

SOI BULLETIN



Department of the Treasury
Internal Revenue Service

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Statistics of Income

SOI BULLETIN

Department of the Treasury
Internal Revenue Service

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The SOI Bulletin provides the earliest published annual financial statistics from various types of tax and information returns filed with the Internal Revenue Service. It also includes information from periodic or special analytical studies of particular interest to tax administrators. In addition, historical data are provided for selected types of taxpayers, as well as the gross internal revenue collections and other tax-related items.

Information on the availability of additional unpublished data concerning the topics in this issue may be obtained by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, DC 20224.

In addition, special Statistics of Income tabulations based on income tax returns can be produced upon request on a reimbursable basis. Requests for this service should be addressed to the Director, Statistics of Income Division, at the address shown above.

Overall policy review of the SOI Bulletin was conducted by the Office of Tax Analysis, under the direction of Thomas Neubig. For this issue, those assisting in the review were Len Burman, Mordecai S. Feinberg, Marcia D. Field, Daniel Frisch, Jon Hakken, and Barbara Rollinson. Robert A. Wilson and Bettye Jamerson of the Statistics of Income Division were the technical editors and were assisted by Clementine Brittain who provided editorial assistance and did the copy preparation.

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Articles in Preparation for Upcoming Issues

- Individual Income Tax Returns, Preliminary Data, 1985
- Corporation Income Tax Returns, Preliminary Data, 1984
- Controlled Foreign Corporations by Country, 1982
- Private Activity Tax-Exempt Bonds, 1985
- Individual Income Tax Rates, 1984
- Private Foundations, 1983

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NEW STATISTICAL SERVICES

(Available from Statistics of Income Division)

As part of the Statistics of Income program a series of new services is now being offered (see below). Detailed information on these statistical services can be obtained by writing to Director, Statistics of Income Division (D:R:S), Internal Revenue Service, 1111 Constitution Avenue, N.W., Washington, D.C. 20224. Purchase is by check made payable to the IRS Accounting Section.

Studies of International Income and Taxes, Publication 1267 – Price \$45.00

Purchase price includes a 516-page document for 1979-83 that presents information from 13 Statistics of Income studies in the international area, including:

- Foreign activity of U.S. corporations
- Activity of foreign corporations in the U.S.
- Foreign interests in U.S. corporations
- Statistics related to individuals, trusts, and estates
- Data presented by-- geographical area or industrial activity, as well as other classifiers

Purchasers of this service also will be provided with additional information for one year as it becomes available. The one year period for receiving additional information can be extended at a cost of \$35.00 per year. A long-term subscription (\$150) includes the compendium and additional information as it becomes available through August 1990. (The next compendium is scheduled for release in September 1990.)

Individual Income Tax Returns, Publication 1304 — Price \$30.00

Purchase price includes a 135-page document for 1984 presenting Statistics of Income data and tables on:

- Sources of Income
- Exemptions
- Itemized deductions
- Tax Computations
- Data presented by -- size of adjusted gross income, marital status

Purchasers of this service also will be provided with additional articles relating to 1984 data and preliminary 1985 data as they become available and will be notified of future statistical releases relating to individual income tax returns.

Partnership Returns, Publication 369 — Price \$22.00

Purchase price includes a 314-page document for 1978-82 presenting previously unpublished Statistics of Income data for 1980, 1981 and 1982, as well as data previously issued in other publications. Features include:

- Number of partnerships
- Limited partnerships
- Receipts
- Cost of sales and operations
- Deductions
- Net income
- Capital gains
- Data presented by -- industry size of total assets state number of partners

Purchasers of this service also will be provided with data for 1983 and 1984 as they become available and will also be notified of future statistical releases relating to partnership returns.

Other Services – Price dependent on the request

- Unpublished tabulations from SOI program are available. Includes detailed tables underlying those published in SOI Bulletin.
- Special tabulations produced to user specifications.
- Public use tape files, including the Individual Tax Model (1978-1984), among others. (Earlier files are available from the Machine-Readable Branch (NNSR) of the National Archives, Washington, DC 20408)

BUSINESS SOURCE BOOKS

(Available from Statistics of Income Division)

In addition to the Corporation Source Book, two others are now being offered by the Statistics of Income Division (see below). Information can be obtained by writing to Director, Statistics of Income Division (D:R:S) at the address above. Purchase of Source Books should be made at time of request by check payable to the IRS Accounting Section.

Corporation Source Book, 1983, Publication 1053 - Price \$175.00

This is a 480-page document that presents detailed income statement, balance sheet, tax and investment credit items by major and minor industries and size of total assets. This report is part of an annual series and can be purchased for \$175 (years prior to 1982 at \$150). A magnetic tape containing the tabular statistics for 1983 can be purchased for \$1,500.

Partnership Source Book, Publication 1289 - Price \$30.00

This is a 291-page document showing key partnership data for 1957 through 1983, at the minor, major and division industry level. Includes a historical definition of terms section and a summary of legislative changes affecting partnerships during that period. Tables feature:

- | | | |
|--------------------------|-------------------------|------------------------|
| • Number of partnerships | • Depreciation | • Payroll |
| • Number of partners | • Taxes paid deductions | • Payments to partners |
| • Business receipts | • Interest paid | • Net income |

Purchasers of this service also will be advised of the release of subsequent years' data. A magnetic tape containing the tabular statistics can be purchased for an additional \$200.

Sole Proprietorship Source Book - In preparation

This Source Book is a companion to that for partnerships, shown above. It is expected to be available later in 1986. Included will be data on:

- | | | |
|------------------------|-------------------------|--------------|
| • Number of businesses | • Depreciation | • Payroll |
| • Business receipts | • Taxes paid deductions | • Net income |
| • Interest paid | | |

As with Partnerships, a magnetic tape will also be available.

OTHER PUBLICATIONS

(Available from Superintendent of Documents GPO, Washington, D.C. 20402)

The Statistics of Income (SOI) Bulletin (Quarterly), Publication 1136

Subscription price \$20.00; Single copy price \$5.50

The SOI Bulletin provides the earliest published financial statistics from the various types of tax and information returns filed with the Internal Revenue Service. The Bulletin also includes information from periodic or special analytical studies of particular interest to tax administrators and economists.

Statistics of Income - 1983, Corporation Income Tax Returns, Publication 16

Presents information on --

- | | | | |
|--------------|------------------|---------------------------|-----------------------------|
| • Receipts | • Taxable income | • Distributions to stock- | Data classified by-- |
| • Deductions | • Income tax | holders | |
| • Net income | • Tax credits | • Assets | |
| | | • Liabilities | |
| | | | |
| | | | • industry |
| | | | • accounting period |
| | | | • size of total assets |
| | | | • size of business receipts |

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For 1982, U.S. corporations claiming a foreign tax credit received more income from the United Kingdom (\$10.2 billion) than any other country. Also, interest replaced dividends as the most common type of foreign-source income received from other than foreign branches. Large multinational corporations, once again, dominated the foreign income and tax statistics.	
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By Corman G. Franklin	
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Corrections to Summer 1986 Issue

Individual Income Tax Returns for 1985: Selected Characteristics
from the Taxpayer Usage Study

The following table is a substitute for the Table 15 previously published in the above issue (page 19).

Table 15.--Form 1040 Returns: Number With and Without Itemized Deductions, by Size of Adjusted Gross Income

[All figures are estimates based on samples--numbers of returns are in thousands and amounts are in millions]

Number by size of itemized deductions	Total	Number of returns by size of adjusted gross income							
		Under \$5,000 ^{1/}	\$5,000 under \$10,000	\$10,000 under \$15,000	\$15,000 under \$20,000	\$20,000 under \$30,000	\$30,000 under \$50,000	\$50,000 under \$100,000	\$100,000 or more
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Form 1040 returns, total....	60,677	5,490	6,476	6,732	6,776	12,204	15,731	6,271	997
With itemized deductions:									
Number of returns.....	36,017	493	1,261	2,286	3,137	8,365	13,573	5,930	973
Amount.....	227,203	4,203	3,786	6,929	10,505	30,689	76,606	65,031	29,454
Number of returns by size of itemized deductions:									
\$1 under \$500.....	1,708	*46	224	270	261	538	325	*38	*5
\$500 under \$1,000.....	2,291	*50	178	329	376	777	514	*62	*5
\$1,000 under \$1,500.....	2,480	*45	130	267	347	878	702	111	-
\$1,500 under \$2,000.....	2,403	*26	159	195	322	822	809	70	-
\$2,000 under \$3,500.....	6,340	99	242	567	801	1,992	2,261	372	*5
\$3,500 under \$5,000.....	5,150	79	120	264	444	1,275	2,422	547	-
\$5,000 under \$7,500.....	6,304	*50	111	210	328	1,287	3,180	1,083	*54
\$7,500 under \$10,000.....	3,401	*40	*36	111	104	463	1,634	990	*24
\$10,000 under \$15,000.....	3,211	*30	*30	*53	87	216	1,328	1,277	190
\$15,000 under \$25,000.....	1,859	*16	*32	*15	*60	109	347	1,036	245
\$25,000 under \$50,000.....	731	*8	-	*4	*6	*9	*46	326	331
\$50,000 or more.....	140	*5	-	-	-	-	*4	*18	113
Without itemized deductions.....	24,660	4,997	5,215	4,446	3,639	3,839	2,158	341	*24

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

^{1/}Includes returns with no adjusted gross income.

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

Statistics of Income Studies of International Income and Taxes

By Daniel F. Skelly and James R. Hobbs*

The Statistics of Income Division of the Internal Revenue Service regularly conducts studies of international income and taxes. Historically, the main users of these studies have been the Office of Tax Analysis in the Office of the Secretary of the Treasury, and the Congressional Joint Committee on Taxation. Increasingly, however, interest in this area has been evidenced by other government agencies, universities, trade associations, corporate tax departments and private citizens. To meet the growing demand, the Statistics of Income Division recently initiated a new statistical service that will routinely provide data from the sixteen studies now being conducted in the international area. The main purpose of this article is to discuss the content and timing of each of these sixteen studies.

The Statistics of Income Division plans and conducts international studies in two broadly-defined areas. These areas are foreign investment and activity abroad by U.S. "persons" and, conversely, investment and activity in the United States by foreign "persons" [1,2]. Table 1 provides information on the cycling of the studies and shows population and sample estimates for each projected study. Specific descriptions of the studies in each area are provided below.

Foreign Investment and Activity Abroad by U.S. Persons. -- This area includes the following studies: Corporation Foreign Tax Credit, Foreign Corporation Information Returns, Domestic International Sales Corporations, Interest Charge Domestic International Sales Corporations, Foreign Sales Corporations, U.S. Possessions Corporations, International Boycott Participation, Individual Foreign Tax Credit, Individual Income Earned Abroad, Excluded Income from U.S. Possessions, and Foreign Trusts. (Seven of these studies either have been, or will be, used for Treasury Department reports to Congress that are mandated by law [3].)

Investment and Activity in the United States by Foreign Persons. -- This area includes the following studies: Foreign

Corporations with Income Derived from U.S. Sources, U.S. Corporations with 50 Percent or More Ownership by a Foreign Entity, Nonresident Alien Income and Tax Withheld, Nonresident Alien Estates, and Sales of U.S. Real Property Interests by Foreign Persons.

FOREIGN INVESTMENT AND ACTIVITY ABROAD BY U.S. PERSONS

This broad area consists of eleven studies. It includes the foreign activities of U.S. corporations, as well as the activities of foreign corporations controlled by U.S. corporations. For purposes of this article, U.S. corporations deriving most of their income from U.S. possessions are also included in this grouping. Other studies cover both domestic and foreign corporations that were created under legislation aimed at increasing U.S. exports. Finally, certain studies in this group focus on the foreign activities of all U.S. persons (corporations, individuals, etc.).

International operations of U.S. corporations have grown to the point that overseas income contributes substantially to U.S. corporate worldwide income; indeed, foreign investments now account for a sizable portion of total investment by U.S. corporations. According to Department of Commerce data, foreign direct investment by U.S. firms during the period of 1977 to 1983 increased 55 percent (from \$146.0 billion to \$226.1 billion, as measured in current dollars) [4].

Corporation Foreign Tax Credit

The general philosophy of the foreign tax credit, despite its numerous changes over time, has remained basically the same. Domestic corporations are subject to U.S. tax on their worldwide income. When part of that income is earned in foreign countries, the income may also be subject to tax in that country. In order to prevent double taxation of the same income, U.S. law permits corporations to claim a credit, thereby reducing their U.S. income tax for the taxes paid to the foreign country [5]. In effect, the corporation pays tax at

*Chiefs, Foreign Statistics Branch and Foreign Returns Analysis Section, respectively.

the higher of the U.S. tax rate or the overall foreign country tax rate on its foreign-source income.

The corporation foreign tax credit statistics are designed to show the effects of specific provisions of the Internal Revenue Code on the income and taxes of corporations. The statistics show the country of origin of the foreign income and taxes which generate the credit. Also shown is the industry of the corporation claiming the credit. In general, the data are classified not only by country, industry, and type of foreign income, but also by size of total assets of the domestic corporation, and by ratios of foreign source taxable income to U.S. taxable income, total foreign taxes to taxable foreign income, and U.S. income tax to worldwide taxable income. The most detailed statistics currently available are for Tax Year 1982. These data are summarized in Figure A. Less detailed information is also available for the period 1925-83 (see Figure C).

One indicator showing the activity of American corporations in foreign markets is the amount of "foreign source taxable income" reported by corporations claiming a foreign tax credit on their tax returns. This foreign taxable income primarily consists of profits earned by their "branches" in foreign countries, and dividends distributed to U.S. corporations by their subsidiary foreign corporations. It also includes other income received from foreign sources such as rentals, royalties, interest, and compensation for services performed.

The foreign source taxable income of corporations with foreign tax credits rose from \$3.6 billion in 1961 to \$59.5 billion in 1982. During the same period, the total worldwide taxable income (which is the basis for computing U.S. tax liability) reported by these corporations also increased, from \$22.9 billion to \$107.2 billion.

Using the amount of taxable income reported by domestic corporations that claimed a foreign tax credit, a percentage of the portion that foreign source taxable income contributed to the total taxable income can be derived [6]. That percentage is plotted for certain years in Figure B. It reveals that the percentage increased from 15.7 percent for 1961 to 55.5 percent for 1982, indicating the overall growing importance of the foreign activity of domestic corporations.

Figure C shows the growth of the foreign tax credit claimed by corporations during the past 58 years. The early eighties, unlike the sixties and seventies, began with a decline in the amount of foreign tax credit claimed. The decline for 1980 through 1982 in the credit resulted, in part, from the foreign nationalization of certain oil interests in the Middle East. This nationalization resulted in the deduction of substantial foreign income taxes in lieu of the crediting of these taxes because use of the tax credit for certain new foreign taxes was not allowed. In addition, the climate of nationalization generally brought with it a diminished role of U.S. corporations in the oil-related activities of Middle East countries. When coupled with

Figure A.--Corporation Returns with Foreign Tax Credit and Supporting Forms 1118 Credit Computation Schedule, by Size of Total Assets, 1982

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

Size of total assets	Number of returns	Income subject to U.S. tax		Foreign taxes paid <u>2/</u>	U.S. income tax before credits	Foreign tax credit claimed
		Total	Foreign source taxable income <u>1/</u>			
	(1)	(2)	(3)	(4)	(5)	(6)
All returns, total	4,931	\$107,140	\$59,482	\$22,795	\$48,642	\$18,932
Zero under \$250,000,000	4,190	8,998	2,423	798	4,023	720
\$250,000,000 under \$1,000,000,000 ..	329	11,772	3,480	1,119	5,366	1,054
\$1,000,000,000 or more	412	86,371	53,579	20,879	39,253	17,158

1/ Represents foreign source taxable income before loss recapture.

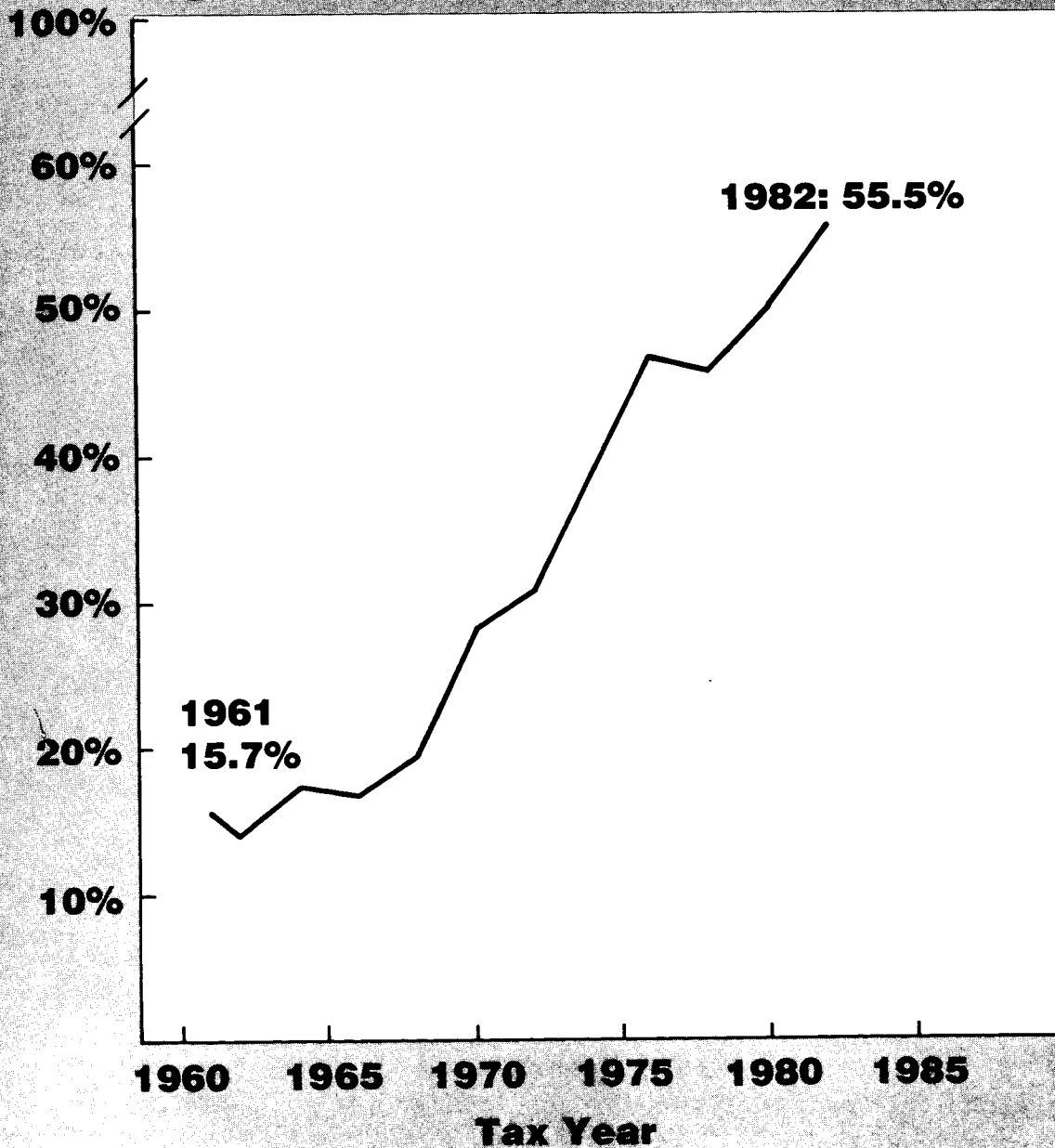
2/ Represents foreign taxes paid or accrued and deemed paid.

