available at http://www.census.gov/popest/data/state/totals/2011/tables/NST-EST2011-01.xls.
[3] Other includes recovery zone economic development, qualified zone academy, qualified energy conservation, and new clean renewable energy bonds as reported on Form 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds.*
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

other reporting anomalies to resolve internal inconsistencies. However, in other cases, it was not possible to reconcile reporting discrepancies. Thus, some reporting and processing error may remain.

Explanation of Selected Terms

American Recovery and Reinvestment Act of 2009 (ARRA)—An act of the 111th Congress passed on February 17, 2009, in response to the economic crisis. The passage of ARRA added to the Internal Revenue Code (IRC) sections 54AA and 1400U-1 through 1400U-3. These IRC sections authorize State and local governments to issue two general types of Build America Bonds, recovery zone economic development bonds, and recovery zone exempt facility bonds.

Arbitrage bond—A bond where at the time of issuance, the issuer of the bond intentionally uses all proceeds or a portion of its proceeds for acquiring a higher yield or to replace funds, which are used to acquire higher yielding investments.

Bond anticipation note (BAN)—A type of short-term governmental bond issue, the proceeds of which are generally used to pay the startup costs associated with a future, long-term bond-financed project. A renewal BAN can be issued on maturity of an outstanding BAN, until, eventually, the proceeds of the future bond issue are used to pay off, or retire, the outstanding BAN.

Build America Bond (BAB)—The American Recovery and Reinvestment Act (ARRA) added IRC section 54AA to enable State and local governments to issue bonds for authorized purposes to promote economic recovery and job creation. These new types of bonds would be issued as taxable governmental bonds with Federal subsidies to help offset a portion of issuers' borrowing costs. The two distinct types of Build America Bonds—Build America Bond tax credit and Build America Bond direct payment subsidy—vary by the structure of Federal subsidy. For Calendar Year 2010, issuers of Build America Bonds were required to file IRS Form 8038-B, *Information Return for Build America Bonds and Recovery Zone Economic Development Bonds*.

Build America Bond tax credit bond—This type of BAB provides a tax credit to investors in an amount equal to 35 percent of the total coupon interest payable by the issuer of the taxable government bonds.

Build America Bond direct payment bond—This type of BAB provides a refundable credit payment to state or local governmental issuers in an amount equal to 35 percent of the total coupon interest payable to investors.

Clean renewable energy bond (CREB)—A type of tax credit bond used to finance eligible clean renewable energy projects, which are subject to a national volume cap. Issuers of clean renewable energy bonds under IRC Section 54 must be eligible to apply for volume cap allocations. Clean renewable energy bonds were first authorized under the Energy Tax Incentive Act of 2005. For additional information, see Internal Revenue Notice 2007-26.

Commercial paper—Commercial paper consists of short-term notes that are continually rolled-over. Maturities average about 30 days but can extend up to 270 days. Many localities use commercial paper to raise cash needed for current transactions.

Enterprise zone facility bond—Established by the passage of the Revenue Reconciliation Act of 1993, this type of exempt facility bond may be issued for certain businesses in designated "empowerment zones" or "enterprise communities." These designations are made by the Secretaries of Agriculture and Housing and Urban Development and last for a 10-year period though empowerment zone designation was extended to December 31, 2013. The Taxpayer Relief Act of 1997 provided certain economically depressed census tracts within the District of Columbia designation as the "District of Columbia Enterprise Zone." Qualified enterprise zone facility bonds are generally subject to the same rules as exempt facility bonds.

Exempt facility bond—Bond issue of which 95 percent or more of the net proceeds is used to finance a tax-exempt facility (as listed in IRC sections 142(a)(1) through (15) and 142(k)). These facilities include airports, docks and wharves, mass commuting facilities, facilities for the furnishing of water, sewage facilities, solid waste disposal facilities, and qualified residential rental projects. They also include facilities for the local furnishing of electric energy or gas, local district heating or cooling facilities, qualified hazardous waste facilities, high-speed intercity rail facilities, environmental enhancements of hydroelectric generating facilities, and qualified public educational facilities.

Governmental bond—Any obligation that is not a private activity bond (see below) and is issued by a State or local government unit. The interest on a governmental bond is excluded from gross income under IRC section 103.

Gulf Opportunity Zone Bond—The Gulf Opportunity Zone Act of 2005, signed into law as Public Law 109-135 on December 21, 2005, authorized a new category of tax-exempt bonds. The proceeds of such bonds are used to finance the construction and rehabilitation of certain residential and nonresidential property located in certain localities of Alabama, Louisiana, and Mississippi, designated as the "Gulf Opportunity Zone." This area constitutes the portion of the Hurricane Katrina disaster area, determined by the President to warrant individual or individual and public assistance from the Federal government, under the Robert T. Stafford Disaster Relief and Emergency Assistance Act.

IRC section 1400N(a)(2) defines a qualified Gulf Opportunity Zone Bond as any bond issued as part of an issue that meets the following requirements: (1) 95 percent or more of the net proceeds is to be used for qualified project costs, or such issue meets the requirements of a qualified mortgage issue, except as otherwise provided in IRC section 1400N(a); (2) such bond is issued by the State of Alabama, Louisiana, or Mississippi or any political subdivision thereof; (3) such bond is designated for purposes of IRC section 1400N(a) either by the Governor, or approved bond commission, of such State; (4) the bond is issued after December 21, 2005, and before January 1, 2012; and (5) no portion of the proceeds of such issue is to be used to provide any property described in IRC section 144(c)(6)(B).

Gulf Opportunity Zone Bonds that meet the general requirements of a qualified mortgage bond issue, and the proceeds of such bond issues that finance residences located in the Gulf Opportunity Zone, shall be treated as qualified mortgage bonds ("Gulf Opportunity Zone Mortgage Bonds"), as described in IRC section 1400N(a)(2)(A)(ii). The Act also authorized the issuance of "Gulf Opportunity Zone Advance Refunding Bonds," which allow for an additional advance refunding for certain bonds, issued by the States of Alabama, Louisiana, or Mississippi (or any political subdivision thereof), and outstanding on August 28, 2005. This provision was effective for bonds issued between December 21, 2005, and January 1, 2012. (See Internal Revenue Service Notice 2006-41, Internal Revenue Bulletin 2006-18, for additional information.)

The Hiring Incentives to Restore Employment Act of 2010 (HIRE)—Enacted on March 18, 2010, HIRE provides an option for issuers of certain qualified tax credit bonds ("specified tax credit bonds") to irrevocably elect to issue the bonds with a direct pay subsidy, in the same manner as the build America bonds direct pay subsidy. The issuer of these bonds will receive an interest payment subsidy from the Federal government. Bondholders will receive a taxable interest payment from the issuer instead of a tax credit. For additional information, please see Internal Revenue Notice 2010-35.

Midwestern tax credit bond—A type of tax credit bond whose issuers are located in specific counties in Arkansas, Illinois, Indiana, Iowa, Missouri, Nebraska, and Wisconsin that were adversely affected by severe storms, tornadoes, or flooding (collectively referred to as "the Midwestern disaster area"). Midwestern tax credit bonds were only authorized for issuance during Calendar Year 2010. See Internal Revenue Notice 2008-109 for additional information.

New clean renewable energy bond (NEWCREB)—Any bond issued as part of an issue if: (1) 100 percent of the available project proceeds of such issue are to be used for capital expenditures incurred by governmental bodies, public power providers, or cooperative electric companies for one or more qualified renewable energy facilities; (2) the bond is issued by a qualified issuer; and (3) the issuer designates such bond for purposes of IRC section 54C.

Issuers of new clean renewable energy bonds receive 70 percent of the interest paid to the borrower if the interest were determined at the tax credit bond rate determined under section 54A(b)(3) for qualified tax credit bonds. If a new clean renewable energy bond was issued as a specified tax credit bond, issuers can receive the lesser of 70 percent of their interest payment or the amount of interest that would have been paid if the interest rate was determined at the tax credit bond rate. For more information on new clean renewable energy bonds, see IRC section 54C and Internal Revenue Notice 2010-35.

New York Liberty Zone Bonds—The Job Creation and Worker Assistance Act of 2002 created Section 1400L of the Internal Revenue Code of 1986 to provide various tax benefits for the area of New York City damaged or affected by the terrorist attack on September 11, 2001. IRC section 1400L(d) authorizes the issuance of an additional type of exempt facility bond, namely, "Liberty Bonds." Liberty Bonds are subject to the following additional requirements: (1) 95 percent or more of the net proceeds of such issue must be used for qualified project costs; (2) the State of New York or any political subdivision thereof must issue the bond; (3) the Governor of the State of New York or the Mayor of the City of New York must designate the bond for purposes of section 1400L(d); and (4) the bond must be issued after March 9, 2002, and before January 1, 2014. The maximum aggregate face amount of bonds that may be designated as Liberty Bonds is $8 billion.

Nongovernmental output property bond—Bonds used to finance the acquisition of property used by a nongovernmental entity in connection with an output facility (such as an electric or gas power project). This bond must meet additional tests under IRC section 141(d).

Pooled financing—An arrangement whereby a portion of the proceeds of a governmental bond issue is used to make loans to other governmental units.

Private activity bond—Bond issue of which more than 10 percent of the proceeds is used for any private business use and more than 10 percent of the payment of the principal or interest is either secured by an interest in property to be used for private business use (or payment for such property) or is derived from payments for property (or borrowed money) used for a private business use. A bond is also considered a private activity bond if the amount of the proceeds used to make or finance loans (other than loans described in IRC section 141(c)(2)) to persons other than governmental units exceeds the lesser of 5 percent of the proceeds or $5 million.

Qualified energy conservation bond—Any bond issued as part of an issue if: (1) 100 percent of the available project proceeds of such issue are to be used for one or more qualified conservation purposes; (2) the bond is issued by a State or local government; and (3) the issuer designates such bond for purposes of IRC section 54D.

Issuers of qualified energy conservation bonds receive 70 percent of the interest paid to the borrower if the interest were determined at the tax credit bond rate determined under section 54A(b)(3) for qualified tax credit bonds. If a qualified energy conservation bond was issued as a specified tax credit bond issuers can receive the lesser of 70 percent of their interest payment or the amount of interest that would have been paid if the interest rate was determined at the tax credit bond rate. For more information on new, clean renewable energy bonds, see IRC section 54D and Internal Revenue Notice 2010-35.

Qualified green building and sustainable design project—Bond issue of which 95 percent or more of the net proceeds is used to finance qualified green building and sustainable design projects, as designated by the Secretary of the Treasury, after consultation with the Administrator of the Environmental Protection Agency. A State or local government must nominate the project, and the issuer must submit a detailed application to the Treasury Department for consideration, and, on approval, allocation of a specified issuance amount. Section 701 of the American Jobs Creation Act of 2004 added IRC sections 142(a)(14) and 142(l), authorizing up to $2 billion of tax-exempt private activity bonds, not subject to the unified volume cap, for qualified green building and sustainable design projects, to be issued between December 31, 2004, and October 1, 2012. (See Internal Revenue Service Notice 2006-41, *Internal Revenue Bulletin* 2006-18, for additional information.)

Qualified highway or surface transfer freight facility bond—Bond issue of which 95 percent or more of the net proceeds is used to provide qualified highway or surface freight transfer facilities. Section 11143 of the Safe, Accountable, Flexible, Efficient, Transportation Equity Act: A Legacy for Users (SAFETEA-LU) Public Law 109-59, signed into law on August 10, 2005, added IRC sections 142(a)(15) and 142(m). Section 142(m)(1) defines the term "qualified highway or surface freight transfer facilities" as: (a) any surface transportation project that receives Federal assistance under title 23, United States Code (as in effect on August 10, 2005); (b) any project for an international bridge or tunnel for which an international entity authorized under Federal or State law is responsible and that receives Federal assistance under title 23, United States Code (as so in effect); or, (c) any facility for the transfer of freight from truck to rail or rail to truck (including any temporary storage facilities directly related to such transfers) that receives Federal assistance under either title 23 or title 49, United States Code (as so in effect). This legislation authorized issuance of up to $15 billion of such bonds, not subject to the unified volume cap, applicable to bonds issued after August 10, 2005. Allocation of the $15-billion national limitation is under the jurisdiction of the Department of Transportation. (See Internal Revenue Service Notice 2006-45, *Internal Revenue Bulletin* 2006-20, for additional information.)

Qualified hospital bond—Type of qualified section 501(c)(3) bond issue of which 95 percent or more of the net proceeds are to be used to finance a hospital.

Qualified mortgage bond—Bond issue of which the proceeds (except issuance costs and reasonably required reserves) are used to provide financing assistance for single-family residential property, and which meets the additional requirements in IRC section 143. Bond proceeds can be applied toward the purchase, improvement, or rehabilitation of owner-occupied residences, as well as to finance qualified home-improvement loans.

Qualified public educational facility bond—Bond issue of which 95 percent or more of the net proceeds is used to provide qualified public educational facilities, defined by IRC section 142(k)(1) as any school facility that is: (a) part of a public elementary or secondary school; and (b) is owned by a private, for-profit corporation under a public-private partnership agreement with a State or local educational agency. Under a "public-private partnership agreement," the corporation agrees to construct, rehabilitate, refurbish, or equip a school facility and, at the end of the term of the agreement, to transfer the school facility to the State or local educational agency for no additional consideration. Such bonds are not subject to the unified volume cap; rather, the annual State limit is equal to the lesser of $10 per resident or $5 million.

Qualified redevelopment bond—Bond issue of which 95 percent or more of the net proceeds is used to finance certain specified real property acquisition and redevelopment in blighted areas (see IRC section 144(c) for additional requirements).

Qualified school construction bond (QSCB)—A type of tax credit bond, of which 100 percent of the bond proceeds are to be used for construction, rehabilitation, repair, or land acquisition in connection with a public school facility, which is issued by a State or local government within the jurisdiction of where the school is located. QSCBs are subject to a national volume cap to be allocated by the Treasury among the States. The American Recovery and Reinvestment Act of 2009 (ARRA) created IRC section 54F authorizing QSCBs.

The Hiring Incentives to Restore Employment Act of 2010 allowed issuers of QSCBs to receive 100 percent of the interest paid to the borrower if the interest were determined at the tax credit bond rate determined under section 54A(b)(3) for qualified tax credit bonds. If a QSCB was issued as a specified tax credit bond issuers can receive the lesser of 100 percent of their interest payment or the amount of interest that would have been paid if the interest rate was determined at the tax credit bond rate. For more information on QSCBs, see IRC section 54E and Internal Revenue Notice 2010-35.

Qualified section 501(c)(3) bond—Bonds issued by State and local governments to finance the activities of charitable organizations that are tax-exempt under IRC section 501(c)(3). A bond must meet the following conditions to be classified as a section 501(c)(3) bond: 1) all property financed by the net proceeds of the bond issue is to be owned by a section 501(c)(3) organization or a governmental unit; and 2) the bond would not be a private activity bond if section 501(c)(3) organizations were treated as governmental units with respect to their activities that are not related trades or businesses, and the private activity bond definition was applied using a 5-percent threshold rather than a 10-percent threshold. The primary beneficiaries of these bonds are private, nonprofit hospitals, colleges, and universities. A qualified hospital bond issue is one in which 95 percent or more of the net proceeds is to be used for a hospital.

Qualified small issue bond—Bond issue generally not exceeding $1 million and of which 95 percent or more of the net proceeds is used to finance the acquisition of land and depreciable property or to refund such issues. In certain instances, an election to take certain capital expenditures into account can increase the limit on bond size, from $1 million to $10 million. These bonds may only be used to finance manufacturing facilities and to benefit certain first-time farmers.

Qualified student loan bond—Bond issue of which 90 percent or more of the net proceeds is used to make or finance student loans under a program of general application subject to the Higher Education Act of 1965 (see IRC section 144(b)(1)(A) for additional requirements) or of which 95 percent or more of the net proceeds is used to make or finance student loans under a program of general application approved by the State (see Code section 144(b)(1)(B) for additional requirements).

Qualified veterans' mortgage bond— In general, a bond issue of which 95 percent or more of the net proceeds is used to finance the purchase, improvement, or rehabilitation of owner-occupied residences for veterans who: 1) served prior to January 1, 1977;

and 2) applied for such a mortgage prior to the date 30 years after leaving active service or January 31, 1985, whichever is later. The payment of interest and principal must be secured by a general obligation of the State, and the bond must meet certain of the requirements of IRC section 143. The issuance of qualified veterans' mortgage bonds was limited to the following five States: Alaska, California, Oregon, Texas, and Wisconsin, each of which had a veterans' mortgage bond program in effect prior to June 22, 1984.

Qualified zone academy bond (QZAB)—A type of tax credit bond issued by a State or local government to finance certain eligible public school purposes authorized under IRC section 54E. QZABs are subject to a national volume cap to be allocated by the Treasury among the States.

Issuers of QZABs receive 100 percent of the interest paid to the borrower if the interest were determined at the tax credit bond rate determined under section 54A(b) (3) for qualified tax credit bonds. If a QZAB was issued as a specified tax credit bond issuers can receive the lesser of 100 percent of their interest payment or the amount of interest that would have been paid if the interest rate was determined at the tax credit bond rate. For more information on QZABs, see IRC section 54E and Internal Revenue Notice 2010-35.

Recovery zone bond—The American Recovery and Reinvestment Act (ARRA) added IRC sections 1400U-1 through 1400U-3 authorizing State and local governments to issue recovery zone bonds. These bonds provide tax incentives through lower borrowing costs and are intended to promote job creation and economic recovery in targeted areas particularly affected by employment declines. See Internal Revenue Notice 2009-50 for additional information.

Recovery zone economic development bond—Authorized under IRC section 1400U-2, this type of bond provides for a deeper Federal subsidy through a refundable credit payment to state or local governmental issuers in an amount equal to 45 percent of the total coupon interest payable to investors. A recovery zone economic development bond must be a Build America Bond, the proceeds of which must be used for one or more qualified economic development purposes. Recovery zone economic development bonds are allocated under a $10 billion national bond volume cap. For Calendar Year 2010, issuers of recovery zone exempt facility bonds were required to file IRS Form 8038-B, *Information Return for Build America Bonds and Recovery Zone Economic Development Bonds*.

Recovery zone exempt facility bond—Authorized under IRC section 1400U-3, which expanded the definition of the term "exempt facility bond" to include any recovery zone facility bond. A recovery zone exempt facility bond must be a qualified private activity bond under IRC Section 142, the proceeds of which may be used to finance certain "recovery zone property." Recovery zone exempt facility bonds are allocated under a $15 billion national bond volume cap. For Calendar Year 2011, issuers of recovery zone exempt facility bonds were required to file IRS Form 8038, *Information Return for Tax-Exempt Private Activity Bonds*.

Specified tax credit bonds—New clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds and qualified school construction bonds are specified tax credit bonds for purposes of IRC section 6431(f). As a result of legislation in the HIRE Act, issuers of these bonds can elect to receive the tax credit in the form of a direct payment subsidy instead of the bondholder (investor) receiving the tax credits. Issuers are required to file IRS Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds*, to report such issues. See IRC section 54 and Internal Revenue Notice 2010-35.

Tax credit bond—Tax credit bonds are not interest-bearing obligations. The holder of a tax credit bond is generally allowed an annual Federal income tax credit while the bond is outstanding. The amount of the credit is equal to the face amount of the bond multiplied by the credit rate of the bond. Unique to all other tax credit bonds, issuers of certain qualified tax credit bonds, specifically new clean renewable energy bonds and qualified energy conservation bonds, pay bondholders taxable interest payments in addition to the tax credit the bondholder receives. For additional information, see Internal Revenue Notice 2009-15 and "Frequently Asked Questions on Qualified Tax Credit Bonds and Specified Tax Credit Bonds" at http://www.irs.gov/pub/irs-tege/tc_and_stcb_q-a._09-07-10_1.5.pdf.

Tax Reform Act transition property bond—A bond issued under transitional rules contained in the Tax Reform Act of 1986. Proceeds from bonds issued under these rules include issues used to fund such items as pollution control facilities, parking facilities, industrial parks, sports stadiums, and convention facilities. Proceeds from other bonds issued under the transitional rules are included in this category only if they could not be identified as another issue type.

Additional Tabular Data on Tax Stats

SOI conducts annual studies on tax-exempt governmental bonds, tax-exempt private activity bonds, and tax credit bonds using data collected from Forms 8038, 8038-G, and 8038-TC filed by bond issuers. Additional tax-exempt bond data, including data for prior years, is available on SOI's Tax Stats Webpage: http//www.irs.gov/taxstats. Click on "Tax-Exempt Bonds." The direct link for SOI's tax-exempt bond statistics is: http://www.irs.gov/uac/SOI-Tax-Stats-Tax-Exempt-Bond-Statistics.