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

Figure B.

Corporation Returns with Foreign Tax Credits: Foreign Source Taxable Income as a Percentage of Worldwide Taxable Income, 1961-1982

Percentage



generally lower corporate profits in the early eighties, which produced generally lower U.S. income taxes against which to apply foreign tax credits, the resulting total foreign tax credit claimed fell to less than \$20 billion for both 1982 and 1983.

Figure C.--Growth of the Corporation Foreign Tax Credit, 1925-1983

[For most years, figures are estimates based on samples--money amounts are in millions of dollars]

Tax year	Foreign tax credit claimed
1925	\$ 20
1930	29
1935	32
1940	58
1945	96
1950	464
1955	959
1960	1,224
1965	2,616
1970	4,549
1972	6,315
1974	20,753
1976	23,579
1978	26,357
1980	24,880
1981	21,829
1982	18,932
1983	19,951

NOTE: Year-to-year comparability is affected by changes in the law.

The foreign tax credit studies are conducted for even tax years, based on returns included in the same samples used for the Statistics of Income (SOI) corporate program. For Tax Years 1984, 1988, and 1990, foreign tax credit data will be compiled only by country from Forms 1118 (the foreign tax credit computation schedule) included with returns filed by "giant" corporations [7]. (These so-called "giants" reported total assets of \$250 million or more for 1984. The defining limitation will be raised to \$1 billion for giant corporations for 1988 and 1990.) In addition, for these years, summary totals (i.e., without country detail) for "non-giant" corporations will be compiled for all of the returns in the SOI corporate sample with foreign tax credits. For Tax Years 1986 and 1992, foreign tax credit data will be compiled by country for every corporation in the SOI corporate sample with a foreign tax credit. Data on the expected sample and population sizes for the foreign tax credit studies are shown in Table 1 of this

article. As shown in that table, the 1984 sample will consist of approximately 2,400 corporation returns from an expected population of 4,900. These 2,400 returns are comprised of all "giant" returns (900) and a sample (1,500 out of 4,000) of all other corporation returns claiming a foreign tax credit.

Foreign Corporation Information Returns

Information Returns with Respect to Foreign Corporations (Forms 5471) are required to be attached to the income tax returns of U.S. persons, for each foreign corporation in which a person has an "interest." These foreign corporations are frequently established by domestic corporations in order to engage in foreign business activities [8].

The 1984 study, which is in progress, will include data from all Forms 5471 attached to U.S. corporation income tax returns with total assets of \$250 million or more. While most of these forms will be filed for "Controlled" Foreign Corporations (CFC's), the 1984 study will include data on other foreign corporations in which a U.S. corporation had a relatively small amount of ownership, such as only 5 percent of the outstanding stock of the foreign corporation. A Controlled Foreign Corporation is a foreign corporation in which more than 50 percent of the total combined voting power of all classes of stock is owned (directly, indirectly, or constructively) by U.S. shareholders.

Previous studies included only data for CFC's that reported information on Form 2952, Information Return With Respect to a Controlled Foreign Corporation, attached to U.S. corporation returns. With the replacement of Form 2952 with Form 5471, the content of the 1984 study is being expanded to include detail for complete income statements and balance sheets for all foreign corporations, a summary of Subpart F income for Controlled Foreign Corporations, and undistributed income and taxable dividends paid by Foreign Personal Holding Companies [9,10]. The data from similar studies have traditionally been used by the Office of the Secretary of the Treasury to determine the location of investments and sources of income abroad through investment in foreign corporations and to estimate the impact of various U.S. tax proposals regarding the deferral of tax on earnings and profits from investments abroad by U.S. corporations.

The most current available statistics are for Tax Year 1982 and are limited to foreign corporations controlled by U.S. corporations with \$250 million or more in total assets [11]. These data are summarized in Figure D, which shows that CFC's were predominantly engaged in manufacturing, trade, financial, and service activities. Manufacturing CFC's led all other industries in both numbers and

Figure D.--Returns of U.S. Corporations with Total Assets of \$250 Million or More: Number of Controlled Foreign Corporations (CFC's) and CFC Total Assets and Earnings and Profits, by CFC Industrial Division, 1982

[Money amounts are in millions of dollars]

CFC industrial division	Number of Controlled Foreign Corporations	Total assets	Current earnings and profits (less deficit) before taxes
	(1)	(2)	(3)
All industries, total.....	26,993	\$557,209	\$36,696
Agriculture, forestry and fishing.....	174	702	10
Mining.....	792	26,356	4,764
Construction.....	358	5,891	636
Manufacturing.....	7,682	215,671	18,602
Transportation and public utilities.....	730	20,506	529
Wholesale and retail trade.....	4,861	83,027	3,791
Finance, insurance and real estate.....	3,667	179,497	6,249
Services.....	2,655	21,903	2,110
Nature of business not allocable.....	288	187	6
Inactive.....	5,786	3,470	-

assets; however, their relative importance has declined because of the more rapid growth of financial corporations in recent years.

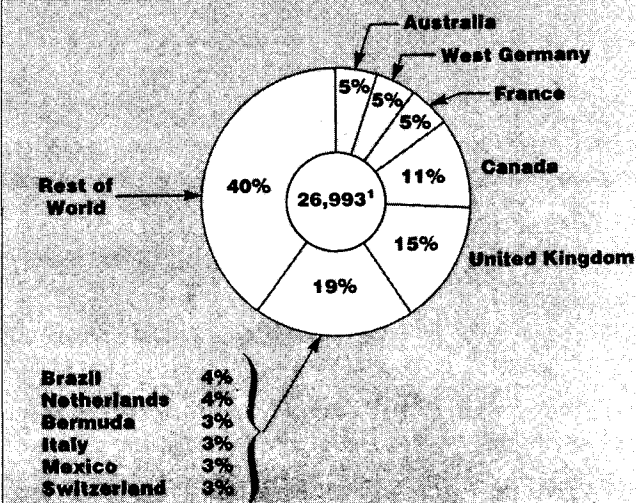
Figure E shows the geographic locale of incorporation of Controlled Foreign Corporations. It should be pointed out that some corporations are incorporated in one country while conducting business in one or more other countries; however, the statistics indicate that over 90 percent of them conduct their business in the same country in which they were organized. The countries shown in Figure E represent the most prevalent countries where domestic corporations establish foreign operations via incorporation. The United Kingdom and Canada are the favorite locations of American companies in terms of CFC incorporations. Collectively, these companies accounted for more than one-fourth of the total number and nearly one-third of the total assets of all CFC's in the 1982 study.

Figure F presents selected historical information on the entire population of foreign corporations controlled by U.S. corporations. While the number of CFC's nearly tripled between 1962 and 1980, their activity as measured by assets, and by receipts and earnings in current dollars, increased at an even faster rate.

Future Foreign Corporation Information Returns studies will be conducted for even tax years. The studies for Tax Years 1984, 1988, and 1990 will be limited to those foreign corporations for which information is included

in "giant" U.S. corporation returns (i.e., returns of U.S. corporations with total assets of \$250 million or more). For Tax Years 1986 and 1992, foreign corporation data will be included from all returns ("non-giants" as well as "giants") in the SOI corporate sample. As shown in the sample and population estimates in Table 1, the 1984 study will encompass 1,100 U.S. parent corporation returns with 32,000 foreign corporations.

Figure E.
Distribution of Controlled Foreign
Corporations in the World, 1982



¹Represents Controlled Foreign Corporations included in returns of U.S. corporations with total assets of \$250 million or more.
NOTE: Deficit may not add to total because of rounding.

Figure F.--Growth of Controlled Foreign Corporations, 1962-1980

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

Tax year	Number of Controlled Foreign Corporations	Total assets	Business receipts	Current earnings and profits (less losses) before taxes
	(1)	(2)	(3)	(4)
1962	12,073	\$ 46,102 ^{1/}	\$ 49,859	\$ 4,181
1972	29,221	167,830	172,407	16,943
1980	35,471	508,032	699,003	47,622

^{1/} Estimated.

NOTE: Data for all Controlled Foreign Corporations are not available for 1982.

Domestic International Sales Corporations

The Domestic International Sales Corporation (DISC) was a special type of corporation established by the Revenue Act of 1971. The purpose of this legislation was to provide a system of tax deferral and thereby stimulate U.S. exports. The profits of a DISC were not taxed to the DISC itself, but instead were taxed to the stockholders when distributed or deemed distributed. Stockholders of DISC's (typically other U.S. corporations) were deemed to receive annually a portion of the DISC's earnings and profits. U.S. income taxation was deferred indefinitely, for the most part, on the remainder of the DISC's earnings and profits.

The number of DISC returns, DISC taxable income, and amounts deemed distributed from 1972 to 1983 are presented in Figure G. The difference between the amount of DISC taxable income and the amount deemed distributed out of that taxable income for each year represents the amount of DISC income that could be deferred indefinitely from U.S. income taxation.

Figure H shows a comparison of DISC exports to total U.S. exports for the period 1973 through 1983 [12]. As might be expected, total exports and DISC exports have moved in the same direction over this period of time.

The DISC tax provisions were a point of contention between the United States and other signatory countries of the General Agreement on Tariffs and Trade. The Deficit Reduction Act of 1984, therefore, ended corporations operating and filing tax returns as Domestic International Sales Corporations. It closed every

Figure G.--Number of DISC Returns, DISC Taxable Income, and Amounts Deemed Distributed, 1972-1983 ^{1/}

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

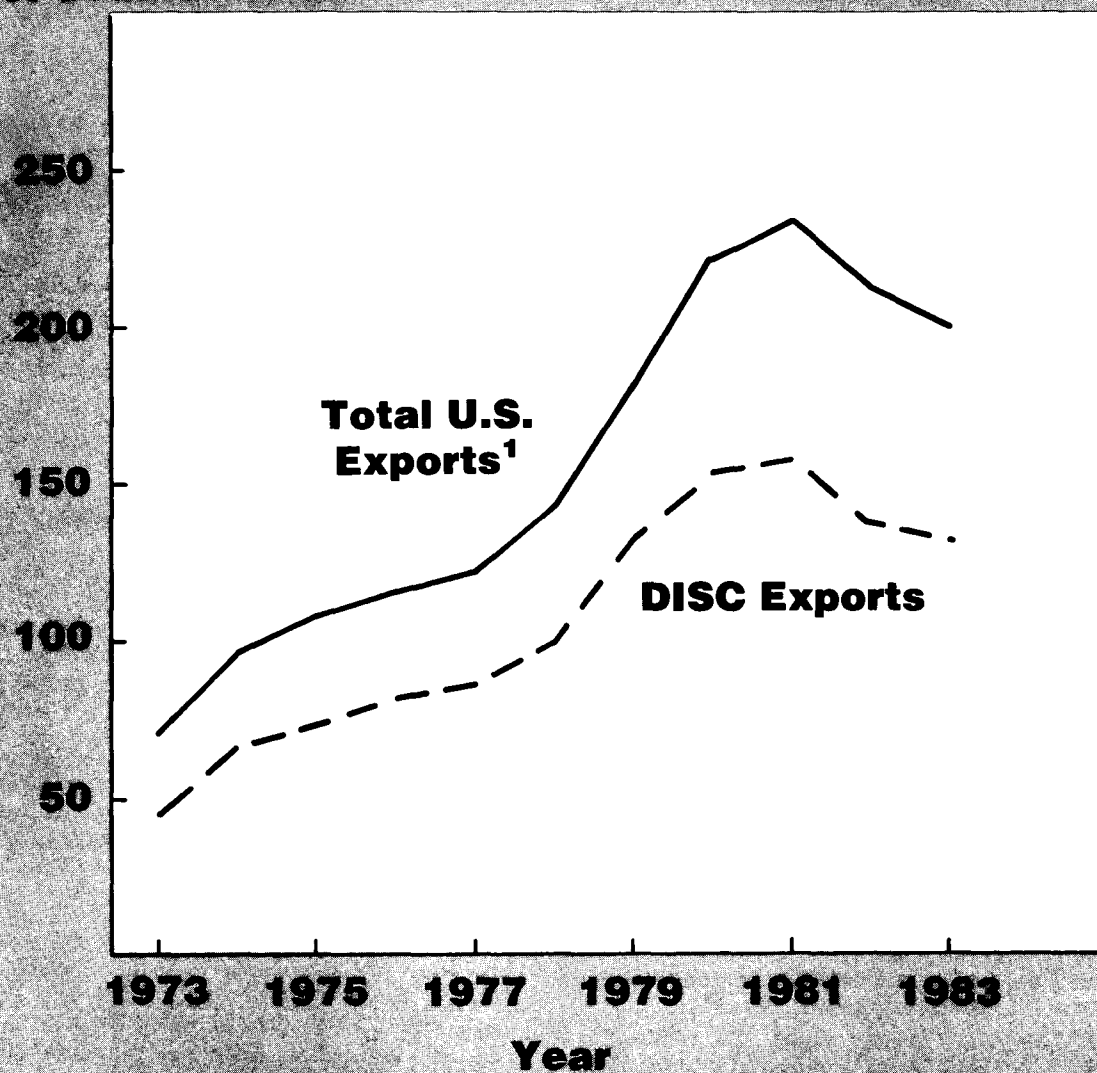
Tax year	Number of returns	DISC taxable income	Amount deemed distributed ^{2/}
	(1)	(2)	(3)
1972 ^{1/} ..	2,826	\$ 1,566	\$ 776
1973.....	4,162	3,149	1,579
1974.....	5,498	4,783	2,416
1975.....	6,431	4,772	2,420
1976.....	6,911	5,071	3,499
1977.....	6,665	5,234	3,715
1978.....	7,208	6,427	4,360
1979.....	7,933	8,461	5,397
1980.....	8,665	9,875	6,270
1981.....	9,408	10,952	7,187
1982.....	9,663	10,156	7,080
1983.....	9,898	10,082	7,692

^{1/} Tax year refers to accounting periods ended between July of one year and June of the following year. However, for 1972, the effective date of the legislation was January 1, 1972; therefore, they include only part-year accounting periods for some corporations.

^{2/} Estimates include small amounts of distributions considered received by stockholders from prior years' DISC taxable income.

NOTE: DISC means Domestic International Sales Corporation.

Figure H.

**DISC Exports vs Total U.S. Exports,
1973-1983****Billions
of dollars**

¹Source: U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT990, monthly.

NOTE: DISC means Domestic International Sales Corporation.

DISC tax year by December 31, 1984. As a result, the series of studies of DISC returns conducted by the SOI Division since 1972 culminates with DISC returns for accounting periods ending during the 6-month period, July 1984 through December 1984.

Interest Charge Domestic International Sales Corporations and Foreign Sales Corporations

While the Deficit Reduction Act of 1984 terminated the existence of Domestic International Sales Corporations after 1984, it allowed for two new tax entities, the Foreign Sales Corporation (FSC) and the Interest Charge Domestic International Sales Corporation (IC-DISC) to replace the old DISC.

The Foreign Sales Corporation study will largely consist of newly-formed foreign subsidiaries of former owners of large DISC's. An FSC is a corporation that has elected to be an FSC and is incorporated in a qualifying foreign country or U.S. possession (except Puerto Rico). FSC's receive U.S. tax benefits on a portion of their foreign trade income. The amount of this income excluded from taxation is determined by the type of pricing method used and the percentage of corporate ownership. The study will show FSC income, deductions, foreign trade income, tax and balance sheet items. These data will be classified by industry, country of incorporation, size of total assets, type of pricing rules, and other classifiers.

The Form 1120-IC-DISC is an information return filed by a domestic corporation that has elected IC-DISC status and meets certain other requirements. Two of the requirements are that a minimum of 95 percent of its gross receipts be "qualified export receipts" and that at least 95 percent of its assets be "qualified export assets." Corporations electing IC-DISC status and meeting all IC-DISC requirements are generally not subject to U.S. income tax. However, shareholders of an IC-DISC are taxed on a portion of the IC-DISC's income when it is deemed to be or actually is distributed and they are assessed an interest charge on the tax-deferred income. Corporations electing IC-DISC status are generally small exporters, as the tax law requires that all income from export receipts in excess of \$10 million be fully taxable to the IC-DISC shareholder(s).

In addition to basic corporate data, additional data unique to the Form 1120-IC-DISC will also be compiled. Such data will include the amount and nature of export gross receipts and the amount of tax-deferred IC-DISC income. These data will be classified by industry of the IC-DISC, product or service of the IC-DISC, size of corporate shareholder assets, type of pricing rules, and other classifiers.

The IC-DISC and FSC statistics are new for 1985 and will be compiled annually. The FSC population is currently estimated at 4,000 with a sample of 1,700. The corresponding population and sample estimates for IC-DISC's are 2,500 and 600, respectively. (See Table 1.) The FSC and IC-DISC samples are included in the complete sample of returns for each corporate program.

U.S. Possessions Corporations

A U.S. possessions corporation is a domestic corporation that elects to be treated as a possessions corporation by filing a Form 5712, Election to be Treated as a Possession Corporation. In general, this type of corporation is usually a subsidiary of another U.S. corporation. To qualify, the possessions corporation must derive 80 percent or more of its gross income from sources within a U.S. possession and 65 percent or more of its gross income from the active conduct of a trade or business within a U.S. possession. Corporations which meet these requirements for a period of 3 years (the current- and 2-preceding years) are allowed a credit against their U.S. tax liability for that portion of the U.S. tax liability attributable to income derived from U.S. possessions.

All of the information reported on Form 5735, Computation of Possessions Corporation Tax Credit, and selected information reported on Schedule P (Form 5735), Allocation of Income and Expenses Under Section 936(h)(5), is captured for this study. This information includes gross income from the current- and 2-preceding taxable years, applicable deductions and loss adjustments for the current year, and the computation of the possessions tax credit. Also included are data items relating to the allocation of income and expenses from intangible property between possessions corporations and their U.S. affiliates. Selected Form 1120, U.S. Corporation Income Tax Return, and Form 940, Employer's Annual Federal Unemployment Tax Return, data are also included in this study. Form 940 data provide employment and payroll information related to U.S. possessions corporations. The possessions study is based on all returns with elections for treatment as possessions corporations. This study is conducted on a biennial basis for odd-numbered tax years. For 1985, nearly 700 returns are expected to be filed for U.S. possessions corporations.

The most recent data obtained by the Statistics of Income Division are for Tax Year 1982 and are summarized in Figure I. There were 544 returns for 1982 which claimed over \$2 billion of U.S. possessions tax credit (compared to 384 returns for 1976, the first year of the credit, with \$700 million of credit). The 15 return difference in Figure I

Figure I.--Selected Financial Data for Returns with a U.S. Possessions Corporation Tax Credit, 1982
[Money amounts are in millions of dollars]

Item	All returns with a credit	Possessions corporations with Form 5735 attached	
		Total	With operations in Puerto Rico
	(1)	(2)	(3)
Number of returns.....	544	529	522
Total assets.....	\$18,790	\$18,014	\$17,997
Retained earnings.....	13,666	12,995	12,986
Total receipts.....	14,067	13,478	13,458
Business receipts.....	13,045	12,504	12,486
Net income (less deficit).....	4,610	4,387	4,384
Total income tax.....	2,092	1,990	1,988
Possessions tax credit.....	2,056	1,954	1,953
Income tax after credits.....	35	35	35

NOTE: Form 5735 is entitled "Computation of Possessions Corporation Tax Credit Allowed Under Section 936."

represents those corporations that claimed the credit but did not file the supporting information on Forms 5735. Puerto Rico has been the primary beneficiary of the possessions corporation system of taxation. More than 98 percent of U.S. possessions corporations conducted business in Puerto Rico, which is considered to be a U.S. possession for purposes of the credit.

International Boycott Participation

The Tax Reform Act of 1976 instituted provisions of the Internal Revenue Code denying certain benefits to taxpayers who participate in, or cooperate with, an international boycott unsanctioned by the United States. U.S. taxpayers are required to report operations (direct and indirect) in or related to a boycotting country, or that are conducted with a government, a company, or a national of a country, that requests participation in, or cooperation with, an unsanctioned boycott. The term "operations" encompasses all forms of business and commercial transactions.

The affected tax benefits include the foreign tax credit, deferral of taxation of foreign subsidiaries, and deferral of taxation on earnings of a Domestic International Sales Corporation (DISC), each of which can be denied under the 1976 Act. The Deficit Reduction Act of 1984 provided that certain tax benefits to be afforded to Interest Charge Domestic International Sales Corporations and Foreign Sales Corporations (previously mentioned as DISC replacements beginning with 1985), also be

subject to the international boycott provisions. Therefore, the tax deferral benefit of a DISC is replaced by the deferral of taxation on certain income of an IC-DISC, beginning with 1985. The income of a FSC that can be exempt from taxation is also added (beginning with 1985) to the tax benefits affected by the international boycott provisions. (The foreign tax credit that can be claimed by a FSC is also subject to these provisions.)

Data from those boycott reports indicating a reduction of tax benefits due to boycott participation are produced annually, showing the number of reports and amount of reduced benefits. Additional information based on all boycott reports, with and without tax benefit reductions, is compiled on a 4-year cycle, with the Tax Year 1982 study being the most recently completed "full-scale" study. Tabulated data from the full-scale studies include information on the "person" that filed the boycott report, countries requesting the boycotts, countries in which boycotts are directed, the number and type of requests and agreements to participate in or cooperate with boycotts, and the computations of the reductions in tax benefits.

As shown in Figure J, a loss of tax benefits is reported on only a small portion of the total boycott reports filed. For 1982 and 1983, fewer than 100 reports out of 2,800 received each year included data on the loss of tax benefits resulting from agreements to boycott requests. (U.S. taxpayers do not agree to participate in, or cooperate with, all boycott requests made of them.)

Figure J.--Number of Boycott Reports, Requests, Agreements, and Tax Effects of International Boycott Participation, 1982 and 1983

[Money amounts are in thousands of dollars]

Item	1982	1983
ALL PERSONS		
Number of boycott reports....	2,822	2,789
Number of requests received..	16,824	n.a.
Number of agreements.....	5,809	n.a.
Number of returns indicating a negative tax effect.....	87	76
Reduction in foreign taxes eligible for a foreign tax credit 1/...	\$2,001	\$1,928
Reduction of foreign tax credit 2/.....	1,343	1,301
Subpart F boycott income.	4,073	6,047
DISC boycott income.....	1,093	1,030
CORPORATIONS (INCLUDING DISC'S)		
Number of boycott reports....	2,583	2,550
Number of requests received..	15,072	n.a.
Number of agreements.....	5,189	n.a.
Number of returns indicating a negative tax effect.....	87	76
Reduction in foreign taxes eligible for a foreign tax credit 1/...	\$2,001	\$1,928
Reduction of foreign tax credit 2/.....	1,343	1,301
Subpart F boycott income.	4,073	6,047
DISC boycott income.....	1,093	1,030
NUMBER OF BOYCOTT REPORTS FOR OTHER TYPES OF PERSONS		
Individuals.....	118	126
Partnerships.....	95	93
Trusts and others.....	26	19

n.a. - not available

1/ Represents the reduction in foreign taxes eligible for a foreign tax credit computed under the "specifically attributable taxes and income" method.

2/ Represents the reduction in foreign tax credit computed using the "international boycott factor" method.

NOTE: DISC means Domestic International Sales Corporation.

Individual Foreign Tax Credit

The United States imposes its income tax on the worldwide income of individual citizens and residents without regard to the geographic

source of that income. U.S. individual taxpayers, who also pay or accrue foreign taxes on their foreign source income, are eligible to use those taxes to claim a tax credit (or an itemized deduction) on their U.S. income tax returns. As in the case of corporations, the credit is generally more advantageous to the individual than a deduction because it results in a dollar-for-dollar reduction of U.S. tax liability. The credit is claimed on Form 1116, Computation of Foreign Tax Credit - Individual, attached to Form 1040, U.S. Individual Income Tax Return.

Figure K compares the number of returns and amount of foreign tax credit claimed for each year of the 13 years, 1972-1984. It also indicates that for the few years just prior to enactment of the Economic Recovery Tax Act of 1981 (ERTA), the vast majority of the credit was claimed by individuals in the upper income classes (adjusted gross income, AGI, of \$50,000 or more). However, ERTA lowered the maximum marginal tax rate from 70 percent to 50 percent and reduced the other marginal tax rates across-the-board by approximately 23 percent over a 3-year period (1982-1984). See the "Individual Income Earned Abroad" section of this article for an additional tax law change that resulted from ERTA. A consequence of the various provisions of ERTA was a decrease in the total amount of foreign tax credit claimed, in particular a sharp decrease in the amount claimed on those returns in the higher marginal tax brackets associated with an AGI of \$50,000 or more.

The last detailed statistics on the foreign tax credit claimed by individuals, for Tax Year 1979, indicate that ten countries accounted for \$823 million of the total \$842 million of foreign tax credit claimed by individuals. The next detailed statistics are currently being compiled for Tax Year 1983. They will contain data for each type of foreign source income by the country to which foreign taxes were paid or accrued. The study is conducted once every 4 years.

Individual Income Earned Abroad

As previously stated, U.S. citizens are generally taxed on their worldwide income regardless of the geographic source of that income; however, qualifying citizens with earned income (i.e., salaries, wages, commissions, and fees) for personal services performed in a foreign country were accorded certain tax advantages.

The Economic Recovery Tax Act of 1981 simplified the foreign earned income provisions. For Tax Year 1982, qualifying taxpayers were allowed to exclude up to \$75,000 in foreign earned income from their adjusted gross income. The maximum annual exclusion then

Figure K.--Foreign Tax Credit Claimed on Individual Income Tax Returns, 1972-1984

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

Tax year	All returns		Returns with Adjusted Gross Income of \$50,000 or more		
	Number	Foreign tax credit	Number	Foreign tax credit	Percent of total credit
	(1)	(2)	(3)	(4)	(5)
1972.....	202,440	\$ 221,387	48,875	\$ 137,312	62.0%
1973.....	223,127	255,286	48,861	135,265	53.0
1974.....	233,191	291,730	57,698	153,816	52.7
1975.....	231,078	345,928	60,043	168,926	48.8
1976.....	255,749	427,627	70,728	253,368	59.2
1977.....	240,874	451,033	70,529	248,766	55.2
1978.....	278,267	901,030	95,257	585,801	65.0
1979.....	287,508	842,176	107,778	627,128	74.5
1980.....	393,074	1,341,675	153,227	996,957	74.3
1981.....	387,680	1,233,564	169,887	1,019,780	82.7
1982.....	361,413	757,326	147,725	574,299	75.8
1983.....	373,360	617,749	147,453	488,432	79.1
1984.....	434,419	738,014	156,905	626,364	84.9

NOTE: Year-to-year comparability is affected by changes in the law.

increased by \$5,000 per year until Tax Year 1986, when the maximum exclusion is \$95,000. There is also an exclusion for "excess foreign housing costs." These exclusions are reported on Form 2555, Foreign Earned Income, attached to the Form 1040, U.S. Individual Income Tax Return.

The most recent study for which data are available is for Tax Year 1979. For this tax year, U.S. citizens with foreign earned income were allowed a deduction for excess foreign living expenses and an exclusion of income earned abroad while living in a hardship camp. (As previously explained, these tax benefits were replaced by the 1981 Act with a foreign earned income exclusion.) Figure L shows the number of Forms 2555 filed and total income earned abroad. This study is conducted on the same 4-year cycle as that for the Form 1116 (individual foreign tax credit) study. Statistics for Tax Year 1983 are currently being compiled.

Excluded Income from U.S. Possessions

A U.S. citizen who works as an employee or operates a business in certain U.S. possessions may qualify for an exclusion from gross income, as calculated for U.S. income tax purposes. The exclusion is for that income received from sources outside of the United States. When the exclusion is elected, that individual loses certain other tax benefits, such as the loss of dependent exemptions, a limitation on individual income tax deductions and denial of the

foreign tax credit. For this reason, the income exclusion is not always advantageous to qualifying individuals. A study of this income exclusion was last done for 1983. Another study is planned for 1987 and every 4 years thereafter. The statistics will show worldwide and excluded income from U.S. possessions as shown on Forms 4563, Exclusion of Income from Sources in U.S. Possessions, and selected data from related Forms 1040, U.S. Individual Income Tax Returns and from the attached Forms W-2, Wage and Tax Statements.

For Tax Year 1983, there were 134 U.S. citizens who elected to exclude \$3.3 million from their gross income for U.S. tax purposes. This excluded income was received from sources outside of the United States, with over 99 percent of it being derived from U.S. possessions. The individuals who qualified for the income exclusion either worked as employees or operated businesses in these possessions. Johnston Island was the principal location of economic activity for individuals electing the exclusion, accounting for 103 of the individuals and \$2.4 million of the excluded income.

Foreign Trusts

Foreign trusts which have U.S. "persons" as grantors, transferors, or beneficiaries are subject to U.S. tax laws. For purposes of this study, U.S. persons include citizens and residents of the United States, domestic corporations and partnerships, and estates and trusts. Information filed with the Internal

Figure L.--Adjusted Gross Income, Tax, and Income Earned Abroad, by Size of Adjusted Gross Income, 1979

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

Size of adjusted gross income	Number of Forms 2555	Adjusted gross income (less deficit)	Total U.S. income tax	Total income earned abroad
	(1)	(2)	(3)	(4)
All returns, total.....	119,430	\$3,859,092	\$516,996	\$4,527,210
No adjusted gross income.....	6,009	-7,869	-	81,372
\$1 under \$5,000.....	14,434	34,417	149	155,446
\$5,000 under \$10,000.....	13,975	106,678	3,614	196,925
\$10,000 under \$20,000.....	21,050	307,464	21,700	437,140
\$20,000 under \$30,000.....	16,661	413,114	41,734	526,701
\$30,000 under \$50,000.....	23,317	906,967	120,099	1,033,059
\$50,000 under \$100,000.....	18,371	1,248,003	173,072	1,338,827
\$100,000 under \$200,000.....	4,941	641,019	106,248	609,159
\$200,000 under \$500,000.....	623	164,783	35,002	128,082
\$500,000 or more.....	48	44,514	15,375	20,499
Taxable returns, total.....	80,721	3,364,590	516,996	3,651,818
Under \$10,000.....	9,559	71,347	3,763	132,382
\$10,000 under \$20,000.....	14,820	220,465	21,700	305,675
\$20,000 or more.....	56,342	3,072,779	491,533	3,213,762
Nontaxable returns, total...	38,709	494,501	-	875,392
Under \$10,000.....	24,859	61,879	-	301,361
\$10,000 under \$20,000.....	6,230	87,000	-	131,464
\$20,000 or more.....	7,620	345,622	-	442,565

NOTES: Form 2555 is entitled "Deduction from, or Exclusion of, Income Earned Abroad." Total income earned abroad is before the deduction for excess foreign living expenses and the exclusion of income earned abroad while living in a hardship area camp. Adjusted gross income (less deficit) is after the deduction, exclusion, and other adjustments to income. Detail may not add to total because of rounding.

Revenue Service on Forms 3520, Creation of, or Transfers to, Certain Foreign Trusts, and Forms 3520A, Annual Return of Foreign Trusts with U.S. Beneficiaries, is used for the statistics. This study, which is based on returns sampled at a 100-percent rate, was last conducted for 1982 and will be conducted on a 4-year cycle, i.e., again for Tax Years 1986 and 1990. There are between 350 and 400 Forms 3520 and an equal number of Forms 3520A in the population. Tabulations provide data showing the type of trust, type of person filing the return, country of residence of person filing, and country where trust was created. Also shown are the number and value of transfers,

assets, income, and year when the trust was created.

As shown in Figure M, transfers by U.S. persons of \$11.3 million in money and property were made to trusts located in foreign countries during 1982. There were 342 trusts reporting transfer activity. Most trusts were located in Canada (283) and were Registered Retirement Savings Plans (244). These Canadian retirement accounts were treated for Canadian income tax purposes in a manner similar to the Individual Retirement Arrangements used by U.S. taxpayers to defer taxation on current income set aside for retirement purposes.

Figure M.--Number of Trusts, With Total and Average Transfer Value, by Country Where Trust Was Created, 1980-1982

[Money amounts are in thousands of dollars]

Country where trust was created	1980			1981			1982		
	Number of trusts	Total transfer value	Average transfer value per trust	Number of trusts	Total transfer value	Average transfer value per trust	Number of trusts	Total transfer value	Average transfer value per trust
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Total.....	331	\$15,946	\$ 48	357	\$6,731	\$ 19	342	\$11,321	\$ 33
Canada.....	260	5,955	23	315	1,715	5	283	1,253	4
Cayman Islands.	27	5,152	191	16	2,860	179	8	1,513	189
Bermuda.....	14	2,407	172	4	76	19	8	639	80
United Kingdom.	1/	1/	1/	-	-	-	9	65	7
The Bahamas....	T/	T/	T/	-	-	-	11	5,247	477
Channel Islands	T6	74	5	11	963	88	6	421	70
Other countries	14	2,358	168	11	1,117	102	17	2,183	128

1/ Data were combined with "Other countries" to avoid disclosure of information about specific trusts.

INVESTMENT AND ACTIVITY IN THE UNITED STATES BY FOREIGN PERSONS

This broad area includes studies on foreign corporations with income derived from U.S. sources, domestic corporations with 50 percent or more ownership by a foreign entity, and nonresident alien income and tax withheld. Taken together, these studies show increases in the level of investment and activity in the United States. Two other studies are on nonresident alien estates and sales of U.S. real property interests by foreign persons.

Foreign Corporations with Income Derived From U.S. Sources

A foreign corporation is generally any corporation which is not "created or organized" in the United States or under the laws of the United States or any State. Foreign corporations that have income considered "effectively connected" with a U.S. trade or business or that receive income from U.S. investments must file U.S. income tax returns (i.e., Forms 1120F). SOI studies, which are done annually, cover only those returns which show income and deduction items "effectively connected" with U.S. trade or business activities. Some of these same returns, however, also contain amounts of investment income from U.S. sources. Foreign corporations are taxed on their "effectively connected" income in the

same general manner as domestic corporations [13]. However, their U.S. investment income is generally taxed at a 30-percent rate unless a lower tax rate had been set by a tax treaty between the United States and the country in which the foreign corporation was incorporated.

Figure N presents selected data from Form 1120F returns filed for Tax Year 1983 compared to 1972 and 1977. Foreign corporations with "effectively connected" income from U.S. sources increased during the period. These corporations were primarily engaged in banking and real estate activities.

U.S. Corporations with 50 Percent or More Ownership by a Foreign Entity

In addition to foreign corporations with income from sources in the United States described above, there are domestic corporations whose voting stock is 50 percent or more directly or indirectly owned by at least one foreign entity, such as a corporation. These foreign-owned domestic corporations could result from stock acquisitions by foreign entities, be newly-formed subsidiary corporations, or result from joint ventures between two or more corporations, at least one of which is a foreign corporation (to mention a few of the possibilities). These corporations are taxed by the United States in a manner similar to that of other domestic corporations [14].

Figure N.--Active Foreign Corporations with U.S. Business Operations, 1972-1983

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

Item	1972 (1)	1977 (2)	1983 (3)
Number of active foreign corporations with U.S. business operations, total.....	796	3,093	8,001
Total receipts.....	\$3,567	\$10,398	\$20,794
Business receipts.....	2,490	7,157	5,477
Interest.....	886	2,454	13,567
Dividends received from domestic corporations.....	85	53	65
Total deductions.....	3,379	10,572	21,882
Cost of sales and operations.....	1,687	4,476	3,723
Taxes paid.....	57	219	272
Interest paid.....	584	2,501	13,460
Depreciation.....	37	257	449
Net income (less deficit).....	161	-188	-1,118
Total income tax.....	77	124	469
Foreign tax credit.....	4	9	25

NOTE: Data exclude returns of foreign corporations whose only income was derived from U.S. investments (subject to U.S. withholding tax).

Data for these corporations are compiled annually, generally by the industry of the domestic corporation and by the country of the foreign owner. The data include income statements, balance sheets, tax items, and distributions to stockholders.

Figure 0 shows for two years the number of domestic corporations that indicated they were 50 percent or more owned by a foreign entity, together with selected financial data for them. From 1972 to 1983, the number of these corporations rose from 6,198 to 33,622. Their assets similarly rose from \$46.9 billion to \$530.3 billion, and the receipts they generated increased from \$50.8 billion to \$389.9 billion. For 1983, these corporations accounted for 5.2 percent and 5.5 percent of total assets and receipts, respectively, for all corporation income tax returns.

Nonresident Alien Income and Tax Withheld

In general, U.S. individuals or organizations paying income to nonresident aliens are subject to a U.S. withholding tax. A nonresident alien is an individual who is neither a U.S. citizen nor a resident of the United States. However, the term also includes corporations, estates,

Figure O.--Domestic Corporations Indicating 50 Percent or More Ownership by a Foreign Entity, 1972 and 1983

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

Item	1972	1983
Number of returns.....	6,198	33,622
Total assets.....	\$46,868	\$530,334
Total receipts.....	50,814	389,909
Business receipts.....	48,932	359,793
Interest received.....	752	17,590
Total deductions.....	49,496	387,981
Cost of sales and operations.....	37,613	271,373
Interest paid.....	1,071	22,255
Net income (less deficit)....	1,295	1,849
Total income tax before credits.....	741	4,849
Foreign tax credit.....	28	671
Total income tax after credits.....	658	3,419
Distributions to stockholders except in own stock.....	568	4,327

and trusts that are created outside of the United States. The tax liability is withheld by the U.S. payor or by its representative, usually a financial institution. Forms 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code, are filed each year by domestic tax withholding agents. The Form 1042S provides information on the gross income paid to nonresident aliens and the tax withheld at the source on such income. The form also provides information on the type of income paid (e.g., dividend, interest, royalty, or personal services), applicable withholding rate, type of recipient (e.g., individual, corporation, or a nominee), and the recipient's country of legal residence.