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Table 1. Tax-Exempt Governmental Bonds, by Type and Term of Issue, 2011

[Money amounts are in millions of dollars]

Type and term of issue	Number	Amount
All issues, total [1]	**21,138**	**297,350**
Short term	5,420	64,805
Long term	15,718	232,544
New money issues, total	**14,921**	**171,305**
Short term	4,012	52,874
Long term	10,909	118,431
Refunding issues, total	**8,232**	**126,045**
Short term	2,049	11,931
Long term	6,183	114,114

[1] A given bond issue can include both new money and refunding proceeds. Thus, the number of new money issues plus the number of refunding issues will sometimes exceed the total number of issues. However, the money amounts add to the totals.
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 2. Long-Term Tax-Exempt Governmental Bonds, by Bond Purpose and Type of Issue, 2011

[Money amounts are in millions of dollars]

Bond purpose	All issues		New money issues		Refunding issues	
	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total [1]	**15,718**	**232,544**	**10,909**	**118,431**	**6,183**	**114,114**
Education	5,376	63,550	3,603	31,413	2,146	32,138
Health and hospital	312	4,268	249	2,379	98	1,889
Transportation	1,084	30,852	825	18,027	410	12,826
Public safety	1,845	4,862	1,600	2,752	398	2,110
Environment	1,323	15,469	949	8,697	608	6,772
Housing	95	560	58	345	46	215
Utilities	2,138	33,725	1,307	11,530	1,131	22,196
Bond and tax/revenue anticipation notes	220	4,161	192	3,607	44	554
Other purposes [2]	4,695	75,096	3,132	39,681	2,193	35,415

[1] A given bond issue can include more than one purpose and can include both new money and refunding proceeds. Thus, the summation of number of issues by purpose or by type of issue will sometimes exceed the total number of issues. However, the money amounts add to the totals.
[2] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Government Obligations.*
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 3. Computation of Lendable Proceeds for Long-Term Tax-Exempt Governmental Bonds, by Bond Purpose, 2011

[Money amounts are in millions of dollars]

Bond purpose	Entire issue price		Bond issuance costs		Credit enhancement		Allocation to reserve fund
	Number	Amount	Number	Amount	Number	Amount	Number
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total [2]	**15,718**	**232,544**	**10,144**	**1,954**	**1,083**	**113**	**921**
Education	5,376	63,550	3,571	604	428	37	160
Health and hospital	312	4,268	158	44	3	2	24
Transportation	1,084	30,852	742	194	29	4	57
Public safety	1,845	4,862	709	46	50	2	26
Environment	1,323	15,469	972	124	88	8	114
Housing	95	560	62	7	4	[3]	7
Utilities	2,138	33,725	1,790	325	262	26	278
Bond and tax/revenue anticipation notes	220	4,161	160	11	0	0	5
Other purposes [4]	4,695	75,096	3,251	599	286	35	288

Bond purpose	Allocation to reserve fund —continued	Total lendable proceeds [1]		Proceeds used to refund prior issues		Nonrefunding proceeds	
	Amount	Number	Amount	Number	Amount	Number	Amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total [2]	**1,615**	**15,718**	**228,862**	**6,183**	**112,619**	**10,909**	**116,244**
Education	211	5,376	62,698	2,146	31,795	3,603	30,903
Health and hospital	53	312	4,169	98	1,847	249	2,322
Transportation	257	1,084	30,398	410	12,724	825	17,674
Public safety	15	1,845	4,799	398	2,083	1,600	2,715
Environment	209	1,323	15,127	608	6,679	949	8,449
Housing	5	95	548	46	210	58	338
Utilities	394	2,138	32,981	1,131	21,840	1,307	11,141
Bond and tax/revenue anticipation notes	1	220	4,150	44	552	192	3,598
Other purposes [4]	469	4,695	73,993	2,193	34,888	3,132	39,105

[1] The amount of lendable proceeds equals the issue price of the bond reduced by the sum of bond issuance costs, credit enhancements, and allocations to reserve funds.
[2] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts add to the totals.
[3] Indicates an amount less than $500,000.
[4] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Government Obligations.*
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 4. New Money Long-Term Tax-Exempt Governmental Bonds, by Bond Purpose and Size of Entire Issue, 2011

[Money amounts are in millions of dollars, except for size of entire issue, which is in whole dollars]

Bond purpose	All issues		Size of entire issue					
			Under $500,000 [1]		$500,000 under $1,000,000		$1,000,000 under $5,000,000	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total [2]	**10,909**	**118,431**	**4,188**	**992**	**1,298**	**891**	**2,747**	**5,973**
Education	3,603	31,413	1,386	328	430	303	753	1,666
Health and hospital	249	2,379	74	14	20	14	69	129
Transportation	825	18,027	302	63	69	42	191	298
Public safety	1,600	2,752	935	224	197	130	262	425
Environment	949	8,697	209	51	110	72	306	530
Housing	58	345	9	2	4	2	21	51
Utilities	1,307	11,530	237	61	150	95	519	1,060
Bond and tax/revenue anticipation notes	192	3,607	34	10	20	13	90	213
Other purposes [3]	3,132	39,681	1,036	239	338	220	826	1,600

Bond purpose	Size of entire issue—continued							
	$5,000,000 under $10,000,000		$10,000,000 under $25,000,000		$25,000,000 under $75,000,000		$75,000,000 or more	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Total [2]	**1,081**	**6,726**	**760**	**9,809**	**511**	**17,961**	**324**	**76,079**
Education	377	2,367	316	3,930	248	8,462	93	14,357
Health and hospital	25	167	21	229	18	582	22	1,243
Transportation	91	309	58	359	44	790	70	16,166
Public safety	90	330	55	417	39	620	22	606
Environment	137	620	84	648	61	1,356	42	5,419
Housing	4	30	11	130	3	89	6	40
Utilities	188	916	96	1,089	67	1,891	50	6,418
Bond and tax/revenue anticipation notes	19	119	15	226	5	150	9	2877
Other purposes [3]	380	1,867	271	2,783	160	4,021	121	28,952

[1] Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations,* with an entire issue price less than $100,000 are excluded from the study. Issuers of these bonds are instructed to file Form 8038-GC, *Information Return for Small Tax-Exempt Governmental Bond Issues, Leases, and Installment Sales.* Statistics of Income (SOI) does not process data from the Forms 8038-GC filed with the Internal Revenue Service.

[2] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts add to the totals.

[3] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations.*

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 5. New Money Long-Term Tax-Exempt Governmental Bonds, by State of Issue and Bond Purpose, 2011

[Money amounts are in millions of dollars]

State of issue	Total [1]		Bond purpose							
			Education		Health and hospital		Transportation		Public safety	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All States	**10,909**	**118,431**	**3,603**	**31,413**	**249**	**2,379**	**825**	**18,027**	**1,600**	**2,752**
Alabama	198	1,374	32	502	d	d	11	30	32	34
Alaska	19	385	4	107	0	0	d	d	d	d
Arizona	126	2,035	63	680	0	0	10	732	26	53
Arkansas	138	676	65	401	d	d	5	51	12	70
California	630	13,164	262	5,743	24	120	13	946	81	176
Colorado	126	1,189	30	475	5	311	3	2	18	28
Connecticut	140	2,001	70	809	3	54	31	313	47	60
Delaware	35	389	6	170	0	0	7	2	15	56
District of Columbia	8	773	d	d	0	0	d	d	d	d
Florida	220	3,052	45	470	d	d	21	346	d	d
Georgia	247	2,499	43	382	3	19	d	d	44	179
Hawaii	9	1,408	0	0	3	14	d	d	d	d
Idaho	33	348	d	d	d	d	5	76	3	1
Illinois	604	4,606	348	1,600	4	135	25	1,623	34	194
Indiana	344	3,349	139	395	9	8	21	52	36	43
Iowa	331	1,440	104	473	12	158	26	26	17	7
Kansas	228	853	44	163	16	47	40	42	17	77
Kentucky	238	941	119	434	d	d	19	67	28	11
Louisiana	154	1,327	27	173	11	154	9	12	34	46
Maine	122	391	46	53	0	0	20	95	27	13
Maryland	116	2,737	22	886	6	257	11	73	25	225
Massachusetts	186	4,078	84	1,592	d	d	41	90	51	85
Michigan	333	5,385	108	686	10	43	15	110	36	78
Minnesota	429	2,632	103	680	6	9	38	513	21	104
Mississippi	168	814	30	165	5	79	d	d	31	17
Missouri	251	1,092	79	349	10	15	18	52	27	40
Montana	25	45	5	16	0	0	0	0	d	d
Nebraska	286	822	35	178	6	18	27	28	d	d
Nevada	26	252	9	129	0	0	0	0	d	d
New Hampshire	72	300	24	118	d	d	8	24	20	23
New Jersey	321	2,880	156	264	d	d	3	1,997	54	43
New Mexico	109	800	50	383	0	0	3	3	30	8
New York	553	14,792	263	1,908	11	178	50	2,213	73	65
North Carolina	303	2,817	33	388	5	169	15	525	101	93
North Dakota	116	352	28	115	0	0	d	d	d	d
Ohio	331	1,758	119	696	6	15	29	110	62	75
Oklahoma	294	1,312	217	630	d	d	11	188	15	26
Oregon	114	1,665	34	430	d	d	5	253	19	90
Pennsylvania	551	4,010	174	968	0	0	37	831	83	86
Rhode Island	36	390	14	53	0	0	4	3	5	2
South Carolina	187	1,223	41	500	d	d	5	188	54	71
South Dakota	49	191	20	175	0	0	d	d	d	d
Tennessee	159	933	26	105	4	7	15	14	20	12
Texas	948	10,186	200	3,276	d	d	56	2,637	119	147
Utah	95	1,522	23	380	4	113	4	750	22	25
Vermont	87	87	24	17	0	0	d	d	19	4
Virginia	151	3,892	42	1,168	d	d	17	1,074	43	95
Washington	164	3,951	35	719	12	22	7	984	22	47
West Virginia	68	458	16	407	d	d	0	0	30	15
Wisconsin	374	2,213	110	752	9	49	111	463	66	79
Wyoming	45	104	28	41	3	51	d	d	d	d
U.S. Possessions [3]	12	2,538	0	0	0	0	0	0	0	0

Footnotes at end of table.

Table 5. New Money Long-Term Tax-Exempt Governmental Bonds, by State of Issue and Bond Purpose, 2011—Continued

[Money amounts are in millions of dollars]

State of issue	Bond purpose—continued									
	Environment		Housing		Utilities		Bond and tax/revenue anticipation notes		Other purposes [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
All States	**949**	**8,697**	**58**	**345**	**1,307**	**11,530**	**192**	**3,607**	**3,132**	**39,681**
Alabama	5	3	d	d	43	392	0	0	77	408
Alaska	0	0	0	0	0	0	d	d	12	267
Arizona	5	247	0	0	7	119	0	0	22	203
Arkansas	d	d	0	0	22	59	0	0	29	35
California	27	340	5	32	45	1,331	12	2,094	170	2,382
Colorado	d	d	3	15	12	102	d	d	52	218
Connecticut	30	71	4	7	14	320	0	0	60	367
Delaware	4	16	d	d	d	d	0	0	6	115
District of Columbia	0	0	0	0	0	0	0	0	7	291
Florida	13	87	0	0	24	284	4	106	75	1,706
Georgia	75	679	d	d	19	144	0	0	55	1,082
Hawaii	d	d	0	0	0	0	0	0	3	947
Idaho	4	4	0	0	3	4	7	24	7	232
Illinois	23	482	0	0	40	80	0	0	150	491
Indiana	33	1,504	5	2	21	1,141	8	9	72	195
Iowa	19	276	0	0	36	61	13	89	134	349
Kansas	d	d	d	d	46	200	14	40	59	255
Kentucky	7	6	d	d	19	66	4	33	40	241
Louisiana	15	234	0	0	21	43	5	17	34	649
Maine	18	20	0	0	7	6	4	7	35	196
Maryland	30	813	d	d	8	22	d	d	64	429
Massachusetts	48	161	d	d	40	40	4	38	105	2,055
Michigan	61	167	0	0	30	617	3	1	73	3,682
Minnesota	47	168	4	25	74	171	22	64	135	898
Mississippi	11	25	0	0	12	13	d	d	72	510
Missouri	25	137	d	d	30	195	d	d	62	302
Montana	3	14	0	0	d	d	0	0	8	7
Nebraska	12	80	d	d	33	294	11	9	140	203
Nevada	5	46	0	0	d	d	0	0	7	58
New Hampshire	9	24	d	d	3	5	d	d	22	99
New Jersey	12	27	4	76	9	18	d	d	81	438
New Mexico	7	81	0	0	6	12	0	0	14	312
New York	23	508	0	0	20	935	6	105	131	8,880
North Carolina	18	127	d	d	28	249	d	d	105	1,225
North Dakota	5	93	d	d	53	126	d	d	24	15
Ohio	21	47	d	d	20	95	d	d	89	685
Oklahoma	d	d	0	0	22	334	0	0	42	129
Oregon	10	105	d	d	12	200	d	d	28	563
Pennsylvania	117	702	3	9	25	241	18	61	107	1,112
Rhode Island	7	84	0	0	4	9	0	0	9	240
South Carolina	6	52	d	d	19	173	d	d	70	161
South Dakota	0	0	0	0	6	4	0	0	19	11
Tennessee	11	47	0	0	45	235	4	8	54	505
Texas	18	75	d	d	285	2,234	0	0	266	1,770
Utah	3	9	0	0	17	108	0	0	28	137
Vermont	14	12	0	0	9	14	d	d	18	26
Virginia	15	138	0	0	16	113	d	d	60	1,173
Washington	16	454	5	27	27	573	18	122	32	1,003
West Virginia	d	d	0	0	0	0	3	4	12	24
Wisconsin	65	174	d	d	62	109	d	d	139	577
Wyoming	d	d	0	0	0	0	0	0	9	4
U.S. Possessions [3]	d	d	0	0	0	0	d	d	8	1,823

d—Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts add to the totals.

[2] "Other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038-G, *Information Return for Tax-Exempt Governmental Obligations.*

[3] U.S. Possessions include Guam, Puerto Rico, and the U.S. Virgin Islands.

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

SOURCE: IRS, Statistics of Income Division, Municpal Bonds, August 2013.

Table 6. Tax-Exempt Private Activity Bonds, by Type and Term of Issue, 2011

[Money amounts are in millions of dollars]

Type and term of issue	Number	Amount
All issues, total [1]	**2,474**	**86,907**
Short term	39	949
Long term	2,435	85,958
New money issues, total	**1,571**	**40,648**
Short term	23	151
Long term	1,548	40,496
Refunding issues, total	**1,219**	**46,259**
Short term	17	798
Long term	1,202	45,462

[1] A given bond issue can include both new money and refunding proceeds. Thus, the number of new money issues plus the number of refunding issues will sometimes exceed the total number of issues. However, the money amounts add to the totals.
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 7. Long-Term Tax-Exempt Private Activity Bonds, by Bond Purpose and Type of Issue, 2011

[Money amounts are in millions of dollars]

Bond purpose	All issues		New money issues		Refunding issues	
	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total [1]	**2,435**	**85,958**	**1,548**	**40,496**	**1,202**	**45,462**
Airports	56	5,750	15	728	47	5,022
Docks and wharves	44	2,323	6	90	38	2,232
Water, sewage, and solid waste disposal facilities	49	2,200	22	453	29	1,746
Qualified residential rental facilities	329	6,546	261	5,165	80	1,381
Local electricity or gas furnishing facilities	d	d	d	d	0	0
Tax Reform Act of 1986 transition property bonds	30	1,549	0	0	30	1,549
Qualified enterprise zone facility bonds	d	d	0	0	d	d
Qualified New York Liberty Zone bonds	5	4,640	d	d	d	d
2008 Housing Act bonds issued under IRC section 142	d	d	d	d	0	0
Local heating/cooling facility bonds	d	d	d	d	d	d
Qualified Gulf Opportunity Zone exempt facility bonds, Gulf Opportunity Zone mortgage bonds, and Gulf Opportunity Zone advance refunding bonds	32	2,034	17	1,484	15	551
Environmental enhancements of hydroelectric generating facilities	d	d	0	0	d	d
Qualified Midwestern disaster area exempt facility bonds, and qualified Midwestern disaster area mortgage bonds	36	630	36	630	0	0
Qualified Hurricane Ike disaster area exempt facility bonds	5	231	5	231	0	0
Qualified mortgage bonds	135	9,953	119	7,488	59	2,465
Qualified veterans' mortgage bonds	4	322	d	d	d	d
Qualified small issue bonds	318	480	249	308	72	172
Qualified student loan bonds	10	1,268	6	640	6	628
Qualified redevelopment bonds	d	d	d	d	0	0
Qualified hospital facilities	351	23,158	195	8,953	156	14,205
Qualified section 501(c)(3) nonhospital bonds	1,064	24,573	632	13,340	432	11,232
Nongovernmental output property bonds	d	d	0	0	d	d
Other purposes [2]	6	77	3	13	3	64

d—Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.
[1] A given bond issue can include more than one purpose and can include both new money and refunding proceeds. Thus, the summation of number of issues by purpose or by type of issue will sometimes exceed the total number of issues. However, the money amounts add to the totals.
[2] For this table, "other purposes" refer to obligations for which a specific purpose either did not apply or was not clearly indicated on the Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues.*
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 8. Computation of Lendable Proceeds for Long-Term Tax-Exempt Private Activity Bonds, by Selected Bond Purpose, 2011

[Money amounts are in millions of dollars]

Selected bond purpose	Entire issue price		Bond issuance costs		Credit enhancement		Allocation to reserve fund	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total [2]	**2,435**	**85,958**	**1,257**	**502**	**104**	**44**	**282**	**694**
Airports	56	5,750	47	36	6	1	10	43
Docks and wharves	44	2,323	34	12	d	d	4	44
Water, sewage, and solid waste disposal facility bonds	49	2,200	22	13	5	[3]	4	12
Qualified residential rental facility bonds	329	6,546	63	17	12	17	27	17
Tax Reform Act of 1986 transition property bonds	30	1,549	d	d	0	0	d	d
Qualified Gulf Opportunity Zone exempt facility bonds, Gulf Opportunity Zone mortgage bonds, and Gulf Opportunity Zone advance refunding bonds	32	2,034	d	d	d	d	0	0
Qualified Midwestern disaster area exempt facility bonds	36	630	30	9	d	d	d	d
Qualified mortgage bonds	135	9,953	31	19	0	0	24	42
Qualified small issue bonds	318	480	d	d	9	1	d	d
Qualified student loan bonds	10	1,268	3	2	0	0	6	38
Qualified hospital facilities	351	23,158	237	170	13	6	31	178
Qualified section 501(c)(3) nonhospital bonds	1,064	24,573	726	200	52	16	174	313
All other bonds, combined [4]	29	5,495	16	10	d	d	d	d

Selected bond purpose	Total lendable proceeds [1]		Proceeds used to refund prior issues		Nonrefunding proceeds	
	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)
Total [2]	**2,435**	**84,718**	**1,202**	**44,936**	**1,609**	**39,783**
Airports	56	5,670	47	4,954	16	716
Docks and wharves	44	2,266	38	2,177	d	d
Water, sewage, and solid waste disposal facility bonds	49	2,174	29	1,730	23	444
Qualified residential rental facility bonds	329	6,495	80	1,377	262	5,117
Tax Reform Act of 1986 transition property bonds	30	1,549	30	1,549	d	d
Qualified Gulf Opportunity Zone exempt facility bonds, Gulf Opportunity Zone mortgage bonds, and Gulf Opportunity Zone advance refunding bonds	32	2,021	17	550	17	1,471
Qualified Midwestern disaster area exempt facility bonds	36	617	0	0	36	617
Qualified mortgage bonds	135	9,892	59	2,450	120	7,442
Qualified small issue bonds	318	476	72	172	250	304
Qualified student loan bonds	10	1,229	6	616	7	613
Qualified hospital facilities	351	22,803	228	14,035	202	8,767
Qualified section 501(c)(3) nonhospital bonds	1,064	24,044	622	11,048	678	12,996
All other bonds, combined [4]	29	5,482	14	4,278	15	1,204

d—Data deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] The amount of lendable proceeds equals the issue price of the bond reduced by the sum of bond issuance costs, credit enhancements, and allocations to reserve funds.

[2] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts add to the totals.

[3] Indicates an amount less than $500,000.

[4] For purposes of this table, this category includes all issues for which a specific purpose either did not apply or was not clearly indicated on the Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues,* as well as bonds issued for: local electricity or gas furnishing facility bonds, qualified enterprise zone facility bonds, qualified New York Liberty Zone bonds, 2008 Housing Act bonds issued under IRC section 142, local heating/cooling facility bonds, environmental enhancements of hydroelectric generating facility bonds, qualified Hurricane Ike disaster area exempt facility bonds, qualified veterans' mortgage bonds, qualified redevelopment bonds, and nongovernmental output property bonds.

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 9. New Money Long-Term Tax-Exempt Private Activity Bonds, by Selected Bond Purpose and Size of Entire Issue, 2011

[Money amounts are in millions of dollars, except for size of entire issue, which is in whole dollars]

Selected bond purpose	All issues		Size of entire issue					
			Under $1,000,000		$1,000,000 under $5,000,000		$5,000,000 under $10,000,000	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Total [1]	**1,548**	**40,496**	**214**	**57**	**277**	**741**	**288**	**1,886**
Airports	15	728	0	0	d	d	5	28
Docks and wharves	6	90	0	0	d	d	d	d
Water, sewage, and solid waste disposal facility bonds	22	453	d	d	3	8	d	d
Qualified residential rental facility bonds	261	5,165	d	d	d	d	76	558
Qualified Gulf Opportunity Zone exempt facility bonds, and Gulf Opportunity Zone mortgage bonds	17	1,484	0	0	0	0	d	d
Qualified Midwestern disaster area exempt facility bonds	36	630	0	0	d	d	8	64
Qualified mortgage bonds	119	7,488	0	0	0	0	d	d
Qualified small issue bonds	249	308	183	40	43	117	20	121
Qualified student loan bonds	6	640	0	0	0	0	0	0
Qualified hospital facilities	195	8,953	6	4	15	47	23	157
Qualified section 501(c)(3) nonhospital bonds	632	13,340	19	10	156	396	147	892
All other bonds, combined [2]	15	1,217	d	d	d	d	3	18

Selected bond purpose	Size of entire issue—continued							
	$10,000,000 under $25,000,000		$25,000,000 under $50,000,000		$50,000,000 under $100,000,000		$100,000,000 or more	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Total [1]	**317**	**4,281**	**163**	**4,733**	**141**	**7,613**	**148**	**21,185**
Airports	d	d	3	113	d	d	d	d
Docks and wharves	d	d	d	d	0	0	0	0
Water, sewage, and solid waste disposal facility bonds	7	129	4	155	d	d	0	0
Qualified residential rental facility bonds	92	1,361	26	777	16	1,052	7	1,284
Qualified Gulf Opportunity Zone exempt facility bonds, and Gulf Opportunity Zone mortgage bonds	d	d	3	98	7	453	5	905
Qualified Midwestern disaster area exempt facility bonds	9	130	d	d	5	371	0	0
Qualified mortgage bonds	d	d	27	831	39	2,146	36	4,290
Qualified small issue bonds	3	30	0	0	0	0	0	0
Qualified student loan bonds	d	d	d	d	d	d	3	540
Qualified hospital facilities	38	517	27	703	33	1,520	53	6,005
Qualified section 501(c)(3) nonhospital bonds	152	1,817	73	1,903	36	1,498	49	6,822
All other bonds, combined [2]	d	d	d	d	5	334	d	d

d—Data deleted to avoid disclosure of information for specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts add to the totals.

[2] For purposes of this table, this category includes all issues for which a specific purpose either did not apply or was not clearly indicated on the Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues*, as well as bonds issued for: local electricity or gas furnishing facility bonds, Qualified New York Liberty Zone bonds, 2008 Housing Act bonds issued under IRC section 142, local heating/cooling facility bonds, Qualified Hurricane Ike disaster area exempt facility bonds, qualified veterans' mortgage bonds, qualified redevelopment bonds.

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 10. New Money Long-Term Tax-Exempt Private Activity Bonds, by State of Issue and Selected Bond Purpose, 2011

[Money amounts are in millions of dollars]

State of issue	Total [1]		Selected bond purpose											
			Qualified residential rental facility bonds		Qualified mortgage bonds		Qualified small issue bonds		Qualified hospital facility bonds		Qualified section 501(c)(3) nonhospital bonds		All other bonds, combined [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All States	**1,548**	**40,496**	**261**	**5,165**	**119**	**7,488**	**249**	**308**	**195**	**8,953**	**632**	**13,340**	**117**	**5,242**
Alabama	22	820	0	0	0	0	d	d	d	d	8	67	9	734
Alaska	3	324	0	0	d	d	0	0	d	d	d	d	0	0
Arizona	13	312	d	d	0	0	0	0	7	210	d	d	0	0
Arkansas	11	157	0	0	d	d	d	d	d	d	5	32	0	0
California	143	4,612	82	1,084	d	d	d	d	12	1,143	40	2,099	5	67
Colorado	26	534	d	d	d	d	7	10	3	275	13	112	0	0
Connecticut	18	668	3	104	3	128	d	d	3	176	8	191	d	d
Delaware	8	128	d	d	3	87	0	0	0	0	d	d	0	0
District of Columbia	20	760	9	130	d	d	0	0	0	0	9	419	d	d
Florida	68	1,602	24	282	8	505	d	d	d	d	25	522	4	83
Georgia	33	688	d	d	4	227	6	21	d	d	20	356	0	0
Hawaii	4	147	d	d	d	d	0	0	0	0	0	0	0	0
Idaho	d	d	d	d	0	0	0	0	0	0	0	0	0	0
Illinois	77	1,690	6	128	d	d	41	8	8	380	21	1,060	d	d
Indiana	38	922	0	0	3	216	3	19	5	230	16	232	11	225
Iowa	114	560	0	0	d	d	72	20	d	d	19	129	18	263
Kansas	22	235	0	0	0	0	d	d	3	42	8	188	d	d
Kentucky	22	656	0	0	d	d	0	0	7	434	d	d	0	0
Louisiana	30	936	4	39	4	126	0	0	4	184	10	279	9	309
Maine	9	395	3	21	d	d	0	0	d	d	5	13	0	0
Maryland	25	725	3	72	5	370	0	0	d	d	13	217	d	d
Massachusetts	71	2,655	12	301	d	d	5	16	11	435	42	1,728	d	d
Michigan	28	638	d	d	d	d	d	d	14	456	12	81	0	0
Minnesota	69	785	6	131	8	194	6	6	3	19	42	339	4	96
Mississippi	4	520	0	0	d	d	0	0	0	0	d	d	3	469
Missouri	56	759	5	70	d	d	d	d	5	65	17	405	0	0
Montana	10	191	0	0	d	d	0	0	4	121	3	7	d	d
Nebraska	19	252	0	0	d	d	10	5	d	d	4	20	d	d
Nevada	7	186	d	d	4	135	0	0	0	0	0	0	d	d
New Hampshire	12	264	d	d	3	143	d	d	3	69	4	38	0	0
New Jersey	31	1,327	d	d	d	d	4	20	4	184	17	364	d	d
New Mexico	d	d	0	0	d	d	0	0	0	0	0	0	0	0
New York	99	5,325	25	1,925	d	d	d	d	20	710	50	1,416	3	975
North Carolina	16	547	d	d	d	d	d	d	5	172	5	130	d	d
North Dakota	12	187	0	0	d	d	0	0	d	d	7	35	d	d
Ohio	43	1,450	d	d	3	404	d	d	9	692	16	275	0	0
Oklahoma	4	149	0	0	d	d	0	0	0	0	d	d	0	0
Oregon	15	241	4	31	d	d	d	d	d	d	7	67	0	0
Pennsylvania	104	2,260	d	d	3	420	d	d	19	796	63	916	3	87
Rhode Island	10	136	d	d	d	d	0	0	d	d	6	59	0	0
South Carolina	6	113	0	0	d	d	d	d	0	0	4	39	0	0
South Dakota	5	212	0	0	d	d	d	d	d	d	d	d	0	0
Tennessee	20	586	3	15	4	309	d	d	d	d	9	86	d	d
Texas	58	1,972	3	68	10	336	d	d	d	d	27	444	14	844

Footnotes at end of table.

Table 10. New Money Long-Term Tax-Exempt Private Activity Bonds, by State of Issue and Selected Bond Purpose, 2011—Continued

[Money amounts are in millions of dollars]

State of issue	Total [1]		Selected bond purpose											
			Qualified residential rental facility bonds		Qualified mortgage bonds		Qualified small issue bonds		Qualified hospital facility bonds		Qualified section 501(c)(3) nonhospital bonds		All other bonds, combined [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Utah	8	110	d	d	d	d	d	d	0	0	4	32	d	d
Vermont	22	109	9	32	d	d	4	1	d	d	3	21	4	16
Virginia	26	780	6	93	d	d	d	d	3	142	14	183	0	0
Washington	32	812	15	151	d	d	d	d	3	368	9	62	d	d
West Virginia	7	214	d	d	0	0	d	d	3	136	d	d	d	d
Wisconsin	38	592	d	d	0	0	d	d	8	135	18	254	11	141
Wyoming	5	153	0	0	d	d	0	0	d	d	d	d	0	0
U.S. Possessions [3]	d	d	0	0	0	0	0	0	d	d	0	0	0	0

d—Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] A given bond issue can include more than one purpose. Thus, the summation of number of issues by purpose will sometimes exceed the total number of issues. However, the money amounts add to the totals.

[2] For purposes of this table, this category includes all issues for which a specific purpose either did not apply or was not clearly indicated on the Form 8038, *Information Return for Tax-Exempt Private Activity Bond Issues,* as well as bonds issued for: airports, docks and wharves, water furnishing facility bonds, sewage facility bonds, solid waste disposal facility bonds, local electricity or gas furnishing facility bonds, local heating/cooling facility bonds, 2008 Housing Act bonds issued under IRC section 142, qualified New York Liberty Zone bonds, qualified Gulf Opportunity Zone exempt facility bonds, Gulf Opportunity Zone mortgage bonds, and Gulf Opportunity Zone advance refunding bonds, qualified Hurricane Ike disaster area exempt facility bonds, and qualified veterans' mortgage bonds.

[3] U.S. Possessions includes Puerto Rico (only Puerto Rico issued private activity bonds).

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 11. Tax Credit Bonds and Specified Tax Credit Bonds, by Issue Type, 2011

[Money amounts are in millions of dollars]

Type of bond	All issues		Specified tax credit bonds [1]		Tax credit bonds [2]	
	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)
Total [3]	**670**	**6,372**	**614**	**6,156**	**56**	**216**
Qualified School Construction Bonds	475	5,313	446	5,159	29	154
Qualified Zone Academy Bonds	111	620	88	562	23	58
All other tax credit bonds, combined [4]	84	439	80	435	4	4

[1] Includes bonds reported on Form 8038-TC that indicate the issuer elected to apply section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A). Issuers who elect to apply section 6431(f) are eligible to receive Federal direct payments and are classified as "specified tax credit bonds" for purposes of this table.

[2] Includes bonds reported on Form 8038-TC that did not indicate the issuer elected to apply section 6431(f) to receive a refundable credit in lieu of tax credits under section 54(A).

[3] Combines specified tax credit bonds and tax credit bonds reported on Form 8038-TC, *Information Return for Tax Credit Bonds and Specified Tax Credit Bonds.*

[4] For purposes of this table, this category combines issues for new clean renewable energy bonds and qualified energy conservation bonds, in order to avoid disclosure of information about specific bonds.

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2013.

Table 12: Credit Payment Outlays to Issuers of Direct Payment Bonds, by State of Issue and Bond Type, 2011

[Money amounts are in millions of dollars]

State	All issues [1]		Direct payment bonds					
			Build America Bond		Qualified School Construction Bond		Other [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All States	**9,098**	**4,271**	**5,439**	**3,629**	**1,868**	**426**	**1,791**	**215**
Alabama	106	26	40	11	d	d	d	d
Alaska	45	11	22	7	d	d	d	d
Arizona	173	48	109	40	26	8	38	1
Arkansas	111	8	d	d	101	7	d	d
California	681	963	364	878	158	54	159	30
Colorado	212	94	147	85	d	d	d	d
Connecticut	51	48	35	35	d	d	d	d
Delaware	21	11	14	8	d	d	d	d
District of Columbia	20	44	16	40	d	d	d	d
Florida	233	161	160	118	40	33	33	10
Georgia	116	96	47	79	37	12	32	6
Hawaii	20	24	12	22	0	0	8	2
Idaho	30	6	20	4	d	d	d	d
Illinois	631	254	465	224	d	d	d	d
Indiana	248	51	63	41	134	8	51	2
Iowa	118	13	103	11	d	d	d	d
Kansas	169	34	106	31	10	1	53	2
Kentucky	310	68	258	55	23	9	29	3
Louisiana	76	18	61	17	d	d	d	d
Maine	41	3	14	1	13	1	14	[3]
Maryland	105	66	91	58	6	6	8	2
Massachusetts	68	99	37	83	17	11	14	4
Michigan	602	107	181	56	266	34	155	18
Minnesota	311	30	224	21	27	5	60	4
Mississippi	54	19	12	15	36	3	6	[3]
Missouri	492	74	242	55	126	12	124	7
Montana	27	3	d	d	12	2	d	d
Nebraska	176	23	119	19	43	2	14	2
Nevada	92	66	56	57	17	7	19	3
New Hampshire	32	11	15	6	d	d	d	d
New Jersey	97	140	68	135	d	d	d	d
New Mexico	33	8	19	5	d	d	d	d
New York	172	445	133	412	7	27	32	6
North Carolina	293	54	157	32	52	11	84	11
North Dakota	76	5	21	1	39	2	16	1
Ohio	580	192	265	154	179	24	136	14
Oklahoma	75	15	58	14	d	d	d	d
Oregon	98	27	24	19	d	d	d	d
Pennsylvania	220	117	157	94	7	18	56	4
Rhode Island	31	7	d	d	d	d	d	d
South Carolina	146	33	80	20	40	11	26	3
South Dakota	236	12	185	8	27	2	24	2
Tennessee	110	50	95	37	d	d	d	d
Texas	333	347	204	328	123	18	6	1

Footnotes at end of table.

Table 12: Credit Payment Outlays to Issuers of Direct Payment Bonds, by State of Issue and Bond Type, 2011—Continued

[Money amounts are in millions of dollars]

State	All issues [1]		Direct payment bonds					
			Build America Bond		Qualified School Construction Bond		Other [2]	
	Number	Amount	Number	Amount	Number	Amount	Number	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Utah	152	53	119	48	d	d	d	d
Vermont	37	4	24	2	d	d	d	d
Virginia	132	74	109	66	5	6	18	2
Washington	271	133	201	117	32	8	38	8
West Virginia	13	3	d	d	0	0	d	d
Wisconsin	577	47	432	37	91	8	54	3
Wyoming	20	4	d	d	0	0	d	d
U.S. Possessions [4]	25	23	d	d	0	0	d	d

d—Data deleted to avoid disclosure of information about specific bonds. However, the data are included in the appropriate totals.

[1] Credit payment outlays were not subject to sequestration cuts in 2011.

[2] Other includes recovery zone economic development, qualified zone academy, qualified energy conservation, and new clean renewable energy bonds as reported on Form 8038-CP, *Return for Credit Payments to Issuers of Qualified Bonds.*

[3] Indicates an amount less than $500,000.

[4] U.S. Possessions includes Puerto Rico (only Puerto Rico issued tax credit bonds).

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

Table 13: Credit Payment Outlays to Issuers of Direct Payment Bonds, by State Population Classification and by Bond Type, 2011

[Money amounts are in millions of dollars]

Bond type	All States		States with large-size populations [1]				States with medium-size populations [2]
	Number	Amount	Number	Percentage of number	Amount	Percentage amount	Number
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Population [4]	**312**	**N/A**	**218**	**70.0**	**N/A**	**N/A**	**76**
All Issues [5]	**9,098**	**4,271**	**4,960**	**54.5**	**3,332**	**78.0**	**3,188**
Build America Bond	5,439	3,629	2,815	51.8	2,892	79.7	2,061
Qualified School Construction Bond	1,868	426	1,096	58.7	297	69.7	556
Recovery Zone Economic Development Bond	1,124	169	654	58.2	109	64.3	329
Quailified Zone Academy Bond	290	20	157	54.1	12	62.8	114
Qualified Energy Conservation Bond	222	14	87	39.2	9	68.5	128
New Clean Renewable Energy Bond	155	13	151	97.4	12	94.3	0

Bond type	States with medium-size populations [2]—continued			States with small-size populations [3]			
	Percentage of number	Amount	Percentage amount	Number	Percentage of number	Amount	Percentage amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Population [4]	**24.4**	**N/A**	**N/A**	**21**	**6.8**	**N/A**	**N/A**
All Issues [5]	**35.0**	**696**	**16.3**	**950**	**10.4**	**243**	**5.7**
Build America Bond	37.9	553	15.2	563	10.4	184	5.1
Qualified School Construction Bond	29.8	95	22.3	216	11.6	34	8.0
Recovery Zone Economic Development Bond	29.3	38	22.6	141	12.5	22	13.1
Quailified Zone Academy Bond	39.3	6	30.0	19	6.6	1	7.1
Qualified Energy Conservation Bond	57.7	4	29.0	7	3.2	[6]	2.5
New Clean Renewable Energy Bond	0.0	0	0.0	4	2.6	1	5.7

N/A—Not applicable. Money amounts do not apply to population data.

[1] States with large-size populations include: California, Texas, New York, Florida, Illinois, Pennsylvania, Ohio, Michigan, Georgia, North Carolina, New Jersey, Virginia, Washington, Massachusetts, Indiana, Arizona, and Tennessee.

[2] States with medium-size populations include: Missouri, Maryland, Wisconsin, Minnesota, Colorado, Alabama, South Carolina, Louisiana, Kentucky, Oregon, Oklahoma, Puerto Rico, Connecticut, Iowa, Mississippi, Arkansas, Kansas, and Utah.

[3] States with small-size populations include: Nevada, New Mexico, West Virginia, Nebraska, Idaho, Hawaii, Maine, New Hampshire, Rhode Island, Montana, Delaware, South Dakota, Alaska, North Dakota, Vermont, District of Columbia, and Wyoming.

[4] Population refers to United States resident population rounded to the nearest million. The resident population estimates for July 1, 2011, are produced by the U.S. Bureau of the Census and are available at http://www.census.gov/popest/data/state/totals/2011/tables/NST-EST2011-01.xls.

[5] Credit payment outlays were not subject to sequestration cuts in 2011.

[6] Indicates an amount less than $500,000.

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

SOURCE: IRS, Statistics of Income Division, Municipal Bonds, August 2014.

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Foreign-Controlled Domestic Corporations, 2011

by James R. Hobbs

For Tax Year 2011, some 76,793 foreign-controlled domestic corporations (FCDCs) collectively reported $4.6 trillion of receipts and $11.7 trillion of assets.[1] While Federal income tax returns for FCDCs accounted for just 1.3 percent of all United States (U.S.) corporate returns, they made up 16.2 percent of total receipts and 14.4 percent of total assets.[2] Foreign business activity in the U.S. can take several forms, including corporations. A foreign investor may own stock in a U.S. (i.e., domestic) company or one that operates in the U.S. as a branch of a foreign corporation.[3,4] The focus of this article is FCDCs, which are domestic corporations "controlled" by foreign persons. This control is ownership by one foreign "person," directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock, or 50 percent or more of the value of all of the corporation's stock, at any time during the accounting period.[5,6] A person in this context is an entity, including an individual, corporation, partnership, estate, or trust. (See "Foreign person" and "Constructive ownership rules" in the Explanation of Selected Terms section of this article.)

Total receipts for FCDCs rose substantially, by 13.1 percent, compared to 8.2 percent for all corporations between 2010 and 2011. FCDCs accounted for 16.2 percent of total receipts reported by corporations in 2011, up from 15.5 percent in 2010. Total receipts includes all income actually (as opposed to constructively) received by a corporation and reported to the Internal Revenue Service (IRS) for the tax year.

Net profits, or "net income (less deficit)," reported by all FCDCs for tax purposes under the Internal Revenue Code decreased significantly to $79.8 billion for 2011, which was 19.5 percent lower than the $99.2 billion for 2010. Placed in context, net profits for all corporations totaled $1.3 trillion for 2011, a 2.5-percent decline from the $1.4 trillion for 2010. FCDC net profits accounted for 6.0 percent of all net profits reported by corporations for 2011, down from 7.3 percent from the previous year.

About 43 percent (33,358) of FCDCs reported positive profits (i.e., "net income") totaling $166.5 billion with taxable income (i.e., "income subject to tax") of $130.5 billion for 2011. The U.S. tax liability (i.e., "total income tax after credits") of FCDCs was $35.7 billion for 2011, up 7.6 percent from the prior year. In comparison, the U.S. tax liability reported on all corporate returns was $220.9 billion for 2011, slightly less than that for 2010. FCDCs accounted for 16.2 percent of the 2011 U.S. tax liability of all corporations, up from 14.9 percent for 2010.