U.S. payers are generally subject to a 30-percent withholding tax on dividends, interest, and certain other income paid to nonresident aliens. However, the withholding tax rate may be reduced (even to zero) if the country of the nonresident alien has an Income Tax Convention (tax treaty) with the United States [15].

Each annual study includes all Form 1042S returns filed with the Internal Revenue Service. Most payments go to individuals, although the size of the payments are substantially less than those made to corporations. As one might expect, dividends and interest represent the majority of income paid. Figure P shows gross income paid and tax withheld

Figure P.--Number of Forms 1042S, Tax Withheld, and Income Paid to Nonresident Aliens, by Selected Country of Recipient, 1984

[Money amounts are in thousands of dollars]

Selected country	Number of Forms 1042S	Tax withheld	Income paid			
			Total	Interest	Dividends	Rents and royalties
	(1)	(2)	(3)	(4)	(5)	(6)
All countries, total....	780,708	\$969,553	\$17,106,632	\$10,035,675	\$5,617,707	\$899,426
United Kingdom.....	136,555	178,172	3,091,489	1,560,455	1,308,979	144,309
Netherlands Antilles.....	3,257	18,844	2,812,549	2,619,895	115,981	62,090
Netherlands.....	9,919	66,137	1,918,889	995,643	865,187	39,645
Canada.....	310,976	124,055	1,814,713	842,381	715,657	130,400
Switzerland.....	23,904	141,565	1,450,913	463,715	909,130	55,332
Japan.....	12,264	130,418	1,393,545	886,476	280,717	165,819
Germany.....	46,638	42,398	963,166	539,477	287,934	88,437
Belgium.....	12,264	16,896	826,995	746,165	53,115	14,242
France.....	18,565	60,396	819,180	251,052	430,028	116,488
Saudi Arabia.....	3,370	1,532	351,990	327,576	15,969	145

NOTE: Form 1042S is entitled "Income Subject to Withholding Under Chapter 3, Internal Revenue Code."

classified by country of recipient, for 1984. Starting with Tax Year 1985, Social Security Administration (SSA) and Railroad Retirement Board (RRB) payments made to nonresident aliens will be included in the statistics. The estimated number of additional Forms 1042S to be filed by SSA and RRB for 1985 was 240,000.

Nonresident Alien Estates

Forms 706NA, U.S. Nonresident Alien Estate Tax Returns, are filed for U.S. estates of decedents who at the time of death were neither residents nor citizens of the United States and for decedents who acquired U.S. citizenship solely in connection with a U.S. possession. The U.S. estates were valued above a certain limit, generally \$60,000, in order to be taxable. Statistics were recently compiled for the 169 nonresident alien estate tax returns with 1982 year of death. These estates had \$148 million of worldwide assets, of which 32 percent or \$47 million were assets located in the United States. Nonresident aliens from 36 countries left estates with large amounts of U.S. property. The net U.S. estate tax payable on the U.S. property was nearly \$4 million, or 8 percent of the value of the property.

The estimated population for the next study (for estates of 1986 decedents) is 225 returns. Tables will show data classified by country of residence at time of death and by size of the gross estate both in and outside the United States.

Sales of U.S. Real Property Interests by Foreign Persons

This new study will be conducted beginning with sales of U.S. real property interests in 1985 and will be continued annually thereafter. In general, a 10-percent withholding tax is imposed on the buyer or other transferee when a U.S. real property interest is acquired from a foreign person. This withholding is required under the Foreign Investment in Real Property Tax Act (FIRPTA). The Form 8288 is used to report and transmit the total amount withheld, while the Form 8288A is used to show the gain realized and tax withheld attributable to each foreign transferor of U.S. real property.

Each annual study is based on the population of Forms 8288 and 8288A filed. The estimated population for Form 8288 in 1985 is 3,050 and the estimated population for Form 8288A is 9,150. Data will be produced showing the total amount realized, total tax withheld, and the number of Forms 8288A filed, by the transferor's country of residence (and the tax treaty status of the country).

INTERNATIONAL STUDIES PRODUCTS

The Statistics of Income Division regularly produces articles for the quarterly Statistics of Income Bulletin that present statistics on topics in the international area. In the last year, articles have appeared on Nonresident

Alien Income and Tax Withheld, 1983; Corporate Foreign Tax Credit by Industry, 1982; and Controlled Foreign Corporations by Industry, 1982. Previously, articles also appeared on International Boycotts, 1976-1982; and Domestic International Sales Corporations, 1980. In the current issue, articles appear on Nonresident Alien Income and Tax Withheld, 1984; and Foreign Tax Credit by Country, 1982. Articles are now planned on Controlled Foreign Corporations by Country, 1982; U.S. Possessions Corporations, 1983; and Individual Foreign Income and Tax, 1983.

The first "compendium" on international studies was published by the Statistics of Income Division in September 1985. This compendium contains in one volume results from all of the recent studies conducted on international income and taxes. The majority of data presented are for Tax Years 1979 through 1983. The material selected for the compendium is comprised chiefly of articles and tables previously published in the Statistics of Income Bulletin and facsimiles of tax forms and instructions. Also included are research papers and previously unpublished articles and tables. This material is intended as a reference source for statisticians, economists and other researchers with interests and responsibilities in the international area; however, the articles are designed so that readers unfamiliar with these studies can also gain an understanding of them.

The international compendium represents only a sampling of the statistical information that might be of value to practitioners and researchers. Although public use microdata files are not now available, research efforts are underway to investigate whether they can be released in the future. This research will determine whether the microdata can be included in the files in such a way that the identity of individual taxpayers is protected. Unpublished or special tabulations from SOI studies, edited to protect taxpayer's confidentiality, are also available on a cost-reimbursable basis. Requests for these tabulations should be addressed to the Director, Statistics of Income Division, D:R:S, Internal Revenue Service, 1111 Constitution Ave., NW, Washington, DC 20224.

INTERNATIONAL INCOME AND TAXATION STATISTICAL SERVICE

The Statistics of Income Division has introduced a new statistical service relating to international income and taxes. This service was introduced in response to numerous requests for more detailed and previously unpublished information on our international studies.

Subscribers to this service will receive a copy of the report, Compendium of Studies of International Income and Taxes, 1979-1983 (Publication 1267), described above, and updated data (as it becomes available) on the studies mentioned in this article.

The price of the service is \$45.00 for the first year. The one-year period for receiving additional information can be extended at a cost of \$35.00 for each additional year. A long-term subscription (\$150.00) includes Publication 1267 and additional information as it becomes available through August 1990. The next compendium is scheduled for release in September 1990.

FOOTNOTES

- [1] These two areas are meant to be very broad in nature. Specific descriptions of each study are provided later in this article.
- [2] The term "persons" includes individuals, corporations, trusts, estates, partnerships, and associations.
- [3] The Congressionally-mandated reports are U.S. Possessions Corporations; International Boycott Participation Reports; Individual Foreign Tax Credit and Individual Income Earned Abroad (combined for one report); and Foreign Sales Corporations and Interest Charge Domestic International Sales Corporations (which will be combined for a report that will replace the existing reports on Domestic International Sales Corporations). These reports are prepared by the Office of Tax Analysis and issued by the Office of the Secretary of the Treasury.
- [4] U.S. Department of Commerce, Bureau of Economic Analysis, Survey of Current Business, November 1984, Vol. 64, No. 11, pp. 24-27.
- [5] U.S. corporations may deduct foreign taxes rather than claim a credit for them. However, corporations almost always benefit more by crediting the foreign taxes.
- [6] An extensive description of total taxable income is available under the heading "Income Subject to Tax," in Statistics of Income -- 1982, Corporation Income Tax Returns, pp. 76-77.
- [7] Returns of giant corporations are selected at a rate of 100 percent for the

corporate studies. These corporations account for the largest part of the totals included in the foreign tax credit studies. For instance, for 1982, giant corporations accounted for 96 percent of both foreign-source taxable income and foreign tax credit claimed by all corporations which had a foreign tax credit.

- [8] Beginning with accounting periods starting in 1985, Forms 5471 will include the new Foreign Sales Corporations. See the separate discussion on these corporations in this article.
- [9] Under Subpart F provisions of the Internal Revenue Service Code (section 952), the United States taxes U.S. shareholders of Controlled Foreign Corporations on certain types of income that, although undistributed to them, were deemed to have been distributed (and were thereby taxable, generally at the same rate(s) as dividends).
- [10] A Foreign Personal Holding Company generally derives at least 60 percent of its gross income from interest, dividends, rents, royalties, annuities, gains from stock and commodity transactions, and personal service contracts. In addition, over 50 percent of its outstanding stock is directly or indirectly owned by five or less U.S. citizens or residents.
- [11] Foreign corporations controlled by U.S. corporations with \$250 million or more in total assets generally account for the largest part of the CFC statistics. For instance, for 1980, CFC's owned by these "giant" U.S. corporations accounted for the major portion of total assets (94 percent) and business receipts (93 percent) of CFC's owned by all U.S. corporations.
- [12] The total U.S. export statistics come from the U.S. Department of Commerce, Bureau of the Census, Highlights of U.S. Export and Import Trade, FT 990, monthly.
- [13] Foreign corporations with income derived from U.S. sources are included in the sample used for the SOI corporate program.
- [14] Domestic corporations with 50 percent or more ownership by a foreign entity are included in the sample used for the SOI corporate program.
- [15] If income paid to nonresident aliens is considered "effectively connected" with the conduct of a trade or business within the United States, then the tax rate applicable to the income is substantially the same as that for U.S. residents.

Table 1.--International Statistical Programs: Measures of Population and Sample

Study	Tax Year								
	1984	1985	1986	1987	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Corporation Foreign Tax Credit:									
Form 1120 Population	4,900	4,950	5,000	5,050	5,100	5,150	5,200	5,250	5,300
Form 1120 Sample	2,400	N/A	2,400	N/A	2,200	N/A	2,200	N/A	2,400
Foreign Corporation Information Returns:									
Population:									
Form 1120	5,100	5,175	5,250	5,325	5,400	5,475	5,550	5,575	5,650
Form 5471	45,000	46,000	47,000	48,000	48,000	49,000	49,000	50,000	50,000
Sample:									
Form 1120	1,100	N/A	4,000	N/A	1,000	N/A	1,000	N/A	4,050
Form 5471	32,000	N/A	40,000	N/A	30,500	N/A	30,500	N/A	41,000
Domestic International Sales Corporations, Form 1120-DISC:									
Population	10,900 ¹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sample	2,200 ¹	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Interest Charge Domestic International Sales Corporations, Form 1120-IC-DISC:									
Population	1,750 ²	2,500	2,560	2,620	2,680	2,740	2,800	2,860	2,920
Sample	1,750 ²	600	615	625	640	650	665	680	690
Foreign Sales Corporations, Form 1120-FSC:									
Population	2,850 ²	4,000	4,100	4,200	4,300	4,400	4,500	4,600	4,700
Sample	2,850 ²	1,700	1,725	1,750	1,775	1,800	1,825	1,850	1,875
U.S. Possessions Corporations, Form 5735:									
Population	700	700	720	720	720	740	740	740	760
Sample	N/A	700	N/A	720	N/A	740	N/A	740	N/A
Employer's Annual Federal Unemployment Tax Return for U.S. Possessions Corporations, Form 940:									
Population	700	700	720	720	720	740	740	740	760
Sample	N/A	700	N/A	720	N/A	740	N/A	740	N/A
International Boycott Participation Report, Form 5713:									
Population	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Sample	3,000 ³	3,000 ³	3,000	3,000 ³	3,000 ³	3,000 ³	3,000	3,000 ³	3,000 ³
Individual Foreign Tax Credit, Form 1116:									
Population	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000	400,000
Sample	N/A	N/A	N/A	13,000	N/A	N/A	N/A	13,000	N/A
Individual Income Earned Abroad, Form 2555:									
Population	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000	150,000
Sample	N/A	N/A	N/A	7,000	N/A	N/A	N/A	7,000	N/A

Footnotes at end of table.

Table 1.--International Statistical Programs: Measures of Population and Sample--Continued

Study	Tax Year								
	1984	1985	1986	1987	1988	1989	1990	1991	1992
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Excluded Income from U.S. Possessions, Forms 1040 and 4563:									
Population	140	150	160	170	180	190	200	210	220
Sample	N/A	N/A	N/A	170	N/A	N/A	N/A	210	N/A
Creation of, or Transfers to, Certain Foreign Trusts, Forms 3520 and 3520A:									
Population ⁴	370	380	390	400	410	420	430	440	450
Sample ⁴	N/A	N/A	390	N/A	N/A	N/A	430	N/A	N/A
Foreign Corporations with Income Derived from U.S. Sources, Form 1120F:									
Population	12,000	13,000	14,000	15,000	16,000	17,000	18,000	19,000	20,000
Sample	3,000	3,250	3,500	3,750	4,000	4,250	4,500	4,750	5,000
U.S. Corporations with 50 Percent or More Ownership by a Foreign Entity, Form 1120:									
Population	40,000	44,000	48,000	52,000	56,000	60,000	64,000	68,000	72,000
Sample	3,000	3,300	3,600	3,900	4,200	4,500	4,800	5,100	5,400
Nonresident Alien Income and Tax Withheld, Form 1042S:									
Population	780,000	1,020,000	1,020,000	1,025,000	1,025,000	1,030,000	1,030,000	1,035,000	1,035,000
Sample	780,000	1,020,000	1,020,000	1,025,000	1,025,000	1,030,000	1,030,000	1,035,000	1,035,000
Nonresident Alien Estates, Form 706NA:									
Population	200	225	225	250	250	250	275	275	275
Sample	N/A	N/A	225	N/A	N/A	N/A	275	N/A	N/A
Sales of U.S. Real Property Interests by Foreign Persons, Forms 8288 and 8288A:									
Population:									
Form 8288	N/A	3,050	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Form 8288A	N/A	9,150	12,000	12,000	12,000	12,000	12,000	12,000	12,000
Sample:									
Form 8288	N/A	3,050	4,000	4,000	4,000	4,000	4,000	4,000	4,000
Form 8288A	N/A	9,150	12,000	12,000	12,000	12,000	12,000	12,000	12,000

N/A - Items not applicable because there will be no study conducted for the tax year.

¹The 1984 Form 1120-DISC study includes only returns with accounting periods ending between July and December of 1984.

²The 1984 Forms 1120-IC-DISC and 1120-FSC studies are "special" studies. Because of the effective date of the enacting legislation, only returns with accounting periods ending between January and June 1985 will be included.

³Data will be tabulated for only approximately 100 reports which show a denial of certain tax benefits. For the remaining reports for these years, only a count of reports filed will be obtained.

⁴Counts reflect population and sample estimates for each of Forms 3520 and 3520A.

Corporate Foreign Tax Credit, 1982: A Geographic Focus

By Chris R. Carson*

For the first time in recent years, interest surpassed dividends as the most common type of foreign income of "giant" U.S. corporations that claimed a foreign tax credit for 1982 [1]. Branch income, which makes up 25 percent of foreign-source taxable income, is not included in this comparison because it is reported only on a net basis. While foreign non-branch gross income declined slightly from \$86.1 billion for 1980 to \$82.0 billion for 1982, non-branch interest income rose by 59 percent from \$12.5 billion to almost \$20 billion. Almost 40 percent of this increase was accounted for by just four countries: the United Kingdom, Bahamas, Mexico and Brazil. This rise in interest was due to both higher interest rates and increased lending. For the same reasons, 1982 was also the first time in recent years that foreign corporations received more U.S. interest than dividends [2].

The foreign tax credit claimed by giant U.S. corporations declined by 27 percent, from \$24.9 billion for 1980 to \$18.2 billion for 1982, while foreign-source taxable income declined by 19 percent, from \$70.5 billion to \$57.1 billion. Due mostly to the foreign and domestic losses of many U.S. corporations for 1982, the number of "giant" companies (total assets of \$250 million or more) claiming a foreign tax credit fell by 19 percent, to 741 during the same period. This amounts to 23 percent of the 3,188 active U.S. corporations meeting this "giant" criterion. It was this small group that accounted for nearly all of the foreign tax credit claimed by U.S. corporations.

U.S. corporations continued to earn more foreign-source taxable income from the United Kingdom (18 percent of the total) than from any other country during 1982. Moreover, U.K.-source income declined less than overall foreign-source income during the 1980-82 period. The United Kingdom also led with the most foreign taxes paid by U.S. corporations (\$2.9 billion).

Despite the overall drop in foreign-source taxable income from 1980, in general, the use of offshore financial centers in the Caribbean and Central America appears to have increased.

As is shown in Figure A, taxable income from the Netherlands Antilles nearly doubled and taxable income from Panama and the Bahamas also increased. These increases were generally due to rising dividends (Netherlands Antilles) or interest income (Bahamas) or both (Panama). Brazil's increase was due to a 74 percent rise in non-branch interest.

Most of the countries in Figure A (which includes countries with at least \$1 billion of foreign-source taxable income for either 1980 or 1982) showed decreases. The largest income decreases were registered by Libya, Nigeria and the United Arab Emirates, all of them due to reduced oil and gas extraction income. A sizable drop in dividend income caused West Germany's income decline.

Figure A.--Foreign-Source Taxable Income, by Selected Country, 1980 and 1982

[Millions of dollars]

Country	1980	1982	Change
	(1)	(2)	(3)
All countries.....	\$70,541	\$57,059	-19.1%
Netherlands Antilles	587	1,152	96.2
Brazil.....	862	1,219	41.4
Panama.....	939	1,259	34.1
Bahamas.....	1,934	2,222	14.9
Mexico.....	1,522	1,564	2.8
Saudi Arabia.....	1,114	1,127	1.2
Egypt.....	1,182	1,151	-2.6
Canada.....	6,610	6,438	-2.6
France.....	1,626	1,578	-3.0
United Kingdom.....	11,347	10,244	-9.7
Indonesia.....	4,293	3,838	-10.6
Italy.....	1,123	907	-19.2
Australia.....	1,877	1,411	-24.8
Norway.....	3,532	2,540	-28.1
Japan.....	2,942	1,978	-32.8
Switzerland.....	1,172	781	-33.4
Netherlands.....	2,635	1,693	-35.7
West Germany.....	3,579	2,035	-43.1
United Arab Emirates	1,677	848	-49.4
Nigeria.....	2,730	999	-63.4
Libya.....	2,266	674	-70.3

*Foreign Returns Analysis Section. Prepared under the direction of James Hobbs, Chief.

Foreign-source taxable income of U.S. corporations doing business with members of the Organization of Petroleum Exporting Countries (OPEC) [3] continued to drop in 1982 to \$8.6 billion, a decline of almost 35 percent from 1980. Taxes paid by U.S. corporations to OPEC countries fell even faster (39 percent) to \$5.3 billion during this period. These changes were mirrored in reductions since 1980 in "foreign oil-related" income (38 percent) and taxes (36 percent) for all countries.