Tax Return Forms

Foreign-controlled domestic corporations report Federal income tax information on several forms. These are: (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 include data from these tax returns, unless otherwise stated. Data for all corporations include (unless otherwise stated) these same five forms and two types filed by domestic corporations: Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*, and Form 1120S, *U.S. Income Tax Return for an S Corporation*. One other form included in the corporate total is Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation*, for foreign corporations with income effectively

[1] Data for Tax Year 2011 are based on FCDC income tax returns with accounting periods ending between July 2011 and June 2012. (See the Period Covered subsection under the "Data Sources and Limitations" section for additional information.) For additional Tax Year 2011 statistics covering foreign-controlled domestic corporations, see Tables 24 and 25 of *Statistics of Income—2011, Corporation Income Tax Returns*, IRS Publication 16 (http://www.irs.gov/uac/SOI-Tax-Stats-Corporation-Complete-Report). Statistics for tax years prior to 2011 are available in earlier editions of Publication 16. Additionally, for 2010 statistics covering FCDCs, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 2010," *Statistics of Income Bulletin*, Summer 2013, Volume 33, Number 1. In addition, FCDC data are included on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-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—2011, Corporation Income Tax Returns*, IRS Publication 16. Statistics for tax years prior to 2011 are available in earlier editions of Publication 16 and on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Foreign-Corporations-With-U.S.-Business-Operations.

[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 2011, some 5,726 returns indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported $229 billion of assets, $104 billion of receipts, $6 billion of taxable income, and $2 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. The FCDC study also excludes 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 a domestic corporation, except to the extent, for example, of the right to vote in corporate stockholder meetings. A foreign portfolio investor primarily seeks dividend payments, an increase in the company's stock value, or both.

[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.

connected with a U.S. trade or business. The Statistics of Income Corporate Study includes all of these form types from which FCDC statistics are derived.[7] However, FCDCs cannot file Forms 1120-A, 1120-F, or 1120S.

Growth of FCDCs, 1971–2011

The growth of FCDCs can be measured from the early 1970s, when a question concerning foreign ownership of corporations was first asked on the income tax return. For Tax Year 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 returns, 1.3 percent of assets, and 2.1 percent of receipts reported by all corporations for that year (Table 1).

A 10-year period (most recent data for Tax Years 2002-2011) shows that FCDC returns have been a rather constant percentage of all corporate return filings—between 1.0 percent and 1.3 percent. Foreign-controlled domestic corporations filed 61,615 returns for 2002 and 76,793 for 2011, a 24.6-percent increase. During this period, the number of U.S. corporation income tax returns grew by 10.6 percent, from 5.3 million to 5.8 million. This 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. Form 1120S returns made up 59.9 percent of all corporation returns (3.2 million of the total 5.3 million returns) for 2002, compared to 71.4 percent of all returns (4.2 million of the total 5.8 million returns) in 2011. 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 of the group, and at least 80 percent of the stock of each other member of the group is owned within the group. For the purposes of this study, the IRS Statistics of Income Division treated a consolidated return filed by a common parent as a single unit, with each statistical item representing the combined data of the affiliated group.

FCDCs, like many other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. For 2011, FCDCs filed 6,330 consolidated returns, accounting for 8.2 percent of all FCDC returns. These returns represented the majority of economic activity reported by all FCDCs. Specifically, they accounted for $10.0 trillion of assets (85.2 percent of the total for all FCDCs), $3.9 trillion of receipts (84.2 percent of the total), $72.5 billion of net profits (90.9 percent of the total), $105.0 billion of taxable income (80.5 percent of the total), and $27.9 billion of total income tax after credits (78.2 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 growth of foreign investment in the U.S. by foreign-controlled domestic corporations during the last 10 years was evident in most of the financial items.[8] In particular, the assets of FCDCs rose 83.8 percent between 2002 ($6.4 trillion) and 2011 ($11.7 trillion), compared to 61.2 percent for those reported on all U.S. corporation income tax returns between 2002 ($50.4 trillion) and 2011 ($81.3 trillion).[9] As a result, the percentage of total corporate assets accounted for by FCDCs increased from 12.7 percent for 2002 to 14.4 percent for 2011 (Figure A).

Of the $11.7 trillion of assets reported by the 76,793 FCDCs for 2011, a small number of corporations accounted for a very large share of the assets. There were 421 FCDCs that each reported $2.5 billion or more of assets on their returns filed with IRS. Collectively, these corporations accounted for the largest amount ($9.9 trillion) and share (84.6 percent) of FCDC assets.

Total receipts of FCDCs increased by 82.7 percent between 2002 ($2.5 trillion) and 2011 ($4.6 trillion), compared to a 43.5-percent increase for all corporations between 2002 ($19.7 trillion) and 2011 ($28.3 trillion). As a result, the share of the receipts reported on all corporate returns attributed to FCDCs increased from 12.7 percent for 2002 to 16.2 percent for 2011, the highest share for any reported year.

Receipts, Deductions, and Profits

A corporation's total receipts include all income "actually" received during the year. 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. For 2011, over 90 percent of the total receipts reported by domestic corporations controlled by a foreign person consisted of business receipts. (See "Total receipts" and "Business receipts" in the Explanation of Selected Terms section.) 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. Dividends include those received from both domestic and foreign corporations.

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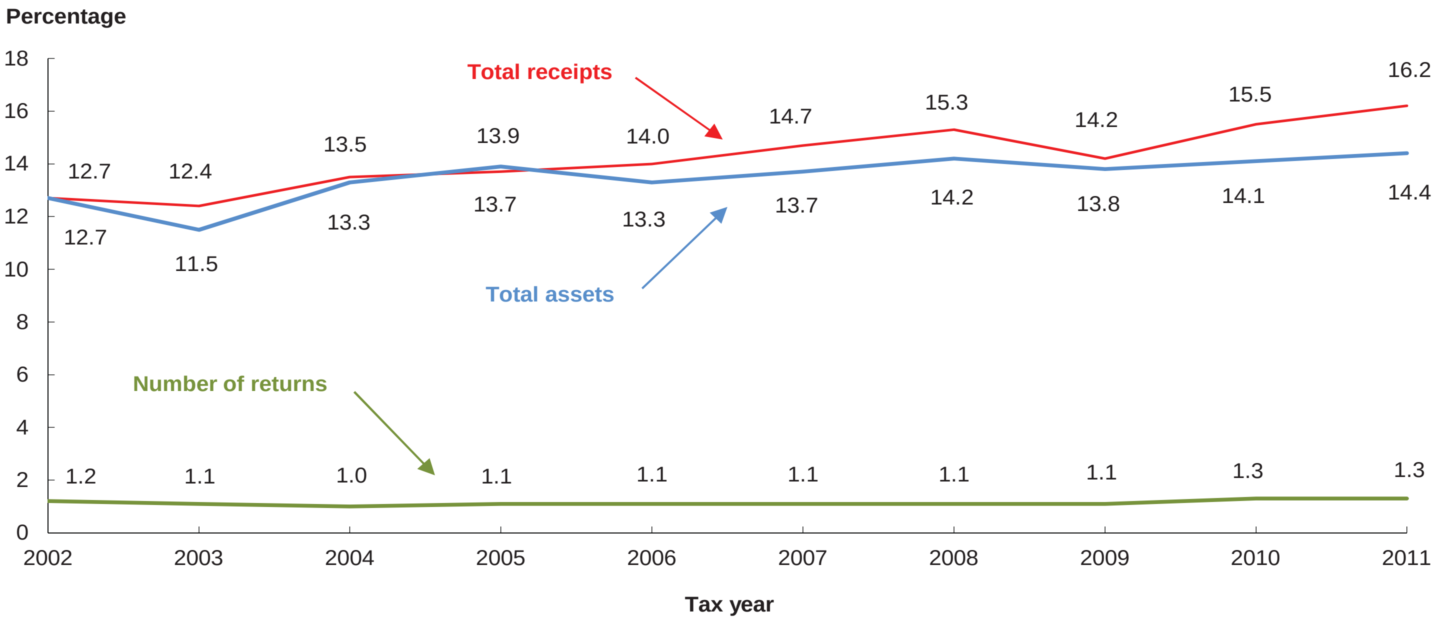
[7] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for "all corporations" exclude certain out-of-scope returns, such as returns for homeowners' associations (Form 1120-H), certain political organizations (Form 1120-POL), exempt farmers' cooperatives (Form 1120-C), and nonprofit corporations. 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—2011, 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, mutual savings banks, cooperative banks, and business trusts). 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.

[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 periods covered, and levels of foreign ownership and company consolidation.

[9] The percentage changes in the assets between 2002 and 2011 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.

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 2002–2011



SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

A domestic corporation, whether controlled by a foreign person or not, could have business activities in the United States and foreign countries. The estimates for total receipts include business activities in the U.S. and certain foreign activities as reported on tax returns of domestic corporations. The latter include the receipts of foreign branch operations of domestic companies and dividends remitted to U.S. corporations by their foreign subsidiaries.

In this article, receipts and deductions of FCDCs 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. FCDC receipts and deductions stemming from these transactions are included in the statistics.[10]

An FCDC that transacts business with a related foreign company must determine "transfer prices" for those transactions. These include the sale and purchase of tangible goods, fees for services, interest payments on debts, leasing expenses, and royalties. How transfer prices are determined may affect the amount of receipts and deductions, as well as profits or losses (i.e., "deficits"), taxable income, and taxes reported on a U.S. income tax return of an FCDC. Section 482 of the Internal Revenue Code, and the related regulations, provide guidance in determining transfer prices. In general, the objective is to use "arm's-length prices," which means prices that would be used for transactions between unrelated enterprises and determined by market forces.

All 76,793 FCDCs collectively produced $4.6 trillion of receipts for Tax Year 2011; however, a small portion of these corporations accounted for most of this amount. There were 1,676 corporations that each produced receipts of at least $250 million, accounting for $4.0 trillion, or nearly 88 percent of all FCDC receipts.

FCDCs produced substantially more total receipts during the year, rising 13 percent from $4.1 trillion in 2010 to $4.6 trillion in 2011 (Figure B). This was the second year in a row in which FCDC receipts increased substantially; 2010 receipts were 15 percent higher than those for 2009 ($3.5 trillion). With the two strong years of growth, FCDC receipts for 2011 exceeded the pre-recession total of $4.4 trillion for 2008. To put this in perspective, total receipts reported on all U.S. corporate income tax returns increased between 2010 and 2011 (up 8 percent) and between 2009 and 2010 (up 6 percent), but remained slightly less than the 2008 level.

Along with the increased receipts of FCDCs, these companies also substantially increased their costs as measured by total deductions, which rose by 14 percent, from $4.0 trillion in 2010

[10] For the most recent detailed information on transactions between "foreign-owned domestic corporations" and their related foreign persons, see Goodwin, Isaac J., "Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2008," *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2. The data contained in that article are not completely comparable to the data contained in this article, since they cover different periods and are for U.S. corporations 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.

Figure B

Selected Items of Foreign-Controlled Domestic Corporations, Tax Years 2010-2011

[Money amounts are in millions of dollars]

Selected item	Tax year		Percentage change
	2010	2011	
	(1)	(2)	(3)
Number of returns, total	**73,210**	**76,793**	**4.9**
With net income	31,473	33,358	6.0
With total income tax after credits	23,088	24,121	4.5
Total assets	**11,245,199**	**11,732,552**	**4.3**
Net worth	2,317,910	2,435,171	5.1
Total receipts	**4,056,172**	**4,586,774**	**13.1**
Business receipts	3,671,712	4,203,240	14.5
Interest [1]	161,677	161,850	0.1
Royalties	18,139	19,677	8.5
Dividends received from domestic corporations	4,758	4,210	-11.5
Dividends received from foreign corporations	9,646	7,457	-22.7
Total deductions	**3,966,077**	**4,511,644**	**13.8**
Cost of goods sold	2,655,897	3,099,807	16.7
Compensation of officers	18,339	19,489	6.3
Salaries and wages [2]	279,307	294,768	5.5
Interest paid	136,187	134,886	-1.0
Depreciation	123,810	144,567	16.8
Total receipts less total deductions	**90,095**	**75,129**	**-16.6**
Constructive taxable income from related foreign corporations, total	**10,752**	**6,365**	**-40.8**
Includable income of controlled foreign corporations	5,218	2,588	-50.4
Foreign dividend income resulting from foreign taxes deemed paid	5,534	3,777	-31.7
Net income (less deficit)	**99,173**	**79,803**	**-19.5**
Net income	174,256	166,514	-4.4
Deficit	-75,083	-86,710	-15.5
Statutory special deductions, total	**50,415**	**41,540**	**-17.6**
Net operating loss deduction	41,611	33,610	-19.2
Income subject to tax	**127,237**	**130,503**	**2.6**
Total income tax before credits	**45,078**	**46,252**	**2.6**
Income tax	44,404	45,500	2.5
Alternative minimum tax	627	718	14.5
Total credits [3]	**11,900**	**10,555**	**-11.3**
Foreign tax credit	9,640	7,966	-17.4
General business credit	1,896	2,181	15.0
Total income tax after credits	**33,192**	**35,705**	**7.6**

[1] Excludes nontaxable interest received on State and local government obligations.
[2] Excludes amounts included in cost of goods sold.
[3] Includes other credits not shown separately.
NOTE: Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

to $4.5 trillion in 2011. Cost of goods sold was about two-thirds of total deductions in each year. This deduction item included the costs incurred by corporations in producing the goods or providing the services that generated their business receipts. Costs of materials used in manufacturing and of goods purchased for resale, as well as direct labor costs and a portion of overhead expenses, were included in the cost of goods sold. (See "Total deductions" 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 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, excluding S corporations because their income or losses are passed through to their shareholders. Thus, FCDCs as a group had smaller gross profits than other corporations, $.21 compared to $.25 for every dollar of business receipts. In wholesale trade, FCDCs as a group reported cost of goods sold of $.85 for every dollar of business receipts. The amount was slightly less ($.81) for all other corporations classified in this sector (again, excluding S corporations). As a result, FCDCs had smaller gross profits ($.15) than other wholesalers ($.19), for every dollar of business receipts.

Taxable interest received by FCDCs for 2011 amounted to $162 billion, or 3.5 percent of their total receipts. Interest paid by FCDCs for the year amounted to $135 billion, or 3.0 percent of their total deductions. Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2011, Corporation Income Tax Returns,* IRS Publication 16.

The resulting difference between total receipts and total deductions decreased by nearly 17 percent to $75.1 billion for 2011, down from $90.1 billion for 2010. By comparison, total receipts less total deductions reported on all U.S. corporate income tax returns decreased only slightly (less than 1 percent) between 2010 and 2011.

FCDCs total receipts less total deductions equaled $75.1 billion for 2011, while net income (less deficit) amounted to $79.8 billion. Total receipts less total deductions include all income actually received by corporations, while net income (less deficit) focuses on taxable sources of corporate income, including "constructive" taxable income, which is made up of 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 discussions of these terms.) Also, unlike total receipts less total deductions, net income (less deficit) excludes nontaxable interest on State and local government obligations.[11] For 2011, FCDCs reported $6.4 billion of constructive taxable income, and received $1.7 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) reported by FCDCs decreased nearly 20 percent to $79.8 billion for 2011, down from $99.2 billion for the previous year. In comparison, net income (less deficit) reported on all corporation income tax returns decreased 2 percent to $1.3 trillion for 2011, down from $1.4 trillion reported for 2010.

The total FCDC net income (less deficit) reported for 2011 ($79.8 billion) resulted from 33,358 corporations collectively reporting $166.5 billion of positive net income and 43,435 companies reporting $86.7 billion of deficits.[12] Thus, more than four out of every ten (43 percent) domestic corporations with foreign owners reported a positive net income. In comparison, 58 percent of all corporations filing U.S. income tax returns reported a positive net income for the year.

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 23 percent for utilities to a high of 72 percent for arts, entertainment, and recreation. For the more predominant sectors of FCDCs, the percentages of profitable companies were 50 percent for manufacturing and 46 percent for wholesale trade.

The $86.7 billion of deficits for 2011 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 2011 from 2012 and beyond, and reported on Forms 1120X and 1139, are not included in the statistics shown in this article.[13] However, NOLs carried forward to Tax Year 2011 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For many corporations, taxable income (i.e., "income subject to tax") is generally equal to positive net income less statutory special deductions.[14] Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For FCDCs in 2011, the difference between the $166.5 billion of positive net income and $130.5 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was $33.6 billion and accounted for most (81 percent) of the $41.5 billion of total statutory special deductions. In calculating taxable income for 2011, FCDCs reduced their positive net incomes by 20 percent using NOLs carried over from prior years. NOLs of taxable years prior to 2011 could first be carried back 2 years to reduce the taxable income of those years. Any remaining amounts of NOLs not used to decrease taxable income of those years, could be carried forward to offset taxable income for up to 20 years, including taxable income for 2011.

For 2011, foreign-controlled domestic corporations reported $130.5 billion of taxable income. This was the base on which $45.5 billion of income tax was computed. The $46.3 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus alternative minimum tax and certain other taxes. The alternative minimum tax was $0.7 billion. The remaining taxes comprised a very small part of the total.

Tax credits totaling $10.6 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from $46.3 billion to $35.7 billion for 2011. The largest credits claimed were $8.0 billion of foreign tax credits and $2.2 billion of general business credits. The $35.7 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

[11] In general, the computation of net income (less deficit) can be shown as follows:

Begin With: Total Receipts (includes Business Receipts)

Less: Total Deductions (includes Cost of Goods Sold)

Equals: Total Receipts Less Total Deductions

Plus: Constructive Taxable Income from Related Foreign Corporations (includes Includable Income from 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).

[12] The 43,435 companies reporting a deficit may include a small number of "break-even" companies, i.e., those whose receipts and deductions were equal.

[13] 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*.

[14] There were certain exceptions to the relationship of positive net income minus statutory special deductions equaling taxable income. 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. S corporations were usually not taxable at the corporate level and, thus, did not have taxable income. Some, however, did have a limited tax liability on capital gains. The taxable income of life insurance companies was based on changes in reserve accounts. 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.

income tax collected and the final income tax liability of corporations for the year. The originally reported tax liability does not take into account either: (1) IRS adjustments made as a result of tax examinations or enforcement activities, or (2) amended or superseded returns filed by the corporations. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits earned in future tax years.

The percentage of FCDCs reporting U.S. tax liabilities (i.e., total income tax after credits) for 2011 was 31.4 percent, nearly the same as the 31.5 percent for 2010. However, the amount of tax liability reported by these FCDCs increased 7.6 percent to $35.7 billion for 2011 from $33.2 billion for 2010.[15]

Industry Characteristics

For 2011, 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 C. However, 67 percent (51,795) of FCDCs reported primary business activities in one of the following industrial sectors: (1) wholesale trade (18,317); (2) real estate and rental and leasing (16,757); (3) professional, scientific, and technical services (9,602); and (4) manufacturing (7,119). By comparison, relatively few FCDCs were primarily utilities (279), or primarily involved in educational services (127) or health care and social assistance (80). The Data Sources and Limitations section discusses how returns were classified by industry.[16]

The financial characteristics of companies often differ across industries. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts

Figure C

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2011

[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	**76,793**	**100.0**	**11,732,552**	**100.0**	**4,586,774**	**100.0**
Agriculture, forestry, fishing, and hunting	695	0.9	10,472	0.1	10,840	0.2
Mining	831	1.1	286,026	2.4	98,925	2.2
Utilities	279	0.4	129,570	1.1	70,064	1.5
Construction	1,371	1.8	43,418	0.4	44,886	1.0
Manufacturing	7,119	9.3	2,637,560	22.5	2,098,012	45.7
Wholesale and retail trade	21,927	28.6	763,461	6.5	1,283,820	28.0
Wholesale trade	18,317	23.9	668,878	5.7	1,118,496	24.4
Retail trade	3,611	4.7	94,583	0.8	165,325	3.6
Transportation and warehousing	2,387	3.1	83,162	0.7	68,058	1.5
Information	2,695	3.5	183,634	1.6	103,781	2.3
Finance and insurance	3,662	4.8	5,482,813	46.7	446,255	9.7
Real estate and rental and leasing	16,757	21.8	195,438	1.7	28,531	0.6
Professional, scientific, and technical services	9,602	12.5	216,217	1.8	142,578	3.1
Management of companies (holding companies)	4,013	5.2	1,545,498	13.2	78,012	1.7
Administrative and support and waste management and remediation services	1,682	2.2	60,693	0.5	49,787	1.1
Educational services	127	0.2	5,198	[1]	2,445	0.1
Health care and social assistance	80	0.1	24,174	0.2	14,454	0.3
Arts, entertainment, and recreation	1,811	2.4	13,406	0.1	6,497	0.1
Accommodation and food services	902	1.2	45,693	0.4	33,751	0.7
Other services	851	1.1	6,118	0.1	6,078	0.1

[1] Less than 0.05 percent.

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

[15] 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. For the most recent statistics covering corporate foreign tax credits in depth, see McGrath, Nuria E., "Corporate Foreign Tax Credit, 2009," *Statistics of Income Bulletin*, Summer 2013, Volume 33, Number 1. In addition, foreign tax credit data are included on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Corporate-Foreign-Tax-Credit-Statistics.

[16] Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 25.8 percent and 25.2 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.

of assets (valued as of the end of their accounting periods), resulting in $1.67 of receipts for each dollar of end-of-year assets for 2011. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only $.06 of receipts for each dollar of end-of-year assets (Table 2).

Corporations classified as wholesalers accounted for a significant percentage of the returns filed and total receipts produced (24 percent each) for all FCDCs. However, these companies reported only 6 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 2 percent of the assets and 1 percent of the receipts of all FCDCs. These percentages were in sharp contrast to the 22 percent of the FCDC returns that they filed.

For the professional, scientific, and technical services industrial sector, corporations reported only 2 percent of the assets and 3 percent of the receipts of all FCDCs. Both percentages are significantly lower than the portion (13 percent) of total FCDC returns this service sector represented. These service corporations were often small, with reported average amounts of assets of $22.5 million and receipts of $14.8 million.

Manufacturing corporations filed 9 percent of all FCDC returns for 2011. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (22 percent) and receipts (46 percent). These corporations were often large, with reported average amounts of assets of $370.5 million and receipts of $294.7 million.

While corporations in the finance and insurance industrial sector composed only 5 percent of total returns filed by FCDCs for 2011, they accounted for the largest share (47 percent) of total assets reported for any of the industrial sectors. Additionally, finance and insurance companies accounted for 10 percent of total FCDC receipts for the year.

Management (or holding) companies contributed a significant portion (13 percent) of the FCDC total assets. However, this sector accounted for just 5 percent of returns filed by FCDCs and 2 percent of receipts.

For 2011, foreign-controlled domestic corporations accounted for 16.2 percent of the total receipts reported by all corporations ($28.3 trillion) and 21.0 percent of the receipts of all corporations excluding Forms 1120S and 1120-F ($21.8 trillion). Figure D includes data for all corporations except

Figure D

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2011

[Money amounts are in millions of dollars]

Industrial sector	Total receipts				
	All corporations [2]	All corporations other than Forms 1120S and 1120-F [2, 3]	Foreign-controlled domestic corporations		
			Amount	As a percentage of --	
				All corporations [2]	All corporations other than Forms 1120S and 1120-F [2, 3]
	(1)	(2)	(3)	(4)	(5)
All industries [1]	**28,335,601**	**21,842,851**	**4,586,774**	**16.2**	**21.0**
Agriculture, forestry, fishing, and hunting	191,744	86,687	10,840	5.7	12.5
Mining	488,972	430,845	98,925	20.2	23.0
Utilities	609,590	596,089	70,064	11.5	11.8
Construction	1,139,792	392,216	44,886	3.9	11.4
Manufacturing	8,331,714	7,507,964	2,098,012	25.2	27.9
Wholesale and retail trade	7,964,362	5,261,239	1,283,820	16.1	24.4
Wholesale trade	4,331,422	2,899,000	1,118,496	25.8	38.6
Retail trade	3,632,940	2,362,240	165,325	4.6	7.0
Transportation and warehousing	824,564	594,939	68,058	8.3	11.4
Information	1,083,763	993,592	103,781	9.6	10.4
Finance and insurance	3,329,586	3,158,180	446,255	13.4	14.1
Real estate and rental and leasing	336,399	237,844	28,531	8.5	12.0
Professional, scientific, and technical services	1,124,555	662,193	142,578	12.7	21.5
Management of companies (holding companies)	812,727	777,240	78,012	9.6	10.0
Administrative and support and waste management and remediation services	526,184	285,997	49,787	9.5	17.4
Educational services	66,020	42,115	2,445	3.7	5.8
Health care and social assistance	713,363	415,263	14,454	2.0	3.5
Arts, entertainment, and recreation	106,958	49,447	6,497	6.1	13.1
Accommodation and food services	479,786	269,557	33,751	7.0	12.5
Other services	205,522	81,443	6,078	3.0	7.5

[1] Includes small amounts for "Nature of business not allocable," which is not shown separately.
[2] Includes returns of foreign-controlled domestic corporations (FCDCs).
[3] Form 1120S is entitled *U.S. Income Tax Return for an S Corporation* and Form 1120-F is entitled *U.S. Income Tax Return of a Foreign Corporation.* Forms 1120S reported $6.2 trillion of total receipts and Forms 1120-F reported $0.2 trillion of total receipts.
NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

Forms 1120S and 1120-F in column 2. These data are shown because FCDCs are not eligible to file either of these forms. However, Form 1120-A data are included in column 2, even though FCDCs are unable to file this form. This is because Form 1120-A is the short version of Form 1120, which FCDCs do file.

FCDCs played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (25.8 percent of all corporations and 38.6 percent of all corporations except for Forms 1120S and 1120-F), manufacturing (25.2 percent and 27.9 percent), and mining (20.2 percent and 23.0 percent). Conversely, FCDC involvement in a number of other business activities was relatively low, accounting for a small percentage of the receipts of companies classified in educational services (3.7 percent of all corporations and 5.8 percent of all corporations except for Forms 1120S and 1120-F), other services (3.0 percent and 7.5 percent), and health care and social assistance (2.0 percent and 3.5 percent).

FCDC industrial data at the sector level can be broken down into more specific industrial classifications for analysis purposes. In general, sectors are composed of major groups, which in turn are made up of minor industries. For 2011, FCDCs in nine minor industries accounted for 50 percent or more of the total receipts of all corporations of each of those industries. Manufacturers (five) made up the largest portion of these minor industries, followed by wholesalers (two), and information and finance (one each) (Figure E). The minor industry in which FCDCs accounted for the largest portion of receipts was

Figure E

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Minor Industries, Tax Year 2011

[Money amounts are in millions of dollars]

Minor industry [1]	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Breweries (manufacturing), total	**370**	**87,966**	**20,320**	**21,131**	**1,823**	**1,854**	**1,428**	**463**
Foreign-controlled domestic corporations (FCDCs)	39	74,710	11,296	16,543	1,154	1,154	1,149	401
FCDCs as a percentage of the total	10.5	84.9	55.6	78.3	63.3	62.2	80.5	86.6
Audio and video equipment manufacturing and reproducing magnetic and optical media, total	**1,143**	**48,332**	**17,816**	**28,460**	**705**	**1,217**	**590**	**86**
Foreign-controlled domestic corporations	321	37,131	13,089	18,256	239	366	51	10
FCDCs as a percentage of the total	28.1	76.8	73.5	64.1	33.9	30.1	8.6	11.6
Sound recording industries, total	**5,278**	**27,272**	**13,735**	**9,660**	**568**	**850**	**60**	**18**
Foreign-controlled domestic corporations	45	21,040	13,026	6,058	582	620	10	4
FCDCs as a percentage of the total	0.9	77.1	94.8	62.7	102.5	72.9	16.7	22.2
Engine, turbine, and power transmission equipment (manufacturing), total	**341**	**77,356**	**24,857**	**66,438**	**4,044**	**4,413**	**4,132**	**747**
Foreign-controlled domestic corporations	51	53,299	16,463	39,624	2,067	2,151	2,030	620
FCDCs as a percentage of the total	15.0	68.9	66.2	59.6	51.1	48.7	49.1	83.0
Securities brokerage, total	**7,073**	**1,542,301**	**101,868**	**94,211**	**3,423**	**5,944**	**4,110**	**1,338**
Foreign-controlled domestic corporations	132	1,272,259	66,730	56,055	-451	1,359	594	140
FCDCs as a percentage of the total	1.9	82.5	65.5	59.5	-13.2	22.9	14.5	10.5
Rubber products (manufacturing), total	**1,071**	**54,766**	**11,173**	**65,878**	**2,233**	**2,498**	**1,316**	**296**
Foreign-controlled domestic corporations	152	29,027	5,423	35,659	819	933	813	168
FCDCs as a percentage of the total	14.2	53.0	48.5	54.1	36.7	37.3	61.8	56.8
Electrical and electronic goods (wholesale trade), total	**28,758**	**206,965**	**73,346**	**395,879**	**8,057**	**10,196**	**5,274**	**1,282**
Foreign-controlled domestic corporations	2,032	112,298	31,997	211,905	3,117	3,853	3,074	570
FCDCs as a percentage of the total	7.1	54.3	43.6	53.5	38.7	37.8	58.3	44.5
Cement, concrete, lime and gypsum products (manufacturing), total	**4,376**	**101,965**	**43,432**	**55,598**	**-2,368**	**1,220**	**288**	**97**
Foreign-controlled domestic corporations	60	78,030	32,828	28,752	-2,199	378	111	45
FCDCs as a percentage of the total	1.4	76.5	75.6	51.7	92.9	31.0	38.5	46.4
Motor vehicle and motor vehicle parts and supplies (wholesale trade), total	**19,934**	**163,474**	**33,726**	**240,429**	**863**	**4,892**	**2,564**	**820**
Foreign-controlled domestic corporations	1,467	107,311	15,067	123,464	-2,137	1,278	913	300
FCDCs as a percentage of the total	7.4	65.6	44.7	51.4	-247.6	26.1	35.6	36.6

[1] This figure includes minor industries in which foreign-controlled domestic corporations accounted for at least 50 percent of the total receipts (Column 4). The minor industries are listed by decreasing percentage of FCDC total receipts to total receipts of all corporations.

NOTE: Percentages are computed using rounded data.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

breweries with 78 percent of the industry total receipts ($21.1 billion). FCDCs primarily involved in the manufacture of audio and video equipment followed with 64 percent of the industry receipts ($28.5 billion), and FCDCs operating sound-recording companies had 63 percent of the industry receipts ($9.7 billion).

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 FCDC's, 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 other than the country of the ultimate owner, the country reported on the tax return may not 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).

The United Nations shows nearly 200 separate countries or areas in the world.[17] For 2011, residents of 41 countries made up 89 percent of the domestic corporations classified as 50-percent-or-more controlled by a foreign person worldwide. The 68,132 corporations controlled by persons resident in those 41 countries accounted for nearly all FCDC financial items, including 99 percent each of total assets, total receipts, taxable income, and total income tax after credits (Table 3).

From among these 41 countries, domestic corporations controlled by persons from just 7 countries accounted for 75 percent of the total receipts of all FCDCs. These countries, in decreasing size of receipts, are the United Kingdom, Japan, Germany, Canada, Switzerland, the Netherlands, and France (see Figure F).

It is interesting to compare the top foreign countries from which persons controlled FCDCs to the top foreign countries of the Controlled Foreign Corporations (CFC) study also conducted by the Statistics of Income Division. The CFC study covers foreign corporations that are each controlled by a single U.S. corporation, i.e., one that owns more than 50 percent of its outstanding voting stock, or more than 50 percent of the value of all its outstanding stock (directly, indirectly, or constructively) for an uninterrupted period of at least 30 days during the foreign corporation's tax year. For Tax Year 2010, CFCs reported total receipts of $6.2 trillion.[18] Countries filling out the top seven positions, by decreasing size of receipts, were Canada (11.5 percent of all CFC receipts), the Netherlands (8.7 percent), the United Kingdom (8.5 percent), Bermuda (6.5 percent), Switzerland (5.5 percent), Cayman Islands (4.8 percent), and Ireland and Luxembourg (4.6 percent each). Thus, the United Kingdom, Canada, Switzerland, and the Netherlands were in the top seven countries of both studies, FCDCs and CFCs. Japan, Germany, and France were not in the top seven countries of the CFC study. These three countries had the following substantial differences in the percentages of total receipts between the FCDC study and the CFC study: Japan (14.4 percent of FCDC receipts and 4.4 percent of CFC receipts), Germany (9.8 percent of FCDC receipts and 3.7 percent of CFC receipts), and France (6.3 percent of FCDC receipts and 2.3 percent of CFC receipts). Conversely, Bermuda, Cayman Islands, Ireland, and Luxembourg were not in the top seven countries of the FCDC study. Each of these four countries accounted for between 1.0 percent and 1.3 percent of the total FCDC receipts.

Back to focusing on the FCDC study, domestic corporations controlled by persons resident in the United Kingdom reported total receipts of $1.0 trillion for 2011. These receipts represented 21.3 percent of the total for all FCDCs for the year, and were substantially larger than the United Kingdom's share for 2002 (14.4 percent).

For 2011, domestic corporations with owners resident in Japan ($663 billion), Germany ($450 billion), Canada ($394 billion), Switzerland ($339 billion), the Netherlands ($323 billion), and France ($288 billion) also accounted for significant amounts of receipts. Of these six countries, Japan's portion of total receipts decreased significantly from 19.4 percent for 2002 to 14.4 percent for 2011, followed by Germany (13.1 percent down to 9.8 percent) and the Netherlands (12.5 percent down to 7.0 percent). In contrast, Canada's portion of FCDC total receipts increased from 7.4 percent for 2002 to 8.6 percent for 2011, while Switzerland's portion increased from 5.1 percent to 7.4 percent. France's portion remained nearly the same between 2002 (6.7 percent) and 2011 (6.3 percent).

The portion of FCDC total receipts accounted for by countries other than the largest seven increased in size over the 10-year period, from 21.4 percent to 25.2 percent. For 2011, these countries included South Korea ($126 billion), Sweden ($66 billion), Australia ($63 billion), Luxembourg ($57 billion), Italy ($53 billion), Bermuda ($52 billion), Mexico ($51 billion), Ireland ($49 billion), Spain and Venezuela ($46 billion each), Cayman Islands ($45 billion), and Belgium ($44 billion).

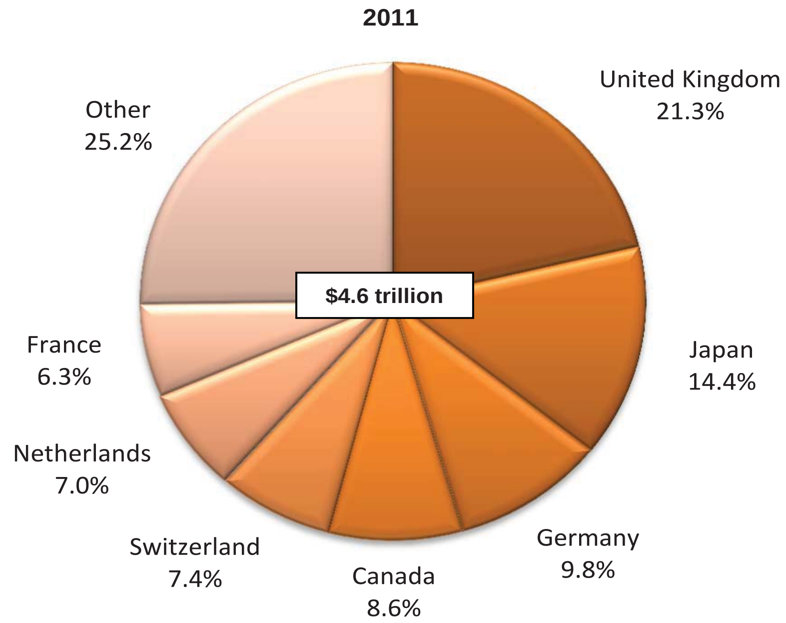
Domestic corporations controlled by persons resident in the United Kingdom (U.K.) accounted for $2.6 trillion of assets, the largest portion held by any country, followed by Switzerland ($1.5 trillion), Germany ($1.4 trillion), Canada ($1.3 trillion), the Netherlands ($1.1 trillion), and France and Japan ($1.0 trillion each).

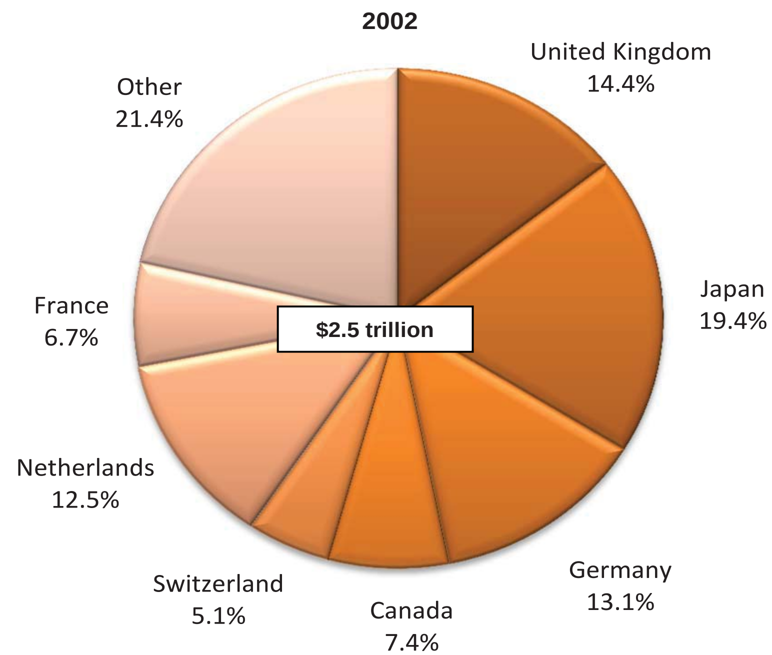
Although U.K.-controlled domestic corporations made up the largest share of total FCDC receipts and assets for 2011, Canadian-controlled domestic corporations filed the most tax returns (10,621), followed by Japanese-controlled domestic

[17] Actually, 198 countries or areas per United Nations Statistics Division, National Accounts Official Country Data, Table 1.3, November 2013.
[18] The most recent statistics covering CFCs are for Tax Year 2010; see the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Controlled-Foreign-Corporations. Also see, Mahony, Lee, and Randy Miller, "Controlled Foreign Corporations, 2008," *Statistics of Income Bulletin*, Winter 2013, Volume 32, Number 3.

Figure F

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 2002 and 2011





NOTE: Amounts are in current dollars.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

corporations (6,178), U.K.-controlled domestic corporations (6,064), and German-controlled domestic corporations (4,610).

For 2011, the U.S. tax liability of all FCDCs was $35.7 billion, representing 0.8 percent of total receipts reported by all FCDCs ($4.6 trillion) for the year. U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability ($6.0 billion), followed by Swiss-controlled corporations ($4.5 billion) and Japanese-controlled corporations ($4.1 billion). For

U.K.-controlled corporations, tax liabilities were 0.6 percent of their $978 billion of receipts. Tax liabilities as a percent of receipts were also 0.6 percent for Japanese-controlled corporations, while Swiss-controlled corporations paid 1.3 percent of their receipts in U.S. income taxes. Many factors, including differences 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, when the industries that accounted for at least 10 percent of the total receipts of corporations with owners in each of these countries are examined (Figure G).

For the United Kingdom, manufacturing was the predominant industrial sector, accounting for 68 percent of its total $978

Figure G

Foreign-Controlled Domestic Corporations: Selected Items for Top Seven Countries, by Selected Industries, Tax Year 2011

[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	Total income tax after credits: As a percentage of total receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United Kingdom, total	**6,064**	**2,630,026**	**978,165**	**23,936**	**30,309**	**27,462**	**6,016**	**0.6**
Manufacturing	445	869,527	667,873	15,524	16,455	15,788	2,695	0.4
Petroleum and coal products manufacturing	3	680,939	551,293	8,438	8,438	8,374	506	0.1
Japan, total	**6,178**	**1,024,148**	**662,759**	**11,860**	**19,704**	**15,175**	**4,066**	**0.6**
Manufacturing	1,363	274,716	296,758	1,763	4,911	3,912	1,157	0.4
Transportation equipment manufacturing	272	176,571	188,495	-651	1,058	650	175	0.1
Wholesale trade	1,562	178,385	292,762	6,276	8,108	6,423	1,660	0.6
Wholesale trade, durable goods	1,222	124,951	201,272	3,075	4,584	3,881	885	0.4
Wholesale trade, nondurable goods	307	53,364	91,482	3,197	3,519	2,539	774	0.8
Germany, total	**4,610**	**1,444,819**	**449,694**	**6,932**	**16,010**	**11,965**	**3,635**	**0.8**
Manufacturing	1,025	376,809	229,701	484	6,963	5,338	1,596	0.7
Chemical manufacturing	46	71,472	71,076	2,408	2,440	1,484	443	0.6
Machinery manufacturing	252	73,780	51,810	1,618	2,901	2,574	776	1.5
Transportation equipment manufacturing	76	168,042	64,550	-3,476	330	185	57	0.1
Wholesale trade	1,455	86,714	88,034	403	1,525	1,085	352	0.4
Wholesale trade, durable goods	932	78,391	72,106	-7	1,052	814	260	0.4
Finance and insurance	154	867,610	46,266	3,616	3,948	2,461	741	1.6
Canada, total	**10,621**	**1,317,084**	**393,600**	**4,807**	**16,525**	**11,102**	**3,434**	**0.9**
Manufacturing	1,010	90,038	108,855	1,530	4,186	3,598	1,154	1.1
Wholesale trade	1,984	69,729	74,319	970	1,860	1,352	495	0.7
Wholesale trade, nondurable goods	409	55,598	45,799	542	1,159	746	299	0.7
Finance and insurance	353	591,861	80,465	1,800	2,654	808	299	0.4
Insurance carriers and related activities	136	496,450	76,702	1,046	1,455	404	155	0.2
Switzerland, total	**1,885**	**1,471,565**	**338,899**	**11,907**	**16,141**	**14,090**	**4,472**	**1.3**
Manufacturing	219	169,883	115,078	8,854	9,664	8,842	2,829	2.5
Chemical manufacturing	29	76,465	49,211	6,859	6,953	6,778	2,209	4.5
Wholesale trade	489	29,525	131,827	1,083	1,280	1,117	364	0.3
Wholesale trade, nondurable goods	80	18,748	115,387	734	800	729	238	0.2
Finance and insurance	71	1,208,414	58,419	249	3,175	2,548	790	1.4
Insurance carriers and related activities	20	255,092	36,052	2,104	2,888	2,368	729	2.0
Netherlands, total	**1,652**	**1,098,005**	**322,748**	**4,657**	**9,080**	**6,378**	**1,939**	**0.6**
Manufacturing	176	209,374	121,833	4,074	4,634	4,064	1,251	1.0
Chemical manufacturing	40	61,539	57,203	1,857	2,004	1,968	556	1.0
Wholesale trade	512	17,364	35,013	240	482	419	149	0.4
Retail trade	62	17,592	35,131	283	283	167	55	0.2
Finance and insurance	120	721,830	76,889	971	1,912	476	166	0.2
Insurance carriers and related activities	10	463,408	71,014	-566	213	85	31	[1]
France, total	**2,126**	**1,016,376**	**288,069**	**11,956**	**16,897**	**11,577**	**3,461**	**1.2**
Manufacturing	213	182,414	131,882	3,725	5,576	4,041	1,104	0.8
Petroleum and coal products manufacturing	3	18,357	39,834	-886	3	2	1	[1]
Wholesale trade	299	36,893	39,999	558	1,123	992	326	0.8
Finance and insurance	142	587,696	49,889	3,391	4,182	1,232	422	0.8

[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 figure also includes industries that accounted for at least 10 percent of the total receipts of the country. Percentages are computed using rounded data.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

billion of receipts. More specifically, manufacturers of petroleum and coal products produced the most receipts of any major industrial group, accounting for $551 billion, or 56 percent of the country's total receipts for 2011.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the $663 billion of receipts: manufacturing (45 percent of the total) and wholesale trade (44 percent). More specifically, wholesale trade of durable goods was the leading major industrial group, producing 30 percent of the total receipts for this country. Following closely was transportation equipment manufacturing with 28 percent of the receipts.