Nearly half the total taxes paid by U.S. banks to foreign countries were paid to Brazil and Mexico. About three-fourths of tax withheld on foreign non-branch interest payments to U.S. banks was attributed to these countries, reflecting the substantial debt they owe to U.S. banks and their high withholding taxes. (The overall effective withholding tax rate on interest was only 4.4 percent and, excluding Brazil and Mexico, only 2.1 percent for 1982.) More than 96 percent of the \$153 million increase between 1980 and 1982 in foreign withholding taxes on interest can be attributed to Brazil.

BACKGROUND

U.S. corporations are subject to U.S. tax on their worldwide income. The portion of this income derived from foreign sources is also typically subject to tax by the country in which it was earned. Since this could result in double taxation of the foreign income, U.S. tax law allows corporations a dollar-for-dollar credit against U.S. income tax for income taxes paid to foreign governments.

The original foreign tax credit provisions, as established by the Revenue Act of 1918, allowed corporations to reduce their U.S. tax liability by their total foreign income tax burden. Until passage of the Revenue Act of 1921, U.S. corporations could credit an unlimited amount of foreign taxes. As a result, corporations could use the foreign tax credit mechanism to offset their income tax liability on domestic, as well as foreign, income. To remedy this situation, the 1921 Act limited the foreign tax credit to the U.S. tax on foreign-source income. That limitation still remains, and certain further limitations have been introduced with respect to particular types of income.

Currently, corporations are subject to a limitation in which the credit is limited to the portion of total U.S. income tax that is attributable to foreign-source taxable income. For purposes of this limitation, foreign-source taxable income cannot exceed worldwide taxable income. This calculation results in a zero limitation (no credit) if a corporation has an overall foreign loss. In addition, corporations with worldwide losses would have no U.S. tax against which to claim a credit.

For 1982, this limitation was separately calculated for four categories of income: (1) section 904(d) (generally portfolio) interest income, (2) dividends from a Domestic International Sales Corporation (DISC) or former DISC, (3) foreign oil-related income, and (4) all other income from foreign sources. As of 1984, two new categories of income applied: (1) foreign trade income of a Foreign Sales Corporation (FSC), and (2) distributions of a FSC or former FSC. Also, foreign oil-related income has been merged with all other income from foreign sources, although foreign oil and gas extraction taxes are still limited through a separate calculation. The total foreign tax credit claimed is generally the sum of the separate type-of-income credits, reduced by an amount for participation in or cooperation with international boycotts [4].

To claim a foreign tax credit, a U.S. corporation must have foreign-source taxable income, pay, accrue or be deemed to have paid foreign income tax on the foreign income, and have a U.S. income tax liability. Taxes that may be credited are income taxes imposed by U.S. possessions or a foreign country. Taxes such as excise, franchise, and sales, do not qualify as creditable taxes. Any foreign tax paid, accrued or deemed paid (see "Current-year Foreign Taxes" in the Explanation of Selected Terms section) in excess of the limitation can be carried back 2 years and the remainder then brought forward 5 years.

Since U.S. corporations are taxed on their worldwide income, the foreign tax credit serves to eliminate double taxation. While foreign taxes may be treated as a deduction, corporations almost always benefit more by crediting these taxes. In general, for 1982, deducting foreign taxes was preferable to crediting only when less than 46 percent of current-year taxes could be credited for the current year, or could be used as either a carryback or carryforward to other years for crediting.

FOREIGN INCOME AND TAXES BY COUNTRY

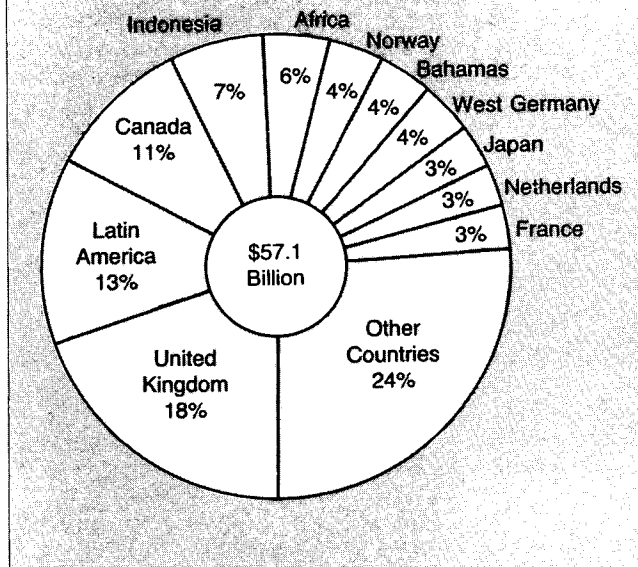
Income and Taxes: Totals and Industries

Figure B shows the principal countries or areas of origin of foreign-source taxable income for 1982. As for 1980, the United Kingdom (18 percent), Canada (11 percent), and Indonesia (7 percent) were the top three countries. The remaining 64 percent of income was widely distributed, with no single country accounting for as much as 5 percent of the total.

The most current-year foreign taxes were paid to the same three countries, United Kingdom, Canada and Indonesia, in the same order, although some percentages varied (see Figure C). Canada was responsible for an equal percentage of income and taxes, giving Canada an effective tax rate (current-year foreign taxes as a per-

Figure B

Percent of Total Foreign-Source Taxable Income, by Country or Area, 1982



centage of foreign-source taxable income) almost identical to the all-country average. U.K. taxes, however, represented a smaller portion of the total taxes than U.K. income did of all income, suggesting that the effective U.K. tax rate was below average. The Indonesian tax percentage was greater than its income percentage, reflecting the high taxes imposed on the petroleum industry there. The same was true for Norway, which represented 4 percent of all foreign income, but 8 percent of all foreign tax. Taxes paid to the Bahamas represented only 0.2 percent of all taxes compared to the 4 percent figure for income received from the Bahamas.

While almost all foreign-source taxable income from Indonesia originated in the petroleum industry, the income from Canada and the United Kingdom was much more diverse. Figure D shows the top five countries, or country groupings, for each industrial division, based on income levels. Canada was among the top five countries (or country groupings) in all eight industrial divisions, placing first in three and second in three others. Similarly, the United Kingdom ranked in the top five of all industrial divisions, with the exception of agriculture, forestry, and fishing, while providing 59 percent more foreign income (\$10.2 billion) to U.S. corporations than Canada (\$6.4 billion). Mining (mostly petroleum), finance, in-

surance and real estate (mostly banking), and wholesale and retail trade were the industrial divisions with corporations that received considerably more income from the United Kingdom than Canada. Twenty-five times more income was received by U.S. banks from the United Kingdom than from Canada. Generally, banking is the major component of finance, insurance, and real estate, representing 89 percent of that industrial division's foreign-source income. Canada was the exception to this, however, with 80 percent of foreign income from the insurance industry.

While the Bahamas ranked sixth in total foreign-source income, it was among the top five countries in only one industrial division, with the majority of its income (84 percent) earned by the banking industry. Although Panama was not among the top ten countries overall, it ranked fourth or better in three industrial divisions: construction, where it ranked first; transportation (shipping); and mining. More than one-third of foreign income for U.S. corporations in the construction industry was from Panama, with virtually all of this income consisting of dividends from Panamanian firms.

The diversity of U.S. corporations operating in the United Kingdom and Canada is evident in Figure D in the distribution of total taxes by industrial division. As with income, Canada was represented in the top five countries in all eight industrial divisions. The United

Figure C

Percent of Total Current-Year Foreign Taxes, by Country or Area, 1982

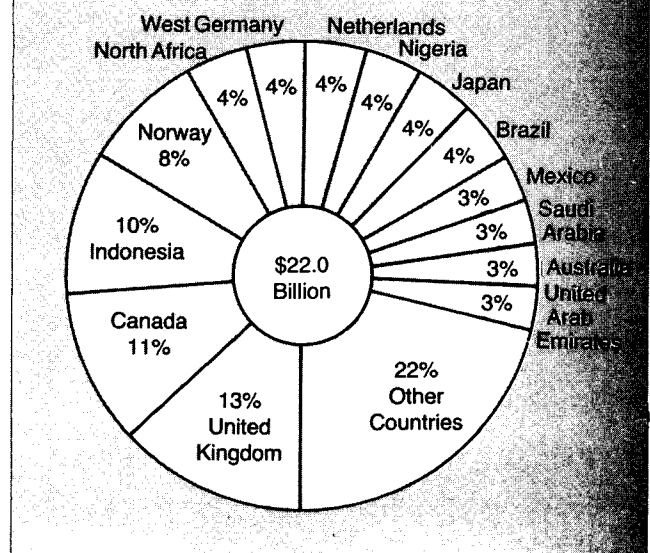
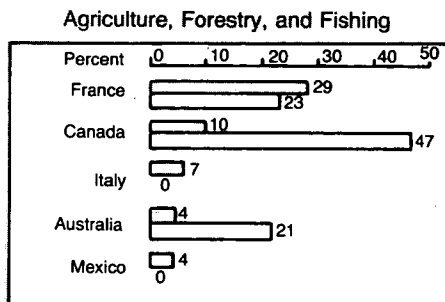
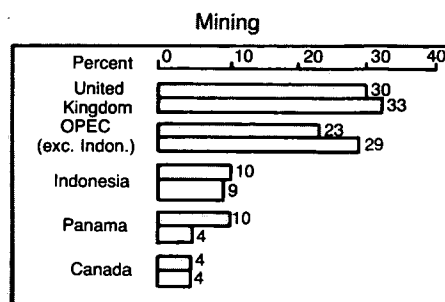


Figure D

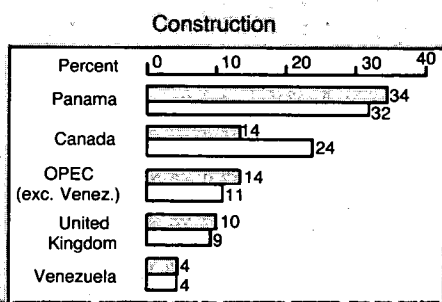
Percent of Total Foreign-Source Taxable Income and Percent of Total Current-Year Foreign Taxes, by Industrial Division, by Country or Country Group, 1982



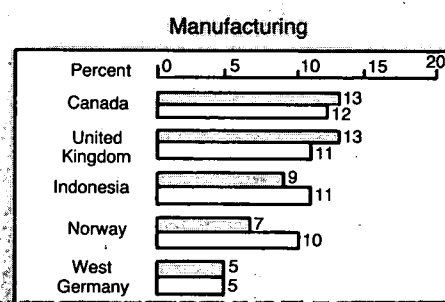
Total income \$18 million – Total taxes \$1 million



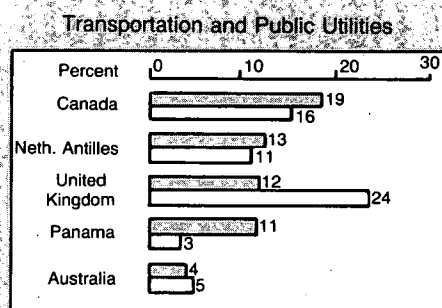
Total income \$3,524 million – Total taxes \$1,858 million



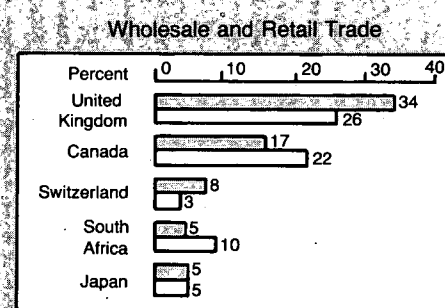
Total income \$498 million – Total taxes \$158 million



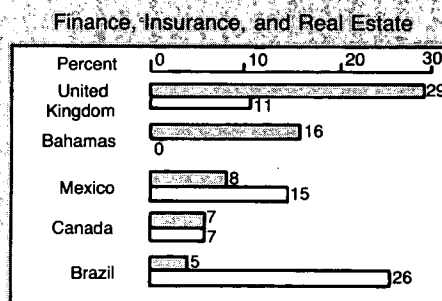
Total income \$38,343 million – Total taxes \$17,515 million



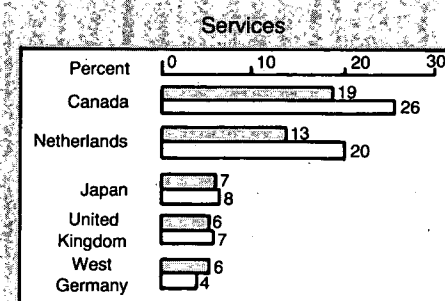
Total income \$1,097 million – Total taxes \$246 million



Total income \$1,383 million – Total taxes \$464 million



Total income \$11,740 million – Total taxes \$1,611 million



Total income \$457 million – Total taxes \$145 million

Foreign Source Taxable Income

Current-Year Foreign Taxes

Kingdom was represented in all of the divisions, with the exception of agriculture, forestry and fishing. Australia, which was represented in only two divisions for income, ranked among the top countries in four industrial divisions (including wholesale and retail trade and services) when taxes were considered. This was due to a higher-than-average effective tax rate (48 percent compared to the all-country average of 39 percent). Indonesia, with an even higher effective tax rate (56 percent), similarly ranked high in two divisions (for income) and four divisions (for taxes, including construction and transportation, in addition to the industrial divisions shown for income). Although Canadian taxes represented almost half of all taxes in agriculture, forestry and fishing, Canadian income represented only 10 percent of all income. This coincides with Canada's higher-than-average effective tax rate in this industrial division (23.6 percent) compared to "all countries" (5.1 percent).

There is a substantial disparity between the income and tax percentages shown in Figure D for four of the top five countries in the finance, insurance, and real estate division. Brazil and Mexico showed a much higher-than-average tax for that industrial division, while the United Kingdom and the Bahamas showed a much lower-than-average tax. The Bahamas imposed virtually no income (including withholding) taxes. The United Kingdom provided 29 percent of this division's income, but received only 11 percent of its taxes. Much of the gross income from the United Kingdom was exempt from withholding tax because of the U.S. - U.K. tax treaty. Most of this division's income from Brazil and Mexico was interest, but it was subjected to higher tax withholding rates, since the United States did not have tax treaties with either country. Canada, which shows the same percentage of income and taxes, has a tax treaty with the United States which lowered, but did not eliminate, withholding taxes. Table 1 of this article provides detailed data on the type and amount of income generated in most foreign countries.

Type of Income by Country

The type of non-branch foreign income U.S. corporations received varied considerably by country (income-type detail is not available for branch income), as is shown in Figure E. The variance from the overall average distribution increased as the amount of gross income decreased for each of the countries shown. Certain country trends are noted:

- The United Kingdom, which contributed the most to non-branch gross income,

had a distribution of income similar to that for "all countries,"

- almost all income from the Bahamas was interest,
- two-thirds of the gross income from Norway was made up of rents and royalties, virtually all from the petroleum industry,
- U.S. firms were twice as likely to derive rents and royalties from Japan and West Germany as from other countries, and
- most U.S. investment in the Netherlands and West Germany was in corporate stock, as evidenced by the fact that the majority of income was dividends or the associated tax (dividend gross-up).

Income distribution generalizations can be made for geographic areas as well as for specific countries. A higher proportion of income from Latin America was interest (40 percent) than from countries in general (24 percent). Rents and royalties were less likely to be received from Latin America (4 percent of income compared to an overall ratio of 12 percent). This was also the case with other less-industrialized areas such as Africa (4 percent). No dividend income was received from any Eastern European Soviet-bloc country because only a handful of companies incorporated in these countries were owned by U.S. corporations [5]. About half of the gross income from these countries was interest while a third was income for services. African countries were only one-third as likely (based on percentage of all income) to pay interest to U.S. corporations as other countries. This may be because these countries did not have a debt burden similar to those of some industrializing Latin American countries.

Comparison of Foreign Income to Foreign Economic Activity

U.S. corporations tend to receive large amounts of income from certain countries, compared to the general level of economic activity of those countries, as represented by their Gross National Product (GNP) [6]. (Certain countries also tend to receive large amounts of U.S. income as compared to their GNP [7].) Figure F shows foreign-source taxable income, GNP, and foreign-source taxable income as a percentage of GNP for the countries having the highest percentages and from which at least \$500 million of taxable income was received, for 1982.

Figure E

Percent of Non-branch Gross Income, by Income Type, by Country, 1982

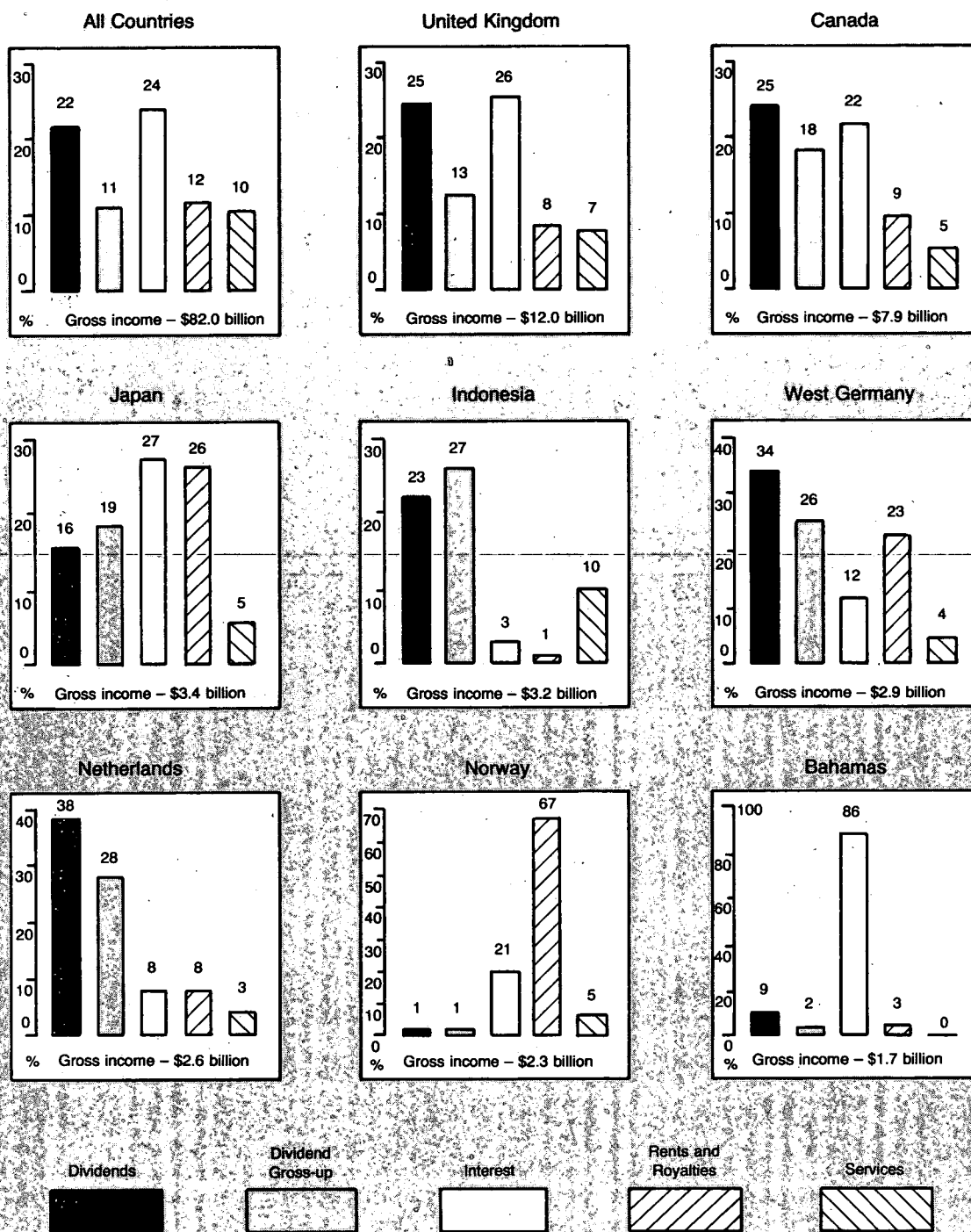


Figure F.--Foreign-Source Taxable Income as a Percentage of Gross National Product, 1982

[Millions of dollars]

Country	Foreign-source taxable income	Gross National Product	Percentage
	(1)	(2)	(3)
Bahamas.....	\$2,222	\$ 840	264.5%
Netherlands Antilles.....	1,152	1,370	84.1
Bermuda.....	552	790	69.9
Panama.....	1,259	4,060	31.0
Norway.....	2,540	58,720	4.3
Indonesia.....	3,838	88,960	4.3
Egypt.....	1,151	29,550	3.9
United Arab Emirates.....	848	27,260	3.1
Libya.....	674	27,120	2.5
Peru.....	521	22,030	2.4
Canada.....	6,438	278,960	2.3

The foreign-source taxable income received from the Bahamas was more than two and one-half times its Gross National Product. This suggests that many U.S. corporations were investing through, as well as in, the Bahamas. The next three countries have high percentages as well. Most of the remaining countries were oil-producing countries, where U.S. oil companies have substantial operations. The percentages shown for most of these countries seem particularly high when compared to the average for "all countries" (0.8 percent) for which GNP information was available. U.S. corporations received nearly 340 times more income from the Bahamas than the overall rate would suggest.

Interest Income

Interest was more likely to be received from certain countries than other types of income. Figure G shows the countries (with at least \$500 million of gross income) paying the highest percentage of non-branch gross income as interest. The Bahamas and Cayman Islands, with the highest percentages, are both offshore financial centers. Mexico, Argentina, and Brazil paid large amounts of interest on their

debts to U.S. banks. Singapore and Hong Kong are major Asian financial centers.

Figure G.--Interest as a Percentage of Total Non-branch Gross Income, 1982

[Millions of dollars]

Country	Gross income	Interest	Percentage
	(1)	(2)	(3)
All countries.	\$82,044	\$19,937	24.3%
Bahamas.....	1,695	1,455	85.8
Cayman Islands..	687	570	83.0
Mexico.....	2,833	1,708	60.3
Argentina.....	799	429	53.6
Brazil.....	2,028	1,071	52.8
Singapore.....	544	272	50.0
South Korea.....	544	265	48.7
Hong Kong.....	652	295	45.2

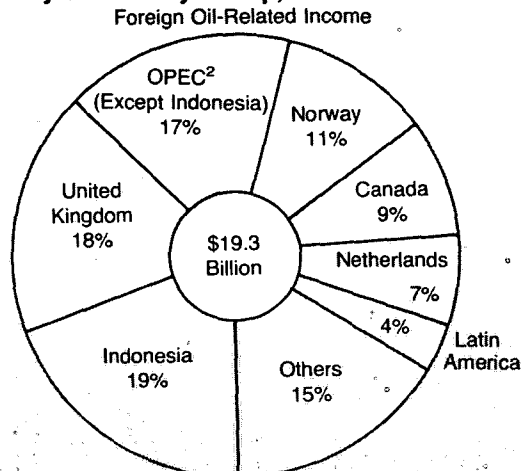
Type of Foreign Tax Credit Limitation

As mentioned earlier, U.S. tax law requires separate foreign tax credit limitations with respect to different categories of foreign income. Figure H shows foreign-source taxable income by country (or area) for three of the four income categories. (Country detail was not reported for the fourth, DISC dividends.) While income levels remained similar to 1980 for foreign non-business-related interest income and the residual "all other" income, foreign oil-related income fell by almost 38 percent to \$19.3 billion. DISC dividend income (\$1.2 billion), which is not shown, did not change from 1980.

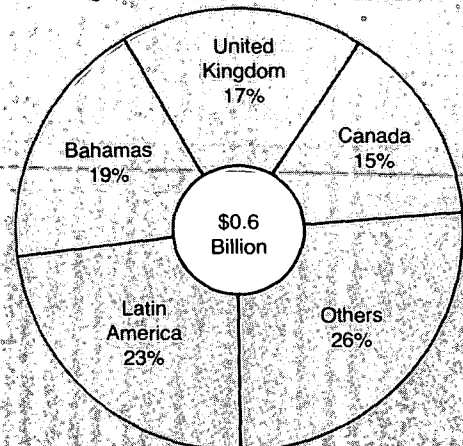
Although foreign oil-related income dropped dramatically from 1980, the geographic distribution of this income did not change substantially. The combined total for OPEC countries and the United Kingdom accounted for more than half of all petroleum income, maintaining nearly identical proportions of the total, 36 percent and 18 percent, respectively. Reflecting the reduced levels of foreign oil-related income, OPEC countries provided a smaller percentage of all income paid and taxes received for 1982 than for 1980, as is shown in Figure I.

Figure H

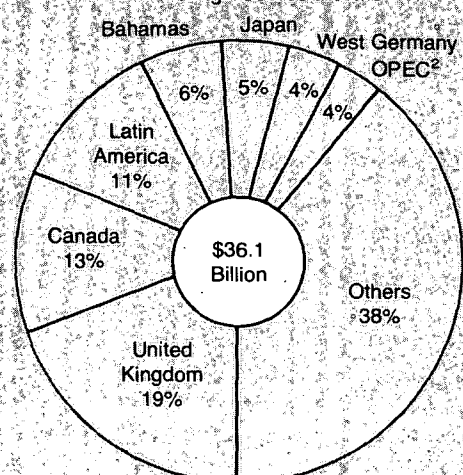
**Type of Foreign Tax Credit Limitation:¹
Foreign-Source Taxable Income, by Selected
Country or Country Group, 1982**



Foreign Non-Business Related Interest Income



All Other Foreign-Source Income



¹Country detail for the \$1.2 billion of DISC dividend income is not available.

²See footnote 3 at the end of this article for a list of the Organization of Petroleum Exporting Countries.

Figure I.--Foreign-Source Taxable Income and Current-Year Foreign Taxes, by Selected Oil-Producing Area, 1980 and 1982

[Millions of dollars]

Country	1980		1982	
	Income	Tax	Income	Tax
	(1)	(2)	(3)	(4)
Total.....	\$70,541	\$29,996	\$57,059	\$21,998
OPEC.....	13,110	8,763	8,559	5,318
Norway plus United Kingdom.....	14,880	6,370	12,784	4,665
Percentage of total:				
OPEC.....	18.6%	29.2%	15.0%	24.2%
Norway plus United Kingdom.....	21.1	21.2	22.4	21.2

The principal North Sea oil countries (the United Kingdom and Norway) maintained almost identical proportions of foreign-source taxable income and current-year foreign taxes from 1980 to 1982. Although the taxes for these North Sea countries were proportional to income for both years, OPEC countries were responsible for a disproportionately high percentage of total taxes for both years, as shown in Figure I. This was due to the high foreign tax rates on oil income.

Foreign non-business-related taxable interest income remained virtually identical from 1980 to 1982, rising by less than 1 percent to \$566 million. The sources of this income changed dramatically, however. Latin American countries paid more than \$127 million to U.S. corporations in 1982, an increase of more than 300 percent. This increase, combined with that of the Bahamas (67 percent), seems to have come at the expense of Canada and the United Kingdom, which both fell by about half. These four countries (or geographic areas) made up nearly three-fourths of all such interest.

The largest income limitation category by far was the residual "all other foreign-source income," with more than \$36 billion of income. As with 1980, this income category was more diverse than the others with the top seven countries (or areas) comprising only 62 percent of the total income. Of the countries or country groups shown in Figure H, only the United

Kingdom showed an increased portion (5 percent) of the total, while Latin America and West Germany showed the largest drops (5 percent and 4 percent, respectively) from 1980 levels.

Effective Foreign Tax Rates

Because foreign tax rates varied considerably by country (and by type of income within countries), the effective tax rates (current-year foreign taxes divided by foreign-source taxable income) of countries ranged from almost 86 per-

cent to less than 1 percent, as is shown in Figure J (see "Explanation of Selected Terms" section for information on effective tax rate limitations). Only seven of the 27 countries shown fall within 10 percentage points above or below the all-country average. For "all countries", the overall effective tax rate fell substantially from 1980, from 42.5 percent to 38.6 percent. This decrease can be attributed to both branch income and non-branch interest. While non-branch interest rose by 59 percent, tax on this interest increased by only 28 per-

Figure J
Current-year Foreign Taxes and Foreign Branch Taxable Income as Percentages of Foreign-source Taxable Income, by Selected Country, 1982 ^{1/}

[Money amounts are in millions of dollars]

Country	Current-year foreign taxes as a percentage of foreign- source taxable income			Foreign -source taxable income	Foreign branch taxable income as a percentage of foreign- source taxable income		
	Rank	Percent	Taxes		Rank	Percent	Foreign branch taxable income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries.....	-	38.6%	\$21,998	\$57,059	-	25.4%	\$14,475
Nigeria.....	1	85.9	858	999	7	44.9	448
Norway.....	2	70.6	1,794	2,540	8	41.4	1,052
United Arab Emirates.....	3	69.7	591	848	2	73.2	621
Libya.....	4	69.4	467	674	5	51.4	346
Brazil.....	5	68.1	831	1,219	15	20.6	251
Saudi Arabia.....	6	65.0	733	1,127	9	41.2	465
Indonesia.....	7	56.0	2,148	3,838	10	39.1	1,501
Netherlands.....	8	51.0	863	1,693	23	2.2	38
Peru.....	9	49.3	257	521	22	2.8	15
Mexico.....	10	49.1	768	1,564	17	14.6	228
Australia.....	11	48.2	680	1,411	6	45.3	639
Venezuela.....	12	45.6	277	609	13	21.4	130
West Germany.....	13	45.6	927	2,035	2/	2/	-86
Egypt.....	14	42.6	490	1,151	21	4.3	50
Japan.....	15	42.3	837	1,978	2/	2/	-109
Canada.....	16	38.4	2,470	6,438	20	7.1	455
Spain.....	17	31.0	163	526	18	12.0	63
Switzerland.....	18	28.3	221	781	2/	2/	-29
Italy.....	19	28.2	256	907	16	17.8	161
United Kingdom.....	20	28.0	2,871	10,244	11	32.7	3,354
France.....	21	27.3	431	1,578	14	21.0	332
Argentina.....	22	21.5	176	818	3	62.4	511
Panama.....	23	19.0	239	1,259	19	11.3	142
Netherlands Antilles.....	24	17.0	196	1,152	12	31.5	362
Bahamas.....	25	1.8	40	2,222	1	74.9	1,664
Bermuda.....	26	0.6	3	552	24	0.4	2
Cayman Islands.....	27	0.6	4	769	4	58.5	450

^{1/}Includes countries with more than \$500 million of foreign source taxable income.

^{2/}Not calculated due to foreign branch loss.

cent, at least partially due to the shift of the source of income to low tax jurisdictions and tax treaty countries.

Tax on foreign branch income fell more rapidly (45 percent) than branch income (34 percent). Even though branch income fell by a third overall, it rose by more than one-quarter in two major Caribbean countries (the Bahamas and Netherlands Antilles). These two countries had low effective foreign tax rates.

Almost all of the countries with the highest effective tax rates were oil-producing nations. Brazil was the only country with an effective rate above 50 percent that was not a major oil-producing country. Brazil's rate was more than 68 percent because interest from Brazil (53 percent of non-branch gross income) was generally subjected to a 25-percent withholding tax on the gross amount. The deductions attributable to this income reduced taxable income (on which the effective tax rate is based), and thereby increased the effective tax rate to above 25 percent.

Although the United Kingdom had the second highest amount of foreign-oil-related income, its effective rate was only 28 percent, mainly because the tax rate on its \$3.1 billion of non-branch interest was less than 0.5 percent. At the bottom end of the range, the effective tax rates for Bermuda and the Cayman Islands were both below 1 percent.

Organizational Structure of Foreign Operations

There are several different organizational structures available to U.S. corporations seeking to expand their markets or business activities abroad. Most corporations wanting to establish a permanent presence abroad elect to do so by using an unincorporated foreign branch operation, investing in an existing foreign corporation, or forming a subsidiary under the laws of the foreign country. Some business activities can also be transacted without a foreign presence, e.g., certain loans and exports.

Figure J also shows foreign branch taxable income as a percentage of total foreign-source taxable income by country. Branch taxable income as a percentage of all foreign taxable income fell from 31 percent for 1980 to about 25 percent for 1982. This was because foreign branch income, which fell 34 percent from 1980, is netted against foreign branch losses, which increased during the period due to the worldwide recession.

The Bahamas had the highest proportion of income from foreign branches (75 percent), while Bermuda had the lowest (under 1 percent), as shown in Figure J. These percentages show the diversity of business structures in foreign

countries. (Percentages could not be calculated for three countries with branch losses.)

Further evidence of the organizational structures preferred by U.S. corporations (or required by foreign countries) doing business with foreign countries can be determined by looking at the proportion of dividend income (including dividend gross-up) to total foreign gross income. Eighty-three percent of the gross income from Bermuda consisted of dividends, confirming the preference U.S. corporations have for using subsidiaries to conduct their operations in that country. Only 11 percent of the gross income from the Bahamas was dividends. These figures are consistent with the branch income percentages noted above for those two countries.

SUMMARY

The foreign tax credit claimed by "giant" U.S. corporations declined by more than a quarter, from \$24.9 billion for 1980 to \$18.2 billion for 1982. Foreign and domestic losses helped reduce the number claiming a foreign tax credit by 19 percent, to 741. About one-fourth of all "giant" U.S. corporations claimed the credit for 1982.

Interest surpassed dividends (excluding dividend gross-up) as the most common type of foreign non-branch income earned by U.S. corporations in 1982. Interest rose by 59 percent from 1980 to 1982 to almost \$20 billion. Much of this increase was attributable to just four countries: the United Kingdom, Bahamas, Mexico, and Brazil.

U.S. corporations earned more foreign-source taxable income (\$10.2 billion) from the United Kingdom than any other country, even though this income fell by 10 percent from 1980. Likewise, these corporations paid more taxes (\$2.9 billion) to the United Kingdom for 1982 than to any other country. The United Kingdom also led in both of these categories in 1980.

Corporate use of offshore financial centers appeared to be increasing, as of 1982, despite a decrease in income of 19 percent for "all countries." For example, income from the Netherlands Antilles nearly doubled, to \$1.2 billion. The income of certain countries also seemed high compared to the general economic activity of these countries. Income from the Bahamas was more than two-and-one-half times that country's Gross National Product (GNP). Offshore-financial-center countries consistently showed considerably higher income-to-GNP ratios than other countries.

About three-fourths of tax withheld on foreign non-branch interest payments to U.S. banks could be attributed to Brazil and Mexico. This reflects the substantial debt these countries

owe to U.S. banks. More than 96 percent of the \$153 million increase from 1980 in foreign interest withholding taxes could be attributed to Brazil.

DATA SOURCES AND LIMITATIONS

Sample Selection and Variability

The statistics shown in this article are from returns of all U.S. corporations that had \$250 million or more in total assets (so-called "giant" returns) and claimed a foreign tax credit. These statistics therefore vary slightly from data contained in a previous article entitled "Foreign Tax Credit by Industry, 1982," which was included in the Spring 1986 Statistics of Income Bulletin. That article was based on all 1982 U.S. corporation returns, giants as well as non-giants, with a foreign tax credit.

There is no sampling variability associated with these statistics because all "giant" returns were used in compiling the data. The accounting periods of corporations included in the data were those ending between July 1982 and June 1983.

There is some undercoverage of foreign income and tax data other than the minor limitation of giant-only returns (96 percent of foreign-source taxable income and 97 percent of current-year foreign taxes are accounted for by giant returns). Some corporations with foreign income and taxes operated at a deficit and had no U.S. tax liability against which a foreign tax credit could be claimed. Other corporations may have chosen to deduct their foreign taxes from gross income rather than credit them against their U.S. tax liability. For these particular returns, it is believed that the foreign income and tax amounts were insignificant. In both circumstances, these returns would have been excluded from this study.

General Limitations

The foreign tax credit was claimed under section 901 of the Internal Revenue Code. Corporations claiming a foreign tax credit generally provide supporting foreign income and tax data on Form 1118, Computation of Foreign Tax Credit--Corporations, attached to their U.S. corporation income tax return. Form 1118 is the source of the foreign income and tax data for this article. The statistics do not reflect any adjustments that may be made during audit examination, when the acceptability of the foreign income and taxes reported for purposes of the credit is finally determined. In addition, some corporations provided only preliminary foreign income and tax data with their U.S. tax returns because not all the information on their foreign operations was available at the time the U.S. income tax return was

filed. (Amended returns were not used for these statistics.)

U.S. tax law allows parent corporations to file consolidated income tax returns presenting the combined financial data of an entire group of affiliated corporations. Therefore, the actual number of corporations claiming a foreign tax credit is understated, since the statistics in this article represent the number of corporation income tax returns with foreign tax credit. For purposes of this article, however, the term "corporations" is used to denote "returns."

The term "country" as used in this article includes not only countries, but also other separate taxation authorities, such as Puerto Rico and U.S. possessions. For certain tables and figures shown in this article, data for geographic areas are presented together with countries.

EXPLANATION OF SELECTED TERMS

Current-year Foreign Taxes.--Generally, current-year foreign taxes available for credit included (a) foreign taxes directly paid or accrued by a U.S. corporation on profits of foreign branch operations; withholding taxes on dividends, interest, rents, royalties and license fees; and other foreign taxes paid or accrued on partnership and services income; and (b) foreign taxes indirectly, or deemed, paid by a U.S. corporation. These "deemed paid" taxes were the taxes paid or accrued by a related foreign corporation on the profits from which dividends were paid (or constructive distributions made) to the U.S. corporation.

Dividend Gross-up.--An amount of income equal to the foreign tax deemed paid that is associated with dividends received or includable income constructively received from foreign corporations.