Like those companies controlled by residents of the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing, with 51 percent of the $450 billion of receipts for that country coming from corporations in this industrial sector. Within this sector, chemical manufacturers (16 percent of the country total) and transportation equipment manufacturers (14 percent) produced the most receipts. Wholesale trade (20 percent of the country total) and finance and insurance (10 percent) were the other predominant industrial sectors.

Canadian-controlled corporations were primarily distributed in the manufacturing (28 percent of the $394 billion of receipts for the country), finance and insurance (20 percent), and wholesale trade (19 percent) industrial sectors. More specifically, insurance carriers reported 19 percent of the total receipts.

For Switzerland, the wholesale trade sector accounted for 39 percent of the country's total receipts ($339 billion), followed by manufacturing (34 percent), and finance and insurance (17 percent). Switzerland was the only country of the top seven in which wholesale trade (not manufacturing) was the leading sector in producing receipts. More specifically, wholesale trade of nondurable goods (34 percent of the total) was the leading major industry. Other important major industries were chemical manufacturers (15 percent) and insurance carriers (11 percent).

For the Netherlands, manufacturing was the largest industrial sector with 38 percent of the total receipts ($323 billion), followed by finance and insurance (24 percent), retail trade (11 percent), and wholesale trade (11 percent). Insurance carriers reported 22 percent of the total receipts for the country, the largest portion for any major industrial group.

French manufacturers produced the largest percentage (46 percent) of the $288 billion of the country's receipts, followed by finance and insurance (17 percent) and wholesale trade (14 percent). More specifically, petroleum and coal products manufacturers produced 14 percent of the receipts for the country.

Age Characteristics

There are two groups of FCDCs based on the age of each corporation. A "new" corporation is defined as having been incorporated in 2009 or after, as reported on the FCDCs income tax return. An "old" corporation is defined as having been incorporated in or prior to 2008, or with an unknown (i.e., unreported) date of incorporation (Figure H).[19]

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 based on the year of incorporation of the parent company. Another example 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 2011, there were 19,169 returns of FCDCs incorporated in 2009 or later (Table 3). Seven industrial sectors accounted for most of these "new" corporations, as follows: real estate and rental and leasing (4,590 returns); wholesale trade (4,230); professional, scientific, and technical services (2,528); management of companies (1,231); retail trade (1,183); manufacturing (1,072); and finance and insurance (1,034). The major industries that accounted for the largest number of new FCDCs were real estate (4,493), wholesale trade of durable goods (2,351), and wholesale trade of nondurable goods (1,599).

Three out of every four FCDCs were incorporated prior to 2009 and were, therefore, considered "old" corporations. These corporations accounted for 93 percent of the FCDC assets and 96 percent of the receipts and, thus, tended to be larger than the new corporations.

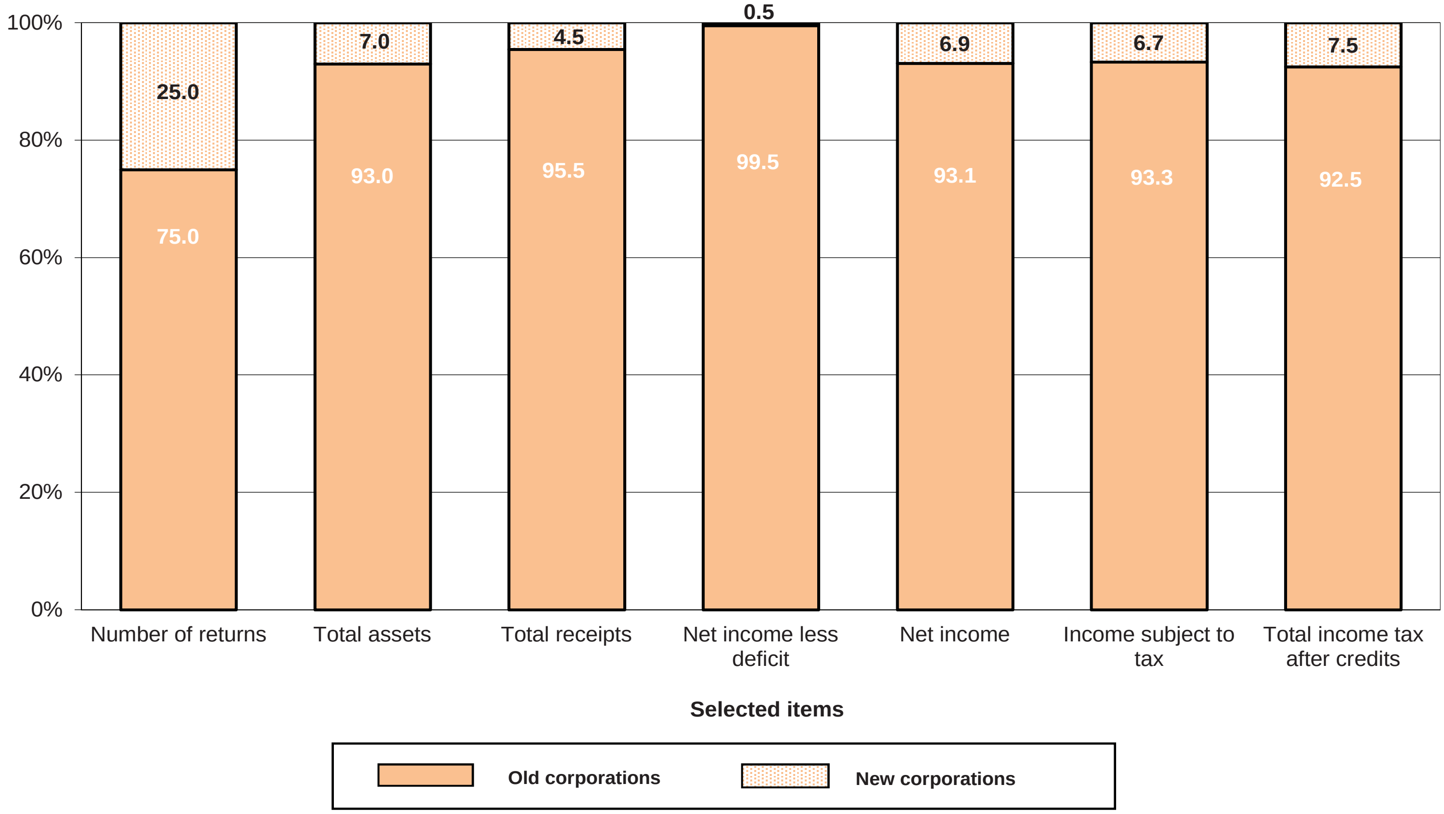
Similar to many past years, older corporations were often more profitable than newer corporations, as measured by net profits (i.e., net income less deficit) as a percentage of total receipts. Among other factors, newer companies may have had more expenses (including startup costs) relative to receipts than the older companies. For 2011, the "profits percentages" were 1.8 percent for old FCDCs ($79.4 billion of net profits on $4.4 trillion of receipts) and 0.2 percent for new FCDCs ($0.4 billion of net profits on $0.2 trillion of receipts).

Old corporations accounted for 93.1 percent of the positive profits (i.e., net income) of all FCDCs. As a result, old corporations also accounted for most of the U.S. taxable income (93.3 percent) and U.S. tax liabilities after credits (92.5 percent) of all FCDCs. The old corporations had $33.0 billion of tax liabilities after credits, equaling 0.8 percent of their total receipts. The new corporations had $2.7 billion of tax liabilities after credits, equaling 1.3 percent of their total receipts. Deductions for net operating losses of prior years (93.6 percent of the total $33.6 billion reported by all FCDCs) and tax credits (96.0 percent of the total $10.6 billion) were claimed mostly by old corporations.

[19] 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.

Figure H

Foreign-Controlled Domestic Corporations: Distribution of Selected Items by Age of Corporations, Tax Year 2011



NOTE: "New" corporations were those with dates of incorporation between 2009 and 2012; "old" corporations were those with dates of incorporation prior to 2009 or with unknown dates of incorporation.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

NOLs and tax credits reduced the amounts of U.S. tax liabilities after credits reported by FCDCs.

Summary

Foreign-controlled domestic corporations accounted for only 1.3 percent of all corporation income tax returns filed for Tax Year 2011. This percentage is much smaller than the percentages of assets (14.4 percent) and receipts (16.2 percent) that those FCDCs produced.

The value of FCDC assets increased for 2011, as did the value of assets for all corporations. FCDC assets totaled $11.7 trillion for 2011, a 4.3-percent increase from the previous year. By comparison, all corporations reported a total of $81.3 trillion of assets for 2011, a 1.7-percent increase over the previous year. FCDCs accounted for 14.4 percent of total corporate assets for 2011, up from 14.1 percent for 2010.

Foreign business activity in the United States through FCDCs increased for Tax Year 2011. FCDCs reported $4.6 trillion of total receipts for the year, a 13.1-percent increase over the 2010 level. Total receipts reported on all U.S. corporation income tax returns also increased, but by a smaller percentage (8.2 percent). As a result, the share of total corporate receipts accounted for by FCDCs increased from 15.5 percent for 2010 to 16.2 percent for 2011.

Manufacturing and wholesale trade, 2 of the 19 industrial sectors, generated over 70 percent of the $4.6 trillion of total FCDC receipts. Manufacturers produced $2.1 trillion of receipts, while wholesalers accounted for an additional $1.1 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of $1.0 trillion, or 21 percent of the total FCDC receipts. In addition, FCDCs owned by persons in Japan (14 percent), Germany (10 percent), Canada (9 percent), Switzerland (7 percent), the Netherlands (7 percent), and France (6 percent) accounted for significant portions of receipts.

FCDCs increased their receipts between 2010 and 2011, but by a smaller amount than that of their deductions, thereby decreasing the net difference between total receipts and total deductions. The collective net income (less deficit) reported by foreign-controlled domestic corporations decreased from $99.2 billion for 2010 to $79.8 billion for 2011, a 19.5-percent decrease. To place the performance of FCDCs in context, total corporate net profits decreased 2.5 percent, from $1.4 trillion for

2010 to $1.3 trillion for 2011. FCDCs accounted for 6.0 percent of the net profits of all U.S. corporations for 2011, down from 7.3 percent for the previous year.

The FCDC aggregate profits (i.e., net income) decreased between 2010 and 2011, while aggregate deficits increased during this period. Net income decreased by 4.4 percent, from $174.3 billion to $166.5 billion. Deficits increased by 15.5 percent, from $75.1 billion to $86.7 billion.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the opposite direction from that of net income, increasing 7.6 percent, from $33.2 billion for 2010 to $35.7 billion for 2011. This was principally the result of the decreases between the 2 years of NOLs (down 19.2 percent) and foreign tax credits (down 17.4 percent). To place the FCDC tax liability in perspective, the U.S. tax liabilities of all corporations were about 1.0 percent lower for 2011 compared to the previous year. Thus, the FCDCs share of total corporate post-credit U.S. tax liabilities increased from 14.9 percent for 2010 to 16.2 percent for 2011.

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—2011, 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 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. Corporations with less than $250,000 of receipts and less than $250,000 of assets were not required to file balance sheets.

Business receipts—These receipts are, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. They represent all of a corporation's receipts except investment and incidental income. Some corporations report sales and excise taxes as part of their gross receipts from sales (and deduct these taxes as part of "cost of goods sold" or as "taxes paid"); others report 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 include 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 and clothing. Business receipts include such banking items as fees, commissions, credit card income, and profits from Federal funds transactions. Interest, the principal operating income of banking and other financial institutions, is excluded from business receipts; rather, it is included in the separate statistics for interest received. Also, premium income of most insurance companies is included in business receipts. Security dealers include profits from security trades in business receipts. Regulated investment companies and real estate investment trusts do not report business receipts; rather they report types of investment income. Business receipts also exclude gains from the sale of assets.

Constructive ownership rules—The constructive ownership of stock rules shown in Internal Revenue Code (IRC) section 318 apply in determining whether a U.S. corporation is foreign owned. These rules of attribution include separate provisions for stock owned by families, partnerships, estates, trusts, and other corporations. Regarding family members, for example, an individual is considered to own stock that is owned, directly or indirectly, by his/her spouse, children, grandchildren, or parents. However, if a corporation is owned by two or more "unrelated" foreign individuals, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these individuals 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. 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. To receive credit against U.S. tax, the foreign taxes deemed paid need to be included in the corporation's worldwide income. The dividend gross-up, which is the equivalent amount of the foreign taxes deemed paid by the U.S. corporation, is included as income of the U.S. corporation. Constructive taxable income from related foreign corporations is not included in the statistics for total receipts, but is included in net income (less deficit).

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 on cost of goods sold schedules were transferred to their respective and separate deduction categories. Companies who produced goods or acquired goods for resale were subject to the "uniform capitalization rules" of Internal Revenue Code section 263A. Under these rules, corporations were required to capitalize direct costs and an allocable portion of most indirect costs that relate to the goods produced or acquired for resale. Costs attributable to property that is inventory are included in inventory costs, while costs attributable to other property are included in capital accounts. 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.

Dividends received from domestic corporations—These dividends are included in total receipts and represent most distributions from the earnings and profits of companies incorporated in the United States. Dividend distributions among member corporations electing to file a consolidated return are eliminated from the statistics as part of the consolidated reporting of tax accounts. Thus, dividends shown for consolidated returns represent amounts received from domestic corporations that are outside the affiliated group. In general, dividends received from domestic corporations are part of the computation of the statutory special deductions from net income. See, also, "Statutory special deductions," discussed below.

Dividends received from foreign corporations—These dividends are included in total receipts and are paid from the earnings and profits of companies incorporated in foreign countries. Dividends received from foreign corporations out of U.S.-source earnings and profits were usually eligible for the dividends received deduction, a part of statutory special deductions. Not eligible were dividends out of foreign-source earnings and profits. This item does not include constructive taxable income from related foreign corporations (discussed above) because it was not an actual receipt.

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

Income subject to tax—For most corporations, income subject to tax (i.e., taxable income) consisted of (positive) net income minus 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 so it was 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 under Internal Revenue Code section 11. The rates on taxable incomes were graduated between 15 percent and 35 percent, with some exceptions. Certain taxable income brackets were taxed at 38 percent or 39 percent rates to phase out the benefits of the lower brackets for high-income corporations. This item 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. Personal service corporations were taxed at a flat rate of 35 percent on their taxable incomes. Members of controlled groups were required to apportion their tax liabilities.

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

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

Net operating loss deduction (NOLD)—In general, a "net operating loss" (NOL) is the excess of allowable deductions for ordinary and necessary business expenses over gross income, with certain adjustments, calculated using the laws and IRS regulations in effect for a given tax year. A NOL could be carried back 2 years to reduce the taxable income of those years. Any amount of the NOL not offset against income during that time could be carried forward to offset taxable income for a period not to exceed 20 years. The amount of the statutory net operating loss deduction (NOLD) included in the statistics of this article consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2011) tax year. Losses incurred after Tax Year 2011 and carried back to that year at a later date were not reported on the tax returns used for this article.

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, bond retirements, and loss reserves) 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.

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 2011. For simplicity, the number of returns is sometimes referred to 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 smaller role for FCDCs than for other domestic corporations (ODCs).[20] 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). Internal Revenue Code section 856 defines REITs.

Regulated investment companies—A regulated investment company (RIC) is a domestic corporation registered as a management company or unit investment trust under the Investment Company Act of 1940 (ICA), or elected to be treated as a business development company under the ICA, or (with exceptions) a common trust fund or similar fund. Typically, it is a mutual fund. Foreign-controlled domestic corporations can be RICs. However, RICs played a much smaller role for FCDCs than for ODCs.[20] A RIC must meet certain Internal Revenue Code requirements. This includes deriving at least 90 percent of its gross income from dividends, interest, payments related to securities

[20] Shown in Appendix A of this article are Tax Year 2011 data for all REITs, RICs, and S corporations filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

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. Internal Revenue Code section 851 defines RICs.

S corporations—An S corporation is one that 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: (1) 100 shareholders or less; (2) only individuals, estates, trusts, or certain exempt organizations can be shareholders; (3) no nonresident alien shareholders; and (4) only one class of stock. These companies 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. However, some S corporations are subject to certain special taxes at the corporate level. For S corporations that were previously C corporations, the corporate income tax was imposed on certain long-term capital gains, recognized built-in gains, and excess net passive income (i.e., gross receipts derived from rents, royalties, dividends, interest, annuities, or the sales of securities). S corporations comprise a very large part of the corporate population and are involved in numerous industrial activities. However, foreign-controlled domestic corporations cannot elect to be treated as S corporations.[20] Banks, life insurance companies, and affiliated group members eligible for inclusion on a consolidated return were also ineligible to be treated as S corporations.

Statutory special deductions—Statutory special deductions were in addition to ordinary and necessary business deductions. In general, net income less statutory special deductions equals income subject to tax. Statutory special deductions 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. As part of the consolidated reporting of tax accounts, dividends received deductions exclude deductions related to dividends distributed among member corporations that elected to file a consolidated tax return.

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 deductions—This item includes the cost of goods sold, the ordinary and necessary business deductions from gross income, and the net loss from sales of noncapital assets.

Total income tax before and after credits—For 2011, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.4 percent of the total tax). The alternative minimum tax accounted for 1.6 percent of the total. A small number of corporation income tax returns without net income reported amounts of income tax. In these cases, income tax 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 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 2011, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (75.5 percent of the $10.6 billion of total credits), the general business credit (20.7 percent), and the prior-year minimum tax credit (3.8 percent), as well as small amounts of other credits.

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. Also excluded from this item are long-term capital gains of regulated investment companies, as well as taxable interest, rents, royalties, net capital gains, and dividends received from S corporations.

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

Period Covered

Data for Tax Year 2011 are based on returns with accounting periods ending between July 2011 and June 2012. These accounting periods were 12 months in length, or less for part-year accounting periods. Because of the 12-month span for ending accounting periods, the statistics include accounting periods that began and ended within a 23-month span. For Tax Year 2011, that span was from August 2010 through June 2012. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2011. Of the 76,793 FCDC returns filed for Tax Year 2011, some 57,193 (nearly 75 percent of the total) had accounting periods that ended in December 2011. These returns accounted for over 78 percent of both the receipts and deductions reported by all FCDCs, as well as nearly 85 percent of FCDC assets.