Effective Foreign Tax Rate.--For a particular country (or country grouping), this was the amount of current-year foreign taxes paid to a country as a percentage of the foreign-source taxable income from that country. The effective foreign tax rates shown in this article may vary considerably from the statutory tax rate(s) of the countries. This is because (1) foreign-source taxable income was determined under U.S. tax law, while the actual income subject to foreign tax was determined under the laws of the taxing country; (2) foreign-source taxable income was net of losses, which overstates the effective foreign tax rate; (3) many countries had progressive tax rates or taxed various types of income at different rates; (4) certain foreign subsidiary income and the associated foreign taxes were applicable to operations in countries other than the "host" country; and (5) some countries taxed selected

industries at rates in excess of other industries.

Foreign Oil-related Income.--This was income derived from foreign sources from (1) extracting minerals from oil and gas wells, (2) processing such minerals into their primary products, (3) transporting such minerals or primary products, and (4) selling or exchanging assets used in these activities.

Foreign-source Taxable Income.--Foreign-source gross income (including certain income "constructively" although not "actually" received, i.e., "foreign dividend gross-up" and "includable income of Controlled Foreign Corporations") less or "net" of the allocable deductions determined under the Internal Revenue Code and by provisions of any tax treaty between the United States and a particular foreign country constitutes foreign-source taxable income. This taxable income was the amount on which the U.S. income tax on foreign earnings was determined. It could differ from the taxable income from overseas business operations and investments computed under foreign tax law, which was used as the basis for foreign taxation. In general, foreign-source taxable income included foreign-branch profits, dividends received from foreign corporations, rental income, royalties, license fees, gains from the sale of real property, and compensation for labor or services performed. The amounts shown in the statistics are net of losses.

Specially Allocable (Section 863(b)) Income.--Income partially earned within the United States and partially earned within a foreign country or U.S. possession constitutes specially allocable (section 863(b)) income. In general, the income covered by section 863(b) of the Internal Revenue Code was generated either by production within the United States and sales abroad or vice versa, or by transportation, telegraph, or cable services.

NOTES AND REFERENCES

- [1] This comparison excludes dividend gross-up. See the "Explanation of Selected Terms" section.

The basic statistics in this article represent U.S. corporations with \$250 million

or more in total assets that claimed a foreign tax credit. Although only 741 of the 4,941 total corporations claiming a foreign tax credit had this level of assets, these "giant" corporations were responsible for approximately 96 percent of both total foreign tax credit and total foreign-source taxable income. These statistics will therefore vary slightly from the data shown in the article by Mary Barlow entitled "Foreign Tax Credit by Industry, 1982," Statistics of Income Bulletin, Spring 1986, which are based on all corporation returns with a foreign tax credit. The 1982 statistics are generally compared to 1980 data for all corporation returns with a foreign tax credit, because detailed information is not available for 1981.

- [2] Carson, Chris, R., "Nonresident Alien Income and Tax Withheld, 1982," Statistics of Income Bulletin, Fall 1984, Vol. 4, No. 2, p. 21.
- [3] The Organization of Petroleum Exporting Countries (OPEC) includes Algeria, Ecuador, Gabon, Indonesia, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates, and Venezuela.
- [4] For additional information on international boycotts, see Mose, Vergie, "Report on International Boycotts, 1976-82: A Focus on the Middle East," Statistics of Income Bulletin, Summer 1985, Vol. 5, No. 1, pp. 65-81.
- [5] See Statistics of Income Bulletin, Winter 1986-87, for an article on Controlled Foreign Corporations by country or geographic area.
- [6] World Bank, World Bank Atlas, 1985, pp. 6-9. GNP data were not available for certain countries including the Soviet Union and Soviet-bloc countries.
- [7] See Carson, Chris R., "Nonresident Alien Income and Tax Withheld, 1983," Statistics of Income Bulletin, Fall 1985, Vol. 5, No. 2, pp. 44-45.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends

(Money amounts are in thousands of dollars)

Country and DISC dividends	Number of returns	Total assets	Income and taxes from all sources							
			Net income (less deficit)	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	Reduction for certain foreign taxes
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
All geographic areas, total	741	3,680,345,137	101,255,070	98,142,191	43,814,397	18,211,879	57,058,820	12,744,855	9,252,842	2,063,502
Canada	566	3,238,255,037	92,088,537	89,260,597	39,947,021	17,532,529	53,982,606	12,180,931	9,035,974	2,047,228
Latin America, total	517	3,289,956,460	86,761,962	84,203,134	37,691,981	17,685,142	55,402,851	12,226,794	9,111,556	2,047,847
Mexico	413	2,828,905,198	71,395,025	69,315,209	31,023,253	15,831,535	49,998,965	11,029,623	7,971,257	1,744,862
Central America, total	248	2,377,451,866	66,563,384	64,750,690	29,093,463	14,404,069	45,218,101	9,516,724	7,602,333	1,566,222
Belize	22	488,986,540	15,216,854	14,867,937	6,700,036	3,618,177	10,368,167	2,128,445	2,369,744	476,791
Costa Rica	107	1,590,126,694	38,028,209	36,844,763	16,501,680	9,189,589	29,542,541	6,007,090	5,223,094	1,172,749
El Salvador	67	1,238,049,595	30,755,807	30,045,063	13,551,329	7,162,588	23,608,919	5,011,509	4,235,278	805,719
Guatemala	123	1,702,428,728	45,702,962	44,756,099	20,135,745	11,302,182	34,021,037	7,279,785	6,223,618	1,366,097
Honduras	81	1,437,789,800	35,555,051	34,791,219	15,626,907	9,315,348	28,795,371	6,628,464	4,444,614	1,063,690
Nicaragua	63	1,328,059,398	28,834,677	28,154,029	12,758,054	7,960,538	25,224,448	5,071,397	4,102,651	831,541
Panama (including Canal Zone)	205	2,119,922,778	56,570,945	55,378,197	25,000,494	12,519,585	39,501,007	8,191,004	6,918,717	1,534,448
Not allocable	6	30,459,082	2,213,687	2,169,000	992,368	231,492	813,150	125,511	130,693	—
Caribbean countries, total	242	2,520,134,204	66,602,703	65,102,665	29,235,797	14,443,203	44,975,828	9,977,923	7,245,619	1,539,619
Cayman Islands	95	1,458,636,829	30,383,796	29,799,498	13,447,984	8,375,285	27,420,431	5,993,596	4,219,147	1,142,008
Dominican Republic	104	1,479,590,164	33,396,487	32,423,565	14,455,698	8,243,239	27,112,268	5,139,458	4,037,514	908,716
Haiti	52	971,489,019	26,392,893	25,989,158	11,732,270	7,264,908	21,445,053	4,990,105	3,550,184	808,241
Jamaica	92	1,206,557,166	40,375,650	39,464,948	17,866,307	10,101,982	29,341,963	6,380,064	5,331,825	1,016,509
Trinidad and Tobago	114	1,418,325,772	44,030,330	43,273,007	19,552,875	10,809,599	31,165,934	7,180,210	5,209,554	1,042,284
Other	62	1,074,280,957	30,483,957	30,104,937	13,668,649	6,244,485	19,051,614	3,920,918	2,961,314	398,556
South America, total	419	2,891,237,764	76,252,040	74,073,087	33,148,294	17,157,235	53,365,993	12,025,678	8,717,779	2,047,847
Argentina	264	2,528,675,570	63,912,044	62,209,926	27,876,255	14,947,212	47,064,125	10,472,718	7,668,763	1,896,694
Bolivia	85	1,590,310,443	33,745,569	32,476,201	14,665,370	9,114,069	28,304,601	7,212,308	3,437,109	1,158,346
Brazil	307	2,680,680,659	64,321,811	62,311,425	27,940,050	14,955,143	47,004,693	10,332,829	7,537,757	1,633,417
Chile	164	1,959,392,287	52,740,478	51,338,527	23,064,648	12,802,621	39,522,998	8,913,275	6,515,570	1,572,034
Colombia	206	2,127,526,535	58,934,538	57,705,813	25,889,769	14,248,126	43,784,827	10,366,044	7,118,001	1,792,403
Ecuador	137	1,817,885,343	41,580,930	40,331,629	18,079,610	10,764,432	34,028,911	7,132,635	5,463,928	1,283,015
Paraguay	56	1,150,565,771	29,501,759	28,987,404	13,183,777	8,073,068	23,470,990	5,420,046	3,985,501	917,081
Peru	190	2,235,078,950	54,984,987	53,818,262	24,220,748	13,564,814	41,856,893	9,925,769	6,447,120	1,498,919
Uruguay	83	1,419,408,599	34,850,940	34,233,468	15,526,719	9,470,019	29,147,630	5,806,482	5,264,279	1,172,498
Venezuela	296	2,558,441,936	64,727,378	62,862,236	28,159,461	14,892,943	47,497,985	10,354,796	7,521,531	1,649,820
Other	50	925,124,863	26,715,964	26,458,916	11,933,061	6,986,225	22,075,202	4,226,651	3,923,391	938,063
Latin America not allocable	14	110,679,627	6,526,084	6,463,429	2,937,827	1,833,819	4,301,425	1,719,035	966,642	156,886
Other Western Hemisphere, total	314	2,822,668,339	76,315,275	74,334,188	33,312,377	16,113,102	48,985,890	11,512,064	8,049,366	2,006,534
Bahamas	145	2,093,575,395	47,812,622	46,122,949	20,682,666	12,230,710	37,876,098	9,630,577	5,636,954	1,730,761
Bermuda	171	1,751,049,542	53,273,802	51,733,177	23,311,355	13,658,409	40,465,644	9,508,251	7,015,760	1,762,590
Netherlands Antilles	189	2,322,016,337	60,955,756	59,271,587	26,509,014	12,573,989	38,184,875	9,011,876	6,369,335	1,677,704
Other British West Indies	42	964,272,649	19,796,572	19,432,753	8,772,356	4,858,904	14,927,164	3,367,631	2,422,618	645,576
Other	36	669,357,445	21,391,250	20,954,336	9,425,279	6,376,834	17,293,036	5,230,637	2,313,015	1,059,428
Europe, total	516	3,288,599,573	89,976,949	87,116,948	38,969,097	17,838,322	55,666,492	12,346,831	9,168,839	2,047,829
Common Market countries, total	495	3,220,447,204	88,905,863	86,160,989	38,541,425	17,766,026	55,297,583	12,264,747	9,162,654	2,034,766
Belgium	234	2,477,677,976	66,066,964	64,242,154	28,814,930	13,619,648	42,742,335	9,060,754	7,090,124	1,497,023
Denmark	137	1,746,233,965	46,291,209	44,991,582	20,134,219	10,939,445	33,801,337	7,117,251	5,686,791	1,065,644
France (including Andorra)	331	2,758,974,950	76,617,848	74,385,947	33,275,737	16,024,681	49,336,507	11,039,239	8,155,347	1,827,539
Greece	132	1,782,412,542	47,964,141	46,892,145	20,991,217	11,446,773	35,284,700	7,678,840	5,590,019	1,008,018
Ireland	140	1,652,215,156	50,939,272	50,158,185	22,637,028	12,899,846	37,826,984	9,589,603	6,650,534	1,754,128
Italy (including San Marino)	283	2,529,532,453	70,878,642	68,901,791	30,850,171	14,847,510	46,230,078	10,103,717	7,648,632	1,727,704
Luxembourg	56	1,150,855,256	21,542,201	21,010,987	9,473,444	6,576,563	19,650,918	4,597,254	3,301,874	874,736
Netherlands	270	2,380,906,704	62,181,739	60,329,399	26,940,084	13,420,568	42,484,143	9,248,602	7,265,444	1,497,177
United Kingdom	426	3,093,738,576	85,303,827	82,829,627	37,083,878	17,605,497	54,302,282	12,134,780	9,103,311	2,033,736
West Germany	306	2,660,183,843	73,668,272	71,552,620	32,002,730	15,466,713	47,815,929	10,397,854	8,276,595	1,855,796
Common Market not allocable	7	60,858,555	647,288	725,116	318,225	91,687	414,637	59,274	70,153	—
Other West European countries, total	377	2,985,421,337	80,304,503	78,040,496	35,001,265	17,018,369	52,595,036	11,950,031	8,682,544	2,047,788
Austria	127	1,526,635,401	38,572,994	37,786,934	16,894,883	9,054,412	29,875,739	5,673,064	5,351,305	1,036,362
Finland	126	1,450,984,833	37,210,182	36,374,266	16,264,134	8,514,727	28,908,409	4,867,411	4,675,050	651,904
Liechtenstein	7	106,775,486	984,372	971,075	434,038	241,016	1,364,678	165,148	179,163	5,774
Monaco	8	329,622,095	2,144,968	2,032,346	890,469	690,053	2,607,356	506,960	153,769	—
Norway	155	1,884,142,175	55,475,482	54,469,548	24,662,953	13,333,959	39,956,200	9,642,806	6,684,136	1,909,922
Portugal	115	1,658,652,214	45,008,692	44,249,025	19,930,841	11,935,903	35,898,549	8,091,258	6,211,327	1,297,247
Spain	255	2,624,535,997	69,509,805	68,034,625	30,505,089	15,135,865	47,083,759	10,589,318	7,825,178	1,794,275
Sweden	184	2,001,857,438	52,723,438	51,328,157	23,049,167	11,729,151	36,750,393	7,418,391	6,334,206	1,206,218
Switzerland	236	2,390,494,272	61,038,133	59,173,921	26,561,670	12,800,270	40,593,798	7,473,864	7,690,964	1,474,538
Turkey	89	1,361,418,522	42,061,936	41,382,803	18,623,187	10,214,170	30,716,417	6,631,514	5,593,088	1,316,727
Other	56	995,018,869	33,464,461	32,907,426	14,858,063	9,144,808	25,511,104	6,458,761	4,160,767	978,656
Not allocable	7	137,243,984	2,209,783	2,163,620	976,684	664,700	2,638,888	320,895	213,924	84,412
East European countries, total	131	1,666,903,467	44,693,480	43,336,656	19,456,683	11,914,246	36,511,935	8,850,889	5,699,268	1,696,615
East Germany	17	233,414,258	7,814,521	7,739,982	3,518,423					

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Number of returns	Total assets	Income and taxes from all sources							Reduction for certain foreign taxes
			Net income (less deficit)	Income subject to U.S. tax	Regular and alternative tax	Foreign tax credit claimed	Taxable income (less loss) from foreign sources before loss recapture	Foreign taxes paid or accrued	Foreign taxes deemed paid	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Africa — Continued										
West and Central African countries, total	145	1,812,580,339	51,592,581	50,767,009	22,936,116	13,627,254	40,125,323	10,062,725	6,714,179	1,838,962
Gabon	36	679,821,640	19,461,145	19,000,566	8,613,542	6,551,117	17,974,335	5,744,755	2,708,775	1,358,788
Ghana	23	795,798,144	25,383,586	24,971,467	11,411,337	7,901,713	21,993,386	5,705,920	3,920,243	1,134,336
Liberia	64	1,256,197,819	36,128,404	35,461,956	16,157,030	10,592,518	30,586,169	8,272,298	4,724,572	1,614,078
Nigeria	95	1,498,666,096	40,556,505	39,975,468	18,050,734	10,770,727	32,196,858	8,201,787	5,084,119	1,602,720
Zaire	41	804,731,915	29,383,891	29,016,431	13,242,868	8,368,869	23,358,907	6,074,270	3,868,675	1,113,959
Other	90	1,411,316,891	42,138,479	41,507,674	18,787,084	11,408,098	33,152,356	8,253,326	5,768,651	1,651,333
Southern Africa, total	240	1,981,180,241	55,036,660	53,771,551	24,041,071	12,430,997	38,612,858	7,773,917	6,714,023	1,145,688
Malawi	11	300,253,028	11,789,205	11,642,948	5,325,589	3,374,702	9,117,034	2,151,393	1,341,791	323,112
South Africa (includes Namibia)	229	1,659,299,374	52,311,308	51,082,966	22,836,982	11,587,626	35,139,133	7,418,248	6,470,442	1,145,688
Zambia	27	847,527,200	15,531,346	15,279,484	6,842,537	4,575,697	15,705,001	2,979,153	1,942,546	323,292
Zimbabwe	36	605,270,744	20,039,345	19,772,201	8,935,792	5,128,426	14,688,549	2,976,277	2,339,619	351,940
Other	19	452,670,485	9,040,119	8,867,748	3,991,983	2,884,750	8,630,927	3,169,592	589,291	479,997
Africa not allocable	15	222,221,905	3,701,088	3,576,920	1,600,087	1,127,177	3,642,114	1,340,932	248,532	156,886
Asia, total	497	3,265,158,194	89,591,261	88,850,467	38,957,757	17,876,141	55,609,628	12,608,600	9,051,311	2,063,129
Middle East, total	278	2,487,973,861	69,609,206	67,456,611	30,261,232	15,322,380	47,308,582	11,063,222	7,658,487	1,917,286
Bahrain	56	1,266,799,494	28,515,264	28,017,458	12,727,254	8,012,623	24,827,126	6,062,853	4,117,936	988,709
Iran	56	987,606,135	35,925,366	35,401,185	16,076,044	9,535,258	26,677,712	7,455,829	4,745,604	1,564,423
Iraq	35	800,879,759	22,988,384	22,493,205	10,165,230	7,002,352	19,515,148	4,725,068	3,034,990	874,736
Israel	151	1,794,325,559	39,660,094	38,313,704	17,169,868	8,575,802	29,125,844	6,022,453	3,776,753	601,554
Kuwait	78	1,448,110,409	37,371,895	36,833,955	16,591,930	8,175,248	25,497,480	5,387,749	4,154,428	875,133
Lebanon	55	1,113,253,703	29,106,801	28,626,270	12,911,862	7,316,294	22,242,282	4,727,817	4,129,830	799,547
Qatar	34	936,734,866	23,525,101	22,781,216	10,338,056	6,156,086	18,723,507	4,077,393	3,302,855	646,267
Saudi Arabia	162	1,800,640,553	51,854,264	50,422,521	22,647,835	11,620,717	35,759,800	8,866,525	5,922,176	1,578,649
United Arab Emirates	91	1,563,937,330	38,970,923	37,771,832	17,120,197	9,779,034	29,716,500	7,298,834	4,935,913	1,256,241
Other areas of Arabian peninsula	44	1,117,391,159	28,531,378	28,085,021	12,757,417	7,639,461	21,921,957	5,463,707	3,308,134	659,958
Other	73	1,270,148,084	32,930,120	32,267,365	14,450,298	8,196,680	25,915,749	5,433,320	3,728,068	485,920
Southern and Southeastern Asia, total	340	2,736,377,533	72,762,221	70,586,347	31,648,257	16,452,204	51,316,549	11,339,636	8,570,338	1,853,480
Bangladesh	23	403,506,762	17,942,973	17,716,072	8,096,157	3,482,377	9,943,960	1,979,124	2,387,015	419,964
India	145	1,676,852,942	47,669,767	46,475,057	20,847,427	12,310,603	37,309,618	8,382,939	6,383,665	1,404,844
Indonesia	152	1,987,896,079	53,248,627	52,265,566	23,599,887	14,209,968	42,129,830	10,504,582	6,989,359	1,847,557
Malaysia	131	1,582,322,055	44,817,973	44,094,268	19,917,141	11,002,994	33,509,523	7,081,884	5,705,612	1,209,598
Pakistan	75	1,302,931,755	38,718,191	37,985,330	17,262,899	11,337,516	31,132,891	8,365,410	5,269,265	1,268,559
Philippines	223	2,428,621,105	63,970,065	62,099,954	27,906,831	14,817,946	46,018,453	10,595,963	7,471,510	1,792,569
Singapore	199	2,130,240,085	55,347,262	54,347,895	24,470,609	13,286,722	41,630,526	9,211,641	6,783,872	1,525,842
Sri Lanka	43	1,059,616,450	24,776,938	24,369,655	11,108,961	7,238,921	21,894,553	4,694,260	3,713,024	815,420
Thailand	144	1,635,855,641	48,631,859	47,413,098	21,377,123	12,094,039	37,497,472	8,367,287	5,746,579	1,138,399
Vietnam	8	298,999,305	8,191,082	8,066,710	3,685,389	2,699,640	7,247,140	2,485,940	1,200,354	407,489
Other	38	841,483,584	25,381,674	24,914,480	11,312,580	7,305,647	19,881,713	4,838,718	4,128,479	847,697
Eastern Asia, total	441	3,134,892,667	85,117,650	82,715,757	37,098,067	17,055,272	53,122,299	11,981,645	8,681,597	2,003,665
China	91	1,415,885,845	42,725,540	41,565,034	18,749,599	11,257,661	32,536,616	8,747,332	4,846,269	1,424,166
Hong Kong	198	2,225,491,348	56,791,719	55,228,031	24,769,490	13,476,339	42,446,343	9,506,956	6,568,740	1,476,128
Japan	410	3,041,875,762	83,048,430	80,701,752	36,185,426	16,692,243	51,347,582	11,746,094	8,516,479	1,986,562
South Korea, Republic of	169	2,112,224,205	54,508,468	52,966,194	23,786,601	12,410,310	38,799,733	8,723,772	6,229,440	1,654,247
Taiwan	170	2,079,090,051	55,351,327	54,184,731	24,430,095	12,705,732	39,511,003	9,140,808	6,075,099	1,548,328
Other	14	78,149,085	1,230,904	1,007,823	435,105	202,290	902,856	96,568	114,003	2
Asia not allocable	11	89,128,539	3,094,455	2,946,208	1,329,789	1,196,360	2,986,056	1,258,279	521,051	191,325
Oceania, total	390	3,010,725,774	81,867,334	79,697,191	35,688,550	16,514,871	51,426,264	11,233,424	8,735,201	1,833,424
Australia	368	2,963,095,333	80,023,684	77,880,257	34,926,914	16,298,629	50,508,739	11,142,272	8,606,181	1,833,424
New Zealand	185	1,810,715,262	56,521,554	55,440,671	24,765,560	13,481,507	40,552,711	9,369,309	6,866,196	1,596,209
Other	54	1,022,921,400	31,157,234	30,743,835	13,991,618	8,569,364	24,068,399	6,164,396	3,893,908	956,426
Puerto Rico and U.S. Possessions, total	273	2,452,779,882	68,185,724	65,841,593	29,500,288	13,396,919	41,514,857	8,244,547	7,609,207	1,412,341
Puerto Rico	253	2,369,393,857	66,143,648	63,928,230	28,633,346	13,046,728	40,283,802	8,045,913	7,436,893	1,412,340
U.S. possessions, total	99	1,712,675,098	44,890,963	43,578,988	19,697,095	9,652,663	28,392,934	6,397,595	4,919,063	962,384
American Samoa	12	118,630,749	7,348,640	7,303,964	3,321,626	1,277,533	4,359,794	477,281	822,648	—
Guam	50	1,198,844,906	30,594,727	30,248,454	13,736,361	5,994,249	18,209,224	3,853,963	2,827,830	323,656
Virgin Islands, U.S.	75	1,531,945,164	38,068,333	36,800,810	16,664,039	8,675,478	24,742,276	5,879,754	4,425,597	961,805
Country not stated	375	2,877,105,039	78,320,971	76,088,079	34,176,532	16,510,777	49,529,056	11,621,152	8,422,326	2,014,569
DISC dividends	67	455,284,589	20,861,271	20,649,377	9,342,679	4,894,602	13,295,980	3,474,109	1,972,706	643,265
OPEC countries (included above)	362	2,873,272,191	78,164,021	76,135,079	34,185,018	16,938,128	52,650,686	12,337,887	8,355,084	2,048,744