The sampling frame for the 2011 statistics consisted, in general, of tax returns with accounting periods that ended between July 2011 and June 2012, and that posted to the IRS Business Master File between July 2011 and June 2013. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2012. Second, while corporation returns must be filed within 2 1/2 months after the close of the accounting period, many corporations requested and received 6-month filing extensions. Third, normal administrative processing time lags required that the sampling process remained open until June 2013.

Returns Covered

The number of corporate income tax returns 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 over 10,200 unaudited tax returns selected from nearly 76,800 returns of active domestic corporations controlled by a foreign person and filed for Tax Year 2011. 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-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*). For Tax Year 2011, the population estimates of FCDCs by form type are 76,104 Forms 1120, some 250 Forms 1120-RIC, 150 Forms 1120-REIT, 74 Forms 1120-PC, and 41 Forms 1120L.[21]

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 2011, 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 rate. For additional information on the sampling rates, see *Statistics of Income—2011, Corporation Income Tax Returns*.

Data Limitations

Several extensive quality review processes were used to improve data quality, beginning at the sample selection stage with weekly monitoring. They continued through the data collection, data cleaning, and data completion procedures with consistency testing. Part of the review process included extensive comparisons between the current-year data and the prior-year data. A great amount of effort was made at every stage of processing to ensure data integrity.

Sampling Error

Because the data presented are estimates based on samples, they may differ from the population aggregates that would have been obtained if a complete census of all income tax returns had been taken. Thus, the data are subject to sampling error. To use these

[21] The count of 41 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 2011, there were 174 section 1504(c) returns included in the FCDCs collective total of 76,793. Of this number, 93 returns had a property/casualty insurance company as the largest subsidiary (based on income), another 68 returns had a noninsurance company as the largest subsidiary, and 13 returns had a life insurance company as the largest subsidiary.

Figure I

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2011

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	**2.88**	**0.01**	**0.14**	**0.28**	**0.32**	**0.16**	**0.19**
Selected industrial sectors:							
Construction	27.94	0.83	1.44	2.38	3.35	3.93	3.67
Finance and insurance	9.26	0.01	0.15	0.27	0.68	0.44	0.47
Information	18.29	0.24	4.05	1.27	2.55	1.60	1.58
Management of companies (holding companies)	13.81	0.05	0.15	0.50	1.10	0.42	0.45
Manufacturing	8.85	0.03	0.09	0.15	0.40	0.17	0.22
Professional, scientific, and technical services	9.98	0.31	1.43	1.15	2.82	1.26	1.50
Real estate and rental and leasing	5.01	0.46	2.21	11.78	2.12	3.41	3.49
Retail trade	17.78	0.42	0.57	0.70	5.44	0.78	0.76
Wholesale trade	5.93	0.14	0.29	0.49	1.44	0.60	0.69
Selected countries of foreign owners:							
Bermuda	38.03	0.20	0.62	1.32	1.94	1.34	2.32
Canada	6.84	0.07	0.53	2.60	1.01	0.73	0.77
France	19.05	0.05	0.27	0.29	1.26	0.37	0.40
Germany	11.41	0.05	0.33	0.61	0.85	0.74	0.81
Japan	8.09	0.09	0.27	0.42	0.86	0.48	0.57
Netherlands	23.06	0.05	0.28	0.55	1.17	0.63	0.69
South Korea, Republic of	19.74	0.64	1.01	1.85	2.07	2.75	2.63
Sweden	23.06	0.40	1.00	1.41	5.70	1.43	1.87
Switzerland	20.69	0.04	0.35	0.36	1.36	0.31	0.33
United Kingdom	10.74	0.03	0.22	0.25	1.48	0.25	0.38
Venezuela	32.55	1.08	1.37	2.76	39.33	2.69	2.05

NOTE: For a general discussion on coefficients of variation, see the "Sampling Methodology and Data Limitations" section of this issue of the *Statistics of Income Bulletin.*
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

data properly, the magnitude of the sampling error should be known. Coefficients of variation (CVs) are used to measure that magnitude (Figure I). The smaller the CV, the more reliable the estimate is judged to be. For this article, CVs were calculated 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 “Sampling Methodology and Data Limitations” located near the back of this issue of the *Statistics of Income Bulletin.*

Nonsampling Error

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

Returns were selected for this study based on taxpayers’ responses to two questions on Forms 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 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.[22] If the percentage owned fell between 50 percent and 100 percent, then the return was included in the FCDC statistics.[23] Taxpayers sometimes incorrectly answered these questions or did not answer them at all.[24] However, prior to tabulation, corporations with

[22] 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.”
[23] For Tax Year 2011, the great majority (62,948 returns) of FCDCs reported 100 percent foreign ownership. Additionally, 5,030 returns reported between 75 percent and 99 percent foreign ownership, 3,738 returns reported 51 percent to 74 percent foreign ownership, and 3,931 returns reported exactly 50 percent foreign ownership.
[24] The FCDC statistics include data from returns in which the first question (see footnote 22) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,146 returns for Tax Year 2011 included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported $4.2 billion of assets and $4.0 billion of receipts.

large amounts of assets or receipts, and changes in foreign ownership status between 2010 and 2011, were researched and their answers to questions 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, and was classified according to the North American Industry Classification System (NAICS). 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 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, may not be related to the foreign country of the ultimate parent.

Appendix A

Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs) that Filed as REITs, RICs, and S Corporations, Tax Year 2011

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts (REITs):		
Number of returns	150	1,744
Total assets	69,271	1,405,315
Total receipts	4,272	103,086
Net income (less deficit)	1,216	35,592
Income subject to tax	0	81
Total income tax after credits	1	34
Regulated Investment Companies (RICs):		
Number of returns	250	13,870
Total assets	175,752	14,756,188
Total receipts	4,472	362,448
Net income (less deficit)	3,335	253,333
Income subject to tax	0	300
Total income tax after credits	0	4
S Corporations:		
Number of returns	0	4,158,572
Total assets	0	3,441,160
Total receipts	0	6,230,406
Total net income (less deficit)	0	375,437
Net income (less deficit) from a trade or business	0	292,509
Total income tax before credits	0	314

NOTE: Real estate investment trusts (REITs), regulated investment companies (RICs), and S corporations are pass-through entities. These entities pay little or no Federal income tax at the corporate level. By law, they are required to pass any profits or losses to their shareholders, where they are taxed at the individual rate.

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2011

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

Item	1971	1990	2000	2002	2008	2009	2010	2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total	1,733,332	3,716,650	5,045,274	5,266,607	5,847,221	5,824,545	5,813,725	5,823,126
Number with net income	1,063,940	1,910,670	2,819,153	2,800,517	3,183,821	3,148,768	3,264,726	3,384,712
Total assets	2,889,221	18,190,058	47,026,872	50,413,502	76,799,144	75,965,019	79,904,747	81,279,900
Total receipts	1,906,008	11,409,520	20,605,808	19,749,426	28,589,771	24,772,531	26,198,523	28,335,601
Business receipts	1,763,760	9,860,442	17,636,551	17,297,125	24,718,122	21,584,886	23,058,235	25,197,648
Interest received [1]	65,596	942,238	1,576,101	1,233,298	2,108,790	1,478,717	1,306,237	1,289,432
Total deductions	1,824,063	11,032,575	19,691,592	19,198,882	27,686,727	23,943,765	24,944,311	27,092,729
Cost of goods sold	1,241,282	6,610,770	11,135,288	10,607,404	16,080,387	13,286,300	14,501,547	16,180,343
Interest paid	64,697	825,372	1,271,679	912,752	1,658,636	1,069,664	888,206	860,102
Total receipts less total deductions	81,945	376,945	914,216	550,544	903,044	828,766	1,254,212	1,242,872
Net income (less deficit)	79,700	370,633	927,526	563,657	984,342	918,953	1,356,496	1,323,009
Net income	96,688	552,527	1,336,620	1,053,126	1,806,890	1,614,867	1,836,377	1,829,098
Deficit	-16,988	-181,894	-409,094	-489,470	-822,548	-695,913	-479,881	-506,089
Income subject to tax	83,165	366,353	760,404	600,554	978,153	894,850	1,022,175	994,393
Total income tax before credits	37,510	128,186	266,282	209,691	342,381	313,464	358,414	349,348
Income tax	37,143	119,434	262,233	207,056	339,726	310,112	354,922	345,415
Total income tax after credits	30,220	96,403	204,044	153,613	228,523	204,996	222,969	220,894
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total	5,154	44,113	60,609	61,615	66,797	66,197	73,210	76,793
Number with net income	2,575	17,360	26,519	26,617	28,399	25,158	31,473	33,358
Total assets	36,674	1,652,255	6,071,994	6,382,309	10,887,289	10,461,430	11,245,199	11,732,552
Total receipts	39,181	1,060,295	2,612,072	2,510,781	4,367,410	3,518,194	4,056,172	4,586,774
Business receipts	38,043	950,083	2,253,215	2,249,184	3,855,657	3,147,948	3,671,712	4,203,240
Interest received [1]	420	67,315	180,006	122,104	288,390	175,969	161,677	161,850
Total deductions	38,050	1,056,921	2,549,986	2,506,266	4,351,886	3,487,675	3,966,077	4,511,644
Cost of goods sold	28,804	709,052	1,584,513	1,548,698	2,849,635	2,204,868	2,655,897	3,099,807
Interest paid	733	77,562	186,835	119,001	252,292	151,639	136,187	134,886
Total receipts less total deductions	1,132	3,374	62,085	4,515	15,524	30,519	90,095	75,129
Net income (less deficit)	1,111	3,966	66,312	7,838	21,769	36,431	99,173	79,803
Net income	1,496	29,410	118,598	82,660	172,866	152,727	174,256	166,514
Deficit	-384	-25,444	-52,287	-74,822	-151,097	-116,296	-75,083	-86,710
Income subject to tax	1,344	23,704	97,515	64,593	140,227	105,152	127,237	130,503
Total income tax before credits	650	8,719	34,650	22,727	49,407	37,783	45,078	46,252
Income tax	631	8,008	33,950	22,447	48,846	36,631	44,404	45,500
Total income tax after credits	610	7,438	28,073	17,819	38,234	28,271	33,192	35,705

Footnotes at end of table.

Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2011—Continued

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

Item	1971	1990	2000	2002	2008	2009	2010	2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total	0.30	1.19	1.20	1.17	1.14	1.14	1.26	1.32
Number with net income	0.24	0.91	0.94	0.95	0.89	0.80	0.96	0.99
Total assets	1.27	9.08	12.91	12.66	14.18	13.77	14.07	14.43
Total receipts	2.06	9.29	12.68	12.71	15.28	14.20	15.48	16.19
Business receipts	2.16	9.64	12.78	13.00	15.60	14.58	15.92	16.68
Interest received [1]	0.64	7.14	11.42	9.90	13.68	11.90	12.38	12.55
Total deductions	2.09	9.58	12.95	13.05	15.72	14.57	15.90	16.65
Cost of goods sold	2.32	10.73	14.23	14.60	17.72	16.60	18.31	19.16
Interest paid	1.13	9.40	14.69	13.04	15.21	14.18	15.33	15.68
Total receipts less total deductions	1.38	0.90	6.79	0.82	1.72	3.68	7.18	6.04
Net income (less deficit)	1.39	1.07	7.15	1.39	2.21	3.96	7.31	6.03
Net income	1.55	5.32	8.87	7.85	9.57	9.46	9.49	9.10
Deficit	2.26	13.99	12.78	15.29	18.37	16.71	15.65	17.13
Income subject to tax	1.62	6.47	12.82	10.76	14.34	11.75	12.45	13.12
Total income tax before credits	1.73	6.80	13.01	10.84	14.43	12.05	12.58	13.24
Income tax	1.70	6.70	12.95	10.84	14.38	11.81	12.51	13.17
Total income tax after credits	2.02	7.72	13.76	11.60	16.73	13.79	14.89	16.16

[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.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011

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

Major industry	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
All industries	**76,793**	**33,358**	**24,121**	**11,732,552**	**2,435,171**
Agriculture, forestry, fishing, and hunting	695	234	170	10,472	4,234
Agricultural production	652	227	165	9,739	3,934
Forestry and logging	* 8	* 3	d	* 481	* 265
Support activities and fishing, hunting, and trapping	* 36	* 4	d	* 252	* 34
Mining	831	270	228	286,026	93,881
Utilities	279	63	d	129,570	34,853
Construction	1,371	387	257	43,418	9,469
Construction of buildings	150	54	20	20,721	3,813
Heavy and civil engineering construction	617	85	39	16,089	3,925
Specialty trade contractors	603	247	198	6,607	1,732
Manufacturing	7,119	3,534	2,861	2,637,560	753,691
Food manufacturing	602	198	192	88,635	22,960
Beverage and tobacco product manufacturing	88	65	28	99,709	14,919
Textile mills and textile product mills	174	89	64	6,158	2,057
Apparel manufacturing	d	d	d	d	d
Leather and allied product manufacturing	d	d	d	d	d
Wood product manufacturing	155	83	80	5,968	2,108
Paper manufacturing	85	35	29	37,777	12,060
Printing and related support activities	44	31	d	3,007	954
Petroleum and coal products manufacturing	48	24	20	738,443	167,292
Chemical manufacturing	514	303	282	432,414	117,602
Plastics and rubber products manufacturing	417	275	154	51,609	11,085
Nonmetallic mineral product manufacturing	142	72	64	102,096	42,736
Primary metal manufacturing	201	130	103	70,029	15,860
Fabricated metal product manufacturing	420	239	226	52,918	14,777
Machinery manufacturing	855	457	410	190,953	61,042
Computer and electronic product manufacturing	1,191	687	557	212,434	88,326
Electrical equipment, appliance, and component manufacturing	268	164	147	79,432	36,050
Transportation equipment manufacturing	702	356	277	416,591	139,682
Furniture and related product manufacturing	139	* 130	* 35	1,537	-140
Miscellaneous manufacturing	d	d	d	d	d
Wholesale and retail trade	21,927	10,078	7,491	763,461	218,012
Wholesale trade	18,317	8,494	6,824	668,878	189,344
Wholesale trade, durable goods	12,814	6,320	4,970	378,725	96,820
Wholesale trade, nondurable goods	5,139	2,124	1,804	289,851	92,580
Wholesale electronic markets and agents and brokers	* 364	* 50	* 50	* 301	* -56
Retail trade	3,611	1,584	668	94,583	28,668
Motor vehicle dealers and parts dealers	673	360	54	2,750	845
Furniture and home furnishings stores	131	* 66	* 58	7,114	518
Electronics and appliance stores	480	* 118	* 63	1,844	-541
Building material and garden equipment and supplies dealers	* 51	* 33	* 23	* 595	* 104
Food, beverage and liquor stores	83	d	d	37,321	13,373
Health and personal care stores	72	* 27	* 19	7,201	2,938
Gasoline stations	* 103	d	d	* 3,303	* 850
Clothing and clothing accessories stores	323	100	89	22,730	7,395
Sporting goods, hobby, book, and music stores	140	d	d	1,089	45
General merchandise stores	* 244	d	d	* 634	* 197
Miscellaneous store retailers	552	378	* 106	2,444	685
Nonstore retailers	758	369	128	7,558	2,259

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
Transportation and warehousing	2,387	926	696	83,162	24,967
Air, rail, and water transportation	213	* 83	* 79	22,980	7,011
Truck transportation	419	* 57	* 18	1,824	764
Transit and ground passenger transportation	559	d	d	7,843	1,560
Pipeline transportation	* 9	d	d	* 5,687	* 1,899
Other transportation and support activities	991	422	242	35,548	8,997
Warehousing and storage	197	49	d	9,280	4,736
Information	2,695	1,490	890	183,634	60,792
Publishing industries	847	530	239	62,935	17,602
Motion picture and sound recording industries	589	377	118	31,845	13,916
Broadcasting (except Internet)	45	* 18	* 18	3,908	1,298
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	383	139	98	57,551	18,115
Data processing, hosting, and related services	53	* 13	* 10	7,836	3,439
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	778	413	407	19,560	6,423
Finance and insurance	3,662	1,990	1,353	5,482,813	743,939
Credit intermediation	309	134	95	404,858	48,401
Depository credit intermediation	35	22	d	202,410	22,328
Nondepository credit intermediation	274	112	d	202,448	26,073
Securities, commodity contracts, and other financial investments and related activities	1,853	1,163	831	2,904,837	129,962
Insurance carriers and related activities	583	367	332	1,943,081	358,884
Funds, trusts, and other financial vehicles	917	327	94	230,037	206,692
Real estate and rental and leasing	16,757	5,236	3,243	195,438	69,921
Real estate	16,446	5,058	3,087	147,887	57,115
Rental and leasing services	290	176	154	39,639	7,437
Lessors of nonfinancial intangible assets (except copyrighted works)	* 21	* 3	* 3	* 7,912	* 5,369
Professional, scientific, and technical services	9,602	4,551	3,524	216,217	79,474
Management of companies (holding companies)	4,013	1,534	1,291	1,545,498	301,767
Administrative and support and waste management and remediation services	1,682	744	566	60,693	15,409
Administrative and support services	1,672	738	d	53,423	11,875
Waste management and remediation services	* 10	* 6	d	* 7,270	* 3,534
Educational services	127	29	17	5,198	1,810
Health care and social assistance	80	36	11	24,174	8,236
Offices of health practitioners and outpatient care centers	* 38	* 18	d	* 13,360	* 5,094
Miscellaneous health care and social assistance	38	d	d	8,584	2,787
Hospitals, nursing, and residential care facilities	5	d	d	2,231	355
Arts, entertainment, and recreation	1,811	1,312	719	13,406	2,971
Amusement, gambling, and recreation industries	366	* 300	* 40	11,194	2,804
Other arts, entertainment, and recreation	1,444	1,012	679	2,211	167
Accommodation and food services	902	443	313	45,693	11,061
Accommodation	252	133	116	23,439	8,145
Food services and drinking places	650	311	197	22,254	2,917
Other services	851	500	431	6,118	684
Repair and maintenance	644	350	350	3,501	713
Personal and laundry services	206	* 150	* 81	2,617	-29

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
All industries	**4,586,774**	**4,203,240**	**4,511,644**	**3,099,807**	**75,129**
Agriculture, forestry, fishing, and hunting	10,840	10,459	11,446	9,401	-606
Agricultural production	10,032	9,686	10,645	8,773	-613
Forestry and logging	* 610	* 602	* 603	* 547	* 7
Support activities and fishing, hunting, and trapping	* 197	* 171	* 198	* 82	* 0
Mining	98,925	92,047	98,351	47,353	574
Utilities	70,064	66,650	73,147	51,099	-3,083
Construction	44,886	43,046	45,467	36,919	-581
Construction of buildings	27,849	26,688	27,753	24,064	96
Heavy and civil engineering construction	10,548	9,986	10,966	7,846	-418
Specialty trade contractors	6,490	6,371	6,749	5,009	-259
Manufacturing	2,098,012	2,026,412	2,063,344	1,597,778	34,668
Food manufacturing	106,474	105,243	104,235	73,739	2,239
Beverage and tobacco product manufacturing	34,485	33,921	32,762	15,059	1,723
Textile mills and textile product mills	7,318	7,208	7,265	5,559	52
Apparel manufacturing	d	d	d	d	d
Leather and allied product manufacturing	d	d	d	d	d
Wood product manufacturing	7,086	6,988	7,447	5,836	-360
Paper manufacturing	24,970	24,277	24,293	19,273	677
Printing and related support activities	3,310	2,906	3,271	2,189	39
Petroleum and coal products manufacturing	685,022	673,099	679,102	613,715	5,920
Chemical manufacturing	310,511	291,146	289,833	187,046	20,678
Plastics and rubber products manufacturing	59,347	57,792	58,400	43,144	946
Nonmetallic mineral product manufacturing	45,558	44,011	47,648	32,011	-2,091
Primary metal manufacturing	92,599	90,974	94,478	80,057	-1,879
Fabricated metal product manufacturing	46,602	45,338	45,303	32,189	1,299
Machinery manufacturing	143,269	136,130	139,175	100,181	4,094
Computer and electronic product manufacturing	118,560	114,125	116,905	74,113	1,655
Electrical equipment, appliance, and component manufacturing	38,707	37,655	37,619	26,329	1,088
Transportation equipment manufacturing	338,210	322,768	341,008	267,649	-2,798
Furniture and related product manufacturing	2,851	2,822	2,790	1,995	61
Miscellaneous manufacturing	d	d	d	d	d
Wholesale and retail trade	1,283,820	1,253,956	1,264,394	1,042,473	19,426
Wholesale trade	1,118,496	1,092,143	1,102,492	925,826	16,004
Wholesale trade, durable goods	621,477	606,809	616,592	512,635	4,885
Wholesale trade, nondurable goods	496,655	484,979	485,506	412,886	11,149
Wholesale electronic markets and agents and brokers	* 364	* 355	* 394	* 305	* -30
Retail trade	165,325	161,813	161,903	116,646	3,422
Motor vehicle dealers and parts dealers	6,494	6,253	6,451	5,469	44
Furniture and home furnishings stores	6,486	6,293	6,486	3,880	0
Electronics and appliance stores	5,592	5,568	5,489	4,065	102
Building material and garden equipment and supplies dealers	* 616	* 614	* 641	* 480	* -25
Food, beverage and liquor stores	80,261	79,074	78,454	58,790	1,806
Health and personal care stores	6,624	6,487	6,488	3,029	136
Gasoline stations	* 20,368	* 20,178	* 20,183	* 18,013	* 185
Clothing and clothing accessories stores	22,736	21,768	21,602	10,539	1,134
Sporting goods, hobby, book, and music stores	1,159	1,086	1,235	656	-76
General merchandise stores	* 913	* 895	* 917	* 552	* -3
Miscellaneous store retailers	1,866	1,489	1,833	921	33
Nonstore retailers	12,209	12,108	12,124	10,253	86

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
Transportation and warehousing	68,058	64,106	68,087	26,589	-29
Air, rail, and water transportation	13,228	13,033	13,189	4,222	39
Truck transportation	4,864	4,759	4,957	2,912	-94
Transit and ground passenger transportation	6,829	6,410	6,747	1,012	82
Pipeline transportation	* 1,121	* 655	* 1,299	* 252	* -178
Other transportation and support activities	39,503	36,903	39,418	17,622	85
Warehousing and storage	2,514	2,347	2,477	569	36
Information	103,781	95,515	102,475	39,592	1,306
Publishing industries	30,749	29,020	29,526	8,581	1,223
Motion picture and sound recording industries	12,126	9,012	12,227	4,869	-101
Broadcasting (except Internet)	1,078	890	969	246	109
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	44,174	42,350	44,735	20,515	-561
Data processing, hosting, and related services	2,732	2,496	2,477	338	255
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	12,921	11,747	12,541	5,043	381
Finance and insurance	446,255	280,767	432,361	157,952	13,894
Credit intermediation	25,320	11,547	21,432	325	3,888
Depository credit intermediation	11,603	1,530	9,482	0	2,121
Nondepository credit intermediation	13,717	10,017	11,949	325	1,767
Securities, commodity contracts, and other financial investments and related activities	93,813	34,899	93,772	308	41
Insurance carriers and related activities	320,373	234,306	314,361	157,320	6,012
Funds, trusts, and other financial vehicles	6,749	15	2,796	0	3,953
Real estate and rental and leasing	28,531	18,881	29,291	2,656	-760
Real estate	16,866	8,711	16,384	320	482
Rental and leasing services	10,960	9,509	12,330	2,318	-1,370
Lessors of nonfinancial intangible assets (except copyrighted works)	* 705	* 661	* 577	* 18	* 128
Professional, scientific, and technical services	142,578	135,327	139,903	45,408	2,675
Management of companies (holding companies)	78,012	12,945	72,226	188	5,786
Administrative and support and waste management and remediation services	49,787	48,011	49,059	19,767	728
Administrative and support services	45,133	43,457	44,447	19,136	687
Waste management and remediation services	* 4,654	* 4,554	* 4,612	* 632	* 41
Educational services	2,445	2,349	2,394	647	51
Health care and social assistance	14,454	13,502	13,756	4,834	697
Offices of health practitioners and outpatient care centers	* 7,517	* 7,117	* 6,910	* 3,472	* 607
Miscellaneous health care and social assistance	4,899	4,775	4,872	1,081	27
Hospitals, nursing, and residential care facilities	2,038	1,610	1,975	281	63
Arts, entertainment, and recreation	6,497	5,697	7,123	1,364	-626
Amusement, gambling, and recreation industries	4,230	3,868	4,749	908	-519
Other arts, entertainment, and recreation	2,267	1,829	2,374	457	-107
Accommodation and food services	33,751	27,910	33,164	13,011	587
Accommodation	6,840	4,511	6,918	646	-78
Food services and drinking places	26,910	23,399	26,246	12,365	664
Other services	6,078	5,660	5,655	2,778	423
Repair and maintenance	4,182	3,914	4,031	2,535	150
Personal and laundry services	1,896	1,746	1,623	243	272

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(11)	(12)	(13)	(14)	(15)	(16)
All industries	**79,803**	**166,514**	**-86,710**	**130,503**	**46,252**	**35,705**
Agriculture, forestry, fishing, and hunting	-554	270	-824	183	63	49
Agricultural production	-561	254	-815	167	58	44
Forestry and logging	* 7	* 11	* -4	* 11	* 4	d
Support activities and fishing, hunting, and trapping	* [1]	* 5	* -6	* 5	* 2	d
Mining	965	11,103	-10,137	9,762	3,558	1,635
Utilities	-3,087	506	-3,593	415	145	d
Construction	-549	1,058	-1,607	565	205	171
Construction of buildings	130	690	-560	325	121	104
Heavy and civil engineering construction	-420	234	-654	157	56	43
Specialty trade contractors	-259	134	-393	83	28	24
Manufacturing	37,874	63,687	-25,812	54,160	19,038	14,437
Food manufacturing	2,260	3,077	-817	2,893	1,013	960
Beverage and tobacco product manufacturing	1,751	1,871	-120	1,843	645	604
Textile mills and textile product mills	58	251	-193	197	68	64
Apparel manufacturing	d	d	d	d	d	d
Leather and allied product manufacturing	d	d	d	d	d	d
Wood product manufacturing	-360	82	-442	68	23	23
Paper manufacturing	683	909	-226	301	114	95
Printing and related support activities	39	115	-76	101	35	d
Petroleum and coal products manufacturing	7,128	9,975	-2,846	9,657	3,431	972
Chemical manufacturing	21,197	22,502	-1,305	20,436	7,165	6,365
Plastics and rubber products manufacturing	1,098	1,623	-525	1,306	470	319
Nonmetallic mineral product manufacturing	-2,050	880	-2,930	531	192	169
Primary metal manufacturing	-1,833	1,891	-3,725	1,429	503	434
Fabricated metal product manufacturing	1,366	1,966	-600	1,622	567	518
Machinery manufacturing	4,369	6,459	-2,090	5,730	1,992	1,667
Computer and electronic product manufacturing	1,896	4,153	-2,256	2,361	829	673
Electrical equipment, appliance, and component manufacturing	1,422	1,788	-367	1,252	437	274
Transportation equipment manufacturing	-2,709	3,861	-6,569	2,492	878	714
Furniture and related product manufacturing	61	* 98	* -37	* 86	* 30	* 29
Miscellaneous manufacturing	d	d	d	d	d	d
Wholesale and retail trade	19,956	30,967	-11,011	25,170	8,912	7,513
Wholesale trade	16,523	26,092	-9,569	20,878	7,410	6,069
Wholesale trade, durable goods	5,096	11,779	-6,682	9,335	3,257	2,621
Wholesale trade, nondurable goods	11,457	14,308	-2,851	11,541	4,152	3,447
Wholesale electronic markets and agents and brokers	* -30	* 5	* -35	* 2	* 1	* 1
Retail trade	3,433	4,875	-1,442	4,293	1,501	1,444
Motor vehicle dealers and parts dealers	44	64	-20	54	18	17
Furniture and home furnishings stores	0	* 111	* -111	* 105	* 36	* 34
Electronics and appliance stores	102	* 163	* -60	* 155	* 54	* 52
Building material and garden equipment and supplies dealers	* -25	* 2	* -27	* 1	* 0	* 0
Food, beverage and liquor stores	1,808	d	d	d	d	d
Health and personal care stores	141	* 210	* -69	* 169	* 59	* 47
Gasoline stations	* 185	d	d	d	d	d
Clothing and clothing accessories stores	1,138	1,611	-473	1,319	463	451
Sporting goods, hobby, book, and music stores	-76	d	d	d	d	d
General merchandise stores	* -3	d	d	d	d	d
Miscellaneous store retailers	33	97	-64	95	* 32	* 32
Nonstore retailers	86	179	-93	83	28	27

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
					Before credits	After credits
	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing	-4	1,265	-1,269	915	318	283
Air, rail, and water transportation	39	* 206	* -167	* 189	* 66	* 51
Truck transportation	-94	* 36	* -130	* 29	* 10	* 10
Transit and ground passenger transportation	82	d	d	d	d	d
Pipeline transportation	* -178	d	d	d	d	d
Other transportation and support activities	109	739	-630	567	195	177
Warehousing and storage	36	127	-91	76	* 27	d
Information	1,500	4,377	-2,876	2,801	993	885
Publishing industries	1,275	1,792	-517	1,381	485	404
Motion picture and sound recording industries	25	775	-750	142	49	47
Broadcasting (except Internet)	109	* 156	* -47	* 88	* 32	* 31
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	-558	569	-1,126	208	85	76
Data processing, hosting, and related services	266	* 337	* -71	* 326	* 114	* 111
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	383	749	-365	657	229	216
Finance and insurance	13,259	24,756	-11,497	13,172	4,832	4,136
Credit intermediation	3,742	4,365	-623	2,144	753	549
Depository credit intermediation	2,074	2,136	-61	1,350	473	d
Nondepository credit intermediation	1,668	2,230	-562	794	280	d
Securities, commodity contracts, and other financial investments and related activities	164	5,273	-5,110	3,607	1,320	1,121
Insurance carriers and related activities	5,400	10,598	-5,198	7,032	2,622	2,333
Funds, trusts, and other financial vehicles	3,953	4,520	-567	389	137	134
Real estate and rental and leasing	-777	3,589	-4,366	1,493	530	484
Real estate	481	3,236	-2,755	1,280	456	422
Rental and leasing services	-1,386	206	-1,592	111	38	38
Lessors of nonfinancial intangible assets (except copyrighted works)	* 128	* 147	* -19	* 102	* 36	* 23
Professional, scientific, and technical services	3,004	7,038	-4,034	5,525	1,926	1,514
Management of companies (holding companies)	6,033	13,509	-7,476	12,797	4,500	3,568
Administrative and support and waste management and remediation services	814	1,285	-471	833	291	199
Administrative and support services	773	1,238	-465	833	291	d
Waste management and remediation services	* 41	* 47	* -6	* 0	* 0	d
Educational services	54	135	-81	116	40	34
Health care and social assistance	697	897	-200	755	265	250
Offices of health practitioners and outpatient care centers	* 607	* 641	* -34	* 628	* 220	d
Miscellaneous health care and social assistance	27	d	d	d	d	d
Hospitals, nursing, and residential care facilities	63	d	d	d	d	d
Arts, entertainment, and recreation	-612	182	-794	150	47	45
Amusement, gambling, and recreation industries	-505	* 46	* -551	* 29	* 9	* 8
Other arts, entertainment, and recreation	-107	136	-243	121	38	37
Accommodation and food services	750	1,257	-507	1,144	399	210
Accommodation	-78	203	-281	118	41	38
Food services and drinking places	827	1,053	-226	1,026	358	172
Other services	479	633	-154	547	190	160
Repair and maintenance	151	220	-69	157	53	50
Personal and laundry services	328	* 413	* -85	* 390	* 136	* 110

* 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.
[1] Value is between -$500,000 and $500,000.
NOTE: Detail may not add to totals because of rounding.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011

[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	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
All foreign-controlled domestic corporations	**76,793**	**33,358**	**24,121**	**11,732,552**	**2,435,171**
AGE OF CORPORATION					
Old corporations:					
Number or amount	57,625	27,316	19,265	10,913,427	2,248,573
Percentage of all corporations	75.0	81.9	79.9	93.0	92.3
New corporations:					
Number or amount	19,169	6,042	4,856	819,125	186,598
Percentage of all corporations	25.0	18.1	20.1	7.0	7.7
SELECTED COUNTRY OF FOREIGN OWNER					
Selected countries, total	68,132	30,692	22,431	11,664,930	2,413,805
Percentage of all countries	88.7	92.0	93.0	99.4	99.1
Selected countries:					
Argentina	1,516	237	236	1,254	502
Australia	1,712	954	931	157,385	35,567
Austria	640	390	318	13,426	4,556
Belgium	392	282	171	48,369	20,966
Bermuda	702	205	126	140,350	42,625
Brazil	1,185	673	604	32,059	8,304
British Virgin Islands [1]	3,602	542	339	33,032	7,614
Canada	10,621	4,489	3,748	1,317,084	276,753
Cayman Islands	2,227	657	583	104,203	46,812
China	2,445	588	329	37,832	3,177
China (Taiwan)	875	440	253	17,363	5,487
Cyprus	166	36	19	6,883	1,574
Denmark	408	215	203	22,092	6,997
Finland	121	83	75	19,903	9,359
Former Soviet Union [2]	458	309	d	11,870	2,574
France [3]	2,126	1,326	521	1,016,376	310,806
Germany	4,610	2,673	1,829	1,444,819	290,288
Hong Kong	791	399	322	21,617	2,739
Hungary	80	21	19	11,273	1,077
India	1,866	1,052	630	25,088	4,162
Ireland	594	256	233	135,763	44,818
Isles of Man, Jersey, and Guernsey	371	141	116	28,765	8,208
Israel	1,272	611	469	58,123	15,236
Italy	2,111	809	477	65,946	28,139
Japan	6,178	2,801	2,278	1,024,148	247,226
Liechtenstein	240	67	48	4,356	1,429
Luxembourg	478	223	198	85,850	25,978
Mexico	3,381	1,553	1,268	55,033	27,214
Netherlands	1,652	892	519	1,098,005	167,580
New Zealand	97	69	63	27,548	6,979
Norway	362	183	133	45,388	11,032

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

[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	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
Panama	1,475	521	207	6,795	3,822
Puerto Rico	42	21	d	10,802	1,523
Saudi Arabia	100	32	15	9,865	5,477
Singapore	322	75	71	35,534	22,161
South Korea, Republic of	1,439	872	363	70,138	18,268
Spain	1,678	861	814	226,312	55,857
Sweden	607	314	254	71,232	12,735
Switzerland	1,885	1,161	646	1,471,565	115,864
United Kingdom	6,064	3,084	2,526	2,630,026	508,844
Venezuela	1,241	575	462	21,458	3,476

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
All foreign-controlled domestic corporations	**4,586,774**	**4,203,240**	**4,511,644**	**3,099,807**	**75,129**
AGE OF CORPORATION					
Old corporations:					
Number or amount	4,382,334	4,018,640	4,307,166	2,970,348	75,168
Percentage of all corporations	95.5	95.6	95.5	95.8	100.1
New corporations:					
Number or amount	204,440	184,600	204,478	129,459	-38
Percentage of all corporations	4.5	4.4	4.5	4.2	-0.1
SELECTED COUNTRY OF FOREIGN OWNER					
Selected countries, total	4,543,850	4,162,795	4,467,741	3,070,737	76,109
Percentage of all countries	99.1	99.0	99.0	99.1	101.3
Selected countries:					
Argentina	1,068	1,059	1,140	828	-72
Australia	62,667	55,772	62,884	31,040	-217
Austria	21,269	20,856	20,876	16,079	392
Belgium	44,224	42,841	42,424	30,291	1,799
Bermuda	52,143	48,141	52,091	27,522	52
Brazil	39,791	38,971	40,164	35,950	-373
British Virgin Islands [1]	27,576	25,783	27,491	17,439	85
Canada	393,600	345,924	388,782	249,933	4,817
Cayman Islands	45,266	39,160	46,108	23,273	-842
China	23,472	22,757	23,938	20,189	-466
China (Taiwan)	40,372	40,024	39,868	36,556	504
Cyprus	9,922	9,796	9,945	8,896	-22
Denmark	28,014	26,825	27,093	18,636	921
Finland	17,043	15,762	16,621	12,002	422
Former Soviet Union [2]	10,023	9,666	12,471	8,807	-2,448
France [3]	288,069	241,238	276,752	163,722	11,317
Germany	449,694	407,948	443,168	284,279	6,526
Hong Kong	15,301	14,906	15,579	12,688	-277
Hungary	12,161	11,783	11,782	9,185	378
India	31,743	31,254	31,422	19,852	321
Ireland	49,246	43,941	49,297	26,254	-51
Isles of Man, Jersey, and Guernsey	17,115	16,020	15,995	8,691	1,120
Israel	40,022	38,393	39,333	30,558	689
Italy	52,615	50,923	52,078	32,938	538
Japan	662,759	633,175	651,290	497,021	11,469
Liechtenstein	7,027	6,918	6,868	5,301	158
Luxembourg	57,494	54,530	58,831	40,119	-1,337
Mexico	51,499	49,631	49,781	37,666	1,719
Netherlands	322,748	290,415	318,512	197,158	4,235
New Zealand	13,040	12,717	12,744	10,095	296
Norway	23,478	22,981	24,192	17,797	-715

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
Panama	3,516	3,337	3,503	2,560	13
Puerto Rico	928	395	1,271	112	-343
Saudi Arabia	10,801	11,592	11,718	10,675	-917
Singapore	16,829	16,716	16,892	11,759	-63
South Korea, Republic of	125,960	123,655	126,945	110,528	-985
Spain	45,766	34,330	44,425	22,977	1,342
Sweden	66,193	64,176	64,522	48,678	1,672
Switzerland	338,899	302,677	327,206	198,098	11,693
United Kingdom	978,165	889,859	955,993	690,904	22,173
Venezuela	46,332	45,948	45,746	43,681	586

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations	**79,803**	**166,514**	**-86,710**	**130,503**	**46,252**	**35,705**
AGE OF CORPORATION						
Old corporations:						
Number or amount	79,443	155,033	-75,589	121,705	43,170	33,043
Percentage of all corporations	99.5	93.1	87.2	93.3	93.3	92.5
New corporations:						
Number or amount	360	11,481	-11,121	8,798	3,082	2,663
Percentage of all corporations	0.5	6.9	12.8	6.7	6.7	7.5
SELECTED COUNTRY OF FOREIGN OWNER						
Selected countries, total	80,679	164,543	-83,862	129,029	45,736	35,239
Percentage of all countries	101.1	98.8	96.7	98.9	98.9	98.7
Selected countries:						
Argentina	-72	38	-110	38	11	11
Australia	-170	3,373	-3,544	2,322	847	302
Austria	393	642	-249	583	202	196
Belgium	1,845	2,083	-238	1,699	605	580
Bermuda	-170	2,419	-2,589	2,094	785	410
Brazil	-355	1,172	-1,527	1,152	400	392
British Virgin Islands [1]	97	1,325	-1,227	968	338	330
Canada	4,807	16,525	-11,719	11,102	4,071	3,434
Cayman Islands	-795	3,935	-4,730	2,737	960	763
China	-452	537	-989	409	140	108
China (Taiwan)	503	835	-331	714	249	200
Cyprus	-22	178	-200	149	52	47
Denmark	1,014	1,299	-285	1,171	409	321
Finland	434	523	-89	405	143	125
Former Soviet Union [2]	-2,442	126	-2,568	99	34	d
France [3]	11,956	16,897	-4,942	11,577	4,174	3,461
Germany	6,932	16,010	-9,078	11,965	4,191	3,635
Hong Kong	-273	179	-452	102	36	35
Hungary	457	505	-48	499	174	145
India	329	1,145	-816	694	242	225
Ireland	6	1,468	-1,462	1,111	392	293
Isles of Man, Jersey, and Guernsey	1,138	1,513	-376	1,162	407	275
Israel	714	1,382	-667	1,070	374	324
Italy	637	2,168	-1,531	1,705	600	510
Japan	11,860	19,704	-7,843	15,175	5,328	4,066
Liechtenstein	158	200	-42	166	58	57
Luxembourg	-1,236	1,249	-2,484	876	316	226
Mexico	1,927	3,246	-1,319	3,139	1,098	443
Netherlands	4,657	9,080	-4,423	6,378	2,248	1,939
New Zealand	296	347	-51	43	20	14
Norway	-713	260	-973	220	76	69

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
					Before credits	After credits
	(11)	(12)	(13)	(14)	(15)	(16)
Panama	7	127	-120	90	32	24
Puerto Rico	-345	16	-361	1	[4]	d
Saudi Arabia	-917	14	-931	7	3	3
Singapore	-61	378	-439	285	99	96
South Korea, Republic of	-973	1,629	-2,602	953	358	319
Spain	1,230	2,589	-1,359	2,033	712	573
Sweden	1,849	2,299	-450	1,934	681	497
Switzerland	11,907	16,141	-4,234	14,090	4,942	4,472
United Kingdom	23,936	30,309	-6,373	27,462	9,654	6,016
Venezuela	586	678	-91	650	275	274

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

[1] Includes domestic corporations with owners from Tortola, Anegada, Jost Van Dykes, and Virgin Gorda.

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

[3] Includes domestic corporations with owners from Corsica.

[4] Less than $500,000.

NOTES: "New" corporations were those with dates of incorporation between 2009 and 2012; "old" corporations were those with dates of incorporation prior to 2009 or with unknown dates of incorporation. Countries shown in this table were those in which one or more of the following were present: (a) at least 1,000 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.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.