Footnotes at end of table.

Corporate Foreign Tax Credit, 1982

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RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from all sources — Continued			Income and taxes from specific geographic area or country					
	Carryover	Foreign tax credit computed		Gross income excluding branch operations and specially allocable income (less loss)					
		Before reduction for international boycott operations	Reduction for international boycott operations	Total	Dividends	Dividend gross-up	Interest	Rents, royalties, and license fees	Service income
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
All geographic areas, total	17,260,155	18,225,146	1,345	82,044,278	17,789,107	9,252,842	19,936,835	9,530,069	8,213,028
Canada	4,157,638	17,545,797	1,345	7,883,318	2,001,027	1,430,061	1,737,089	724,631	369,064
Latin America, total	4,216,742	17,698,407	1,345	13,151,593	2,450,319	1,046,002	5,305,700	510,999	901,610
Mexico	3,820,911	15,844,790	1,345	2,832,993	397,066	312,267	1,707,639	188,593	249,304
Central America, total	2,716,572	14,416,377	1,252	1,655,961	829,823	228,293	330,927	61,894	94,126
Belize	855,077	3,618,188	10	558	342	92	75	42	22
Costa Rica	1,179,210	9,190,303	715	28,153	1,381	1,024	15,763	4,289	702
El Salvador	1,309,132	7,662,610	23	15,754	2,310	330	3,131	1,886	446
Guatemala	2,279,575	11,314,246	1,017	153,045	16,549	1,197	16,677	5,674	70,463
Honduras	1,730,661	9,315,370	12	13,058	2,123	439	16,692	1,592	3,234
Nicaragua	1,703,703	7,960,570	23	21,453	1,904	—	12,087	674	406
Panama (including Canal Zone)	2,094,928	12,531,870	1,229	1,423,758	805,216	225,212	266,503	47,600	18,854
Not allocable	9	231,492	—	182	—	—	—	138	(¹)
Caribbean countries, total	3,731,579	14,456,368	1,255	2,195,898	130,112	7,334	628,337	22,632	101,893
Cayman Islands	1,349,941	8,376,855	706	686,846	85,873	1,314	569,908	680	27,334
Dominican Republic	1,990,287	8,244,192	952	68,968	5,908	589	14,815	4,166	28,369
Haiti	1,369,622	7,264,920	13	4,058	770	91	199	290	3,596
Jamaica	1,822,886	10,103,228	1,246	26,542	4,348	1,863	3,177	3,133	5,731
Trinidad and Tobago	3,426,537	10,821,365	720	1,350,255	21,274	2,962	10,360	4,245	35,362
Other	971,884	6,244,497	12	59,229	11,939	515	29,879	10,117	1,501
South America, total	4,051,338	17,170,501	1,345	6,430,420	1,093,318	498,108	2,608,576	237,837	456,235
Argentina	2,750,432	14,960,151	1,019	798,907	86,910	5,233	628,605	48,324	32,862
Bolivia	3,279,917	9,114,092	23	106,458	313	143	17,031	822	7,474
Brazil	3,778,936	14,967,297	1,107	2,027,888	457,218	271,533	1,070,890	73,331	92,234
Chile	2,502,817	12,815,537	997	382,834	51,834	28,799	249,269	20,559	24,970
Colombia	3,674,357	14,260,280	1,109	545,932	102,398	22,184	113,804	22,486	88,130
Ecuador	2,215,553	10,765,164	723	399,126	35,173	1,638	100,578	7,877	8,141
Paraguay	2,698,256	8,073,090	23	23,235	556	280	19,217	861	300
Peru	3,755,351	13,577,075	1,214	832,272	10,378	10,241	112,425	11,051	37,381
Uruguay	1,686,281	9,470,740	721	46,745	9,827	3,645	26,089	4,793	1,672
Venezuela	3,662,231	14,905,098	1,108	1,246,298	335,672	154,411	468,373	46,611	153,995
Other	1,105,338	6,997,282	10	20,724	3,039	—	2,293	1,123	9,074
Latin America not allocable	1,483	1,833,819	—	36,322	—	—	30,220	42	52
Other Western Hemisphere, total	4,122,332	16,126,266	1,253	3,585,601	1,631,010	159,155	1,638,181	77,927	42,512
Bahamas	3,709,017	12,230,969	259	1,695,222	152,647	38,194	1,454,639	54,936	195
Bermuda	2,877,557	13,671,572	1,252	687,526	569,690	2,933	74,792	13,242	452
Netherlands Antilles	3,269,116	12,585,342	307	1,147,022	905,889	116,730	84,303	6,112	19,521
Other British West Indies	493,349	4,869,973	23	20,278	34	2	15,028	2,975	2,163
Other	2,018,659	6,376,844	10	35,552	2,750	1,297	9,419	661	20,182
Europe, total	4,258,808	17,851,588	1,345	28,774,692	6,939,247	4,067,847	6,596,163	5,085,393	2,399,914
Common Market countries, total	4,246,919	17,779,292	1,345	22,697,487	5,927,770	3,696,399	5,021,734	3,098,991	1,701,053
Belgium	2,655,462	13,632,602	1,043	808,873	122,158	98,412	282,771	128,677	98,229
Denmark	1,939,160	10,940,788	1,343	217,063	37,606	15,598	61,621	48,152	8,090
France (including Andorra)	3,917,542	16,037,938	1,345	2,188,603	445,368	355,467	511,194	714,563	102,048
Greece	2,423,995	11,447,770	997	365,540	11,726	5,438	81,458	16,877	225,805
Ireland	2,812,727	12,911,712	810	241,065	20,185	3,286	38,998	41,061	123,481
Italy (including San Marino)	2,713,929	14,859,649	1,092	1,317,452	320,181	175,114	294,378	363,365	133,402
Luxembourg	1,786,121	6,576,863	300	127,215	20,031	13,293	82,110	6,144	1,175
Netherlands	2,023,668	13,433,523	1,044	2,580,752	988,830	716,164	208,073	202,031	80,110
United Kingdom	4,239,409	17,618,763	1,345	11,982,888	2,994,245	1,565,358	3,099,642	927,415	809,239
West Germany	2,841,531	15,479,969	1,345	2,856,439	966,799	747,872	351,627	650,111	119,377
Common Market not allocable	14,414	102,734	—	11,597	643	399	9,862	595	97
Other West European countries, total	4,060,323	17,031,635	1,345	5,639,080	1,011,196	371,434	1,329,686	1,965,045	589,750
Austria	883,981	9,055,130	718	217,745	31,812	33,991	97,705	46,070	7,068
Finland	1,456,869	8,525,799	25	99,225	18,119	9,298	28,655	37,769	2,401
Liechtenstein	31,487	241,016	—	22,325	16,447	5,138	591	149	—
Monaco	69,451	690,515	12	3,000	—	—	1,454	288	1,259
Norway	2,712,858	13,345,037	22	2,290,610	32,509	16,615	473,355	1,532,792	118,514
Portugal	3,149,950	11,936,898	995	105,713	21,369	14,218	34,825	20,029	8,354
Spain	3,742,352	15,148,749	973	784,117	208,570	79,319	173,931	112,024	168,830
Sweden	2,150,012	11,742,152	1,090	396,710	57,526	37,307	158,640	95,854	40,497
Switzerland	2,281,233	12,813,496	1,315	1,218,791	622,347	172,837	112,463	114,113	45,439
Turkey	1,895,976	10,214,558	388	142,682	2,230	2,523	52,056	4,895	22,873
Other	2,087,086	9,155,877	23	— 9,674	268	189	2,152	195	407
Not allocable	601,238	864,700	—	367,816	—	—	193,859	868	174,110
East European countries, total	3,203,783	11,914,268	23	339,319	—	—	165,375	18,349	109,001
East Germany	30,518	1,380,151	10	30,230	—	—	16,572	3,809	168
Rumania	487,321	4,484,083	22	12,346	—	—	3,787	2,076	3,365
Union of Soviet Socialist Republics	350,207	5,504,728	10	22,301	—	—	12,434	4,698	469
Other	2,863,888	10,608,227	22	274,443	—	—	132,582	7,767	104,999
Europe not allocable	108,733	2,171,458	288	98,826	281	13	79,367	3,008	110
Africa, total	4,119,910	16,682,306	1,339	4,724,640	459,873	595,015	392,540	209,666	823,541
North Africa, total	3,925,659	14,350,256	301	2,451,991	20,534	12,053	112,676	21,773	430,956
Algeria	1,130,680	6,507,304	23	238,541	—	—	24,476	1,236	204,025
Egypt	2,410,611	12,200,259	23	1,605,435	10,571	3,631	55,681	10,018	102,132
Libya	2,579,995	9,319,228	23	584,169	1,582	3,402	4,028	714	41,802
Morocco	2,421,866	9,782,539	300	75,958	741	658	12,658	5,554	51,728
Other	2,346,545	10,671,290	23	— 52,113	7,639	4,361	15,834	4,251	31,271
East Africa, total	3,370,929	11,059,001	715	145,267	9,730	11,497	85,437	2,638	24,506
Ethiopia	1,374,681	6,579,522	22	210	72	21	—	57	51
Kenya	1,740,001	8,573,180	715	18,514	2,413	5,025	1,438	1,217	1,474
Tanzania	1,277,339	5,595,846	12	2,208	—	—	151	259	1,689
Uganda	900,154	4,500,053	12	10,859	4,858	5,796	—	—	42
Other	3,262,150	9,967,321	715	113,477	2,387	606	83,827	1,104	21,250

Footnotes at end of table.

Corporate Foreign Tax Credit, 1982

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from all sources — Continued			Income and taxes from specific geographic area or country					
	Carryover	Foreign tax credit computed		Gross income excluding branch operations and specially allocable income (less loss)					
		Before reduction for international boycott operations	Reduction for international boycott operations	Total	Dividends	Dividend gross-up	Interest	Rents, royalties, and license fees	Service income
	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)
Africa — Continued									
West and Central African countries, total	3,519,617	13,638,611	301	1,517,669	200,752	400,255	103,316	88,051	332,133
Gabon	1,494,044	6,551,130	12	92,632	2,451	1,486	941	8,871	36,430
Ghana	1,738,335	7,901,725	12	18,248	3,665	5,090	4,111	336	5,117
Liberia	3,352,234	10,592,550	23	169,607	109,627	1,432	51,980	3,898	805
Nigeria	2,949,780	10,781,796	23	869,939	61,245	371,744	20,616	34,646	100,798
Zaire	1,523,542	8,369,169	300	56,400	4,466	2,507	8,677	10,738	31,100
Other	2,336,242	11,419,167	22	310,843	19,288	17,996	16,992	29,561	157,882
Southern Africa, total	2,264,188	12,433,200	1,338	603,247	228,857	171,210	90,793	91,097	35,909
Malawi	834,738	3,374,702	—	2,997	1,199	1,436	—	40	233
South Africa (includes Namibia)	1,686,836	11,589,819	1,328	581,538	205,224	151,461	86,467	88,256	34,460
Zambia	1,110,660	4,576,401	704	9,207	2,296	1,419	3,428	1,825	826
Zimbabwe	953,176	5,129,408	982	5,675	18,224	16,059	702	600	367
Other	244,864	2,884,773	22	3,830	1,914	836	196	376	23
Africa not allocable	100,044	1,138,223	—	6,466	—	—	318	6,108	37
Asia, total	17,228,841	17,889,407	1,345	16,698,584	2,049,404	1,675,460	2,849,546	2,082,053	2,316,251
Middle East, total	15,886,321	15,323,107	718	6,476,479	326,229	18,974	491,317	877,836	678,572
Bahrain	1,135,004	8,012,646	23	191,183	17,409	7,252	112,813	20,079	16,148
Iran	1,642,864	9,535,289	22	16,281	12	—	1,738	112	233
Iraq	2,288,207	7,002,364	12	37,723	175	—	8,758	2,405	4,260
Israel	1,076,258	8,576,528	717	146,219	10,644	3,447	81,998	12,487	6,341
Kuwait	1,800,321	8,175,270	23	133,567	141	—	58,783	3,644	13,392
Lebanon	1,143,969	7,316,316	23	49,595	390	23	25,469	3,364	976
Qatar	505,296	6,156,108	22	10,676	3,559	3,484	2,137	1,678	112
Saudi Arabia	14,750,367	11,620,741	24	5,184,736	289,561	4,029	43,517	812,505	327,185
United Arab Emirates	1,869,899	9,779,066	23	675,234	3,383	142	145,975	18,879	298,791
Other areas of Arabian peninsula	1,924,188	7,639,484	23	16,377	464	55	3,519	1,785	8,045
Other	2,088,473	8,196,682	23	14,889	491	543	6,612	898	3,087
Southern and Southeastern Asia, total	3,933,946	16,465,445	1,321	5,267,465	974,686	988,748	732,510	191,068	1,080,033
Bangladesh	116,845	3,482,377	—	15,523	20	6	3,106	109	12,109
India	2,553,377	12,312,551	1,084	324,400	17,446	19,751	45,448	22,024	210,318
Indonesia	3,789,247	14,222,018	994	3,189,318	741,875	857,348	85,492	31,774	316,195
Malaysia	2,279,236	11,005,087	1,228	145,456	25,764	16,072	27,437	9,443	44,587
Pakistan	3,385,904	11,338,230	715	45,146	4,559	5,222	18,443	848	12,119
Philippines	3,808,229	14,830,311	1,318	631,013	63,190	39,320	220,389	46,728	218,665
Singapore	2,560,917	13,299,082	1,313	544,152	68,411	18,500	272,126	60,329	66,712
Sri Lanka	1,646,117	7,238,944	23	17,387	1,197	1,087	12,101	119	3,448
Thailand	2,514,017	12,096,126	1,223	287,380	52,223	31,443	43,545	18,980	133,464
Vietnam	198,399	2,699,640	—	913	—	—	882	—	20
Other	1,143,783	7,305,660	12	66,776	—	—	3,543	715	62,396
Eastern Asia, total	4,202,379	17,068,528	1,345	4,945,623	748,483	667,738	1,617,338	1,013,145	557,560
China	3,491,634	11,257,685	23	38,721	1,372	—	7,470	5,657	25,470
Hong Kong	3,586,335	13,477,059	720	651,866	165,782	22,377	294,822	66,484	81,753
Japan	4,145,891	16,705,498	1,345	3,393,426	540,013	630,988	917,048	885,506	185,152
South Korea, Republic of	2,755,587	12,411,995	820	543,693	19,502	7,772	265,033	27,113	156,707
Taiwan	2,620,798	12,706,725	993	316,032	21,625	6,430	131,982	27,860	108,459
Other	40,840	202,298	8	1,886	189	171	983	524	19
Asia not allocable	90,980	1,196,360	—	9,017	6	—	8,381	3	86
Oceania, total	3,923,502	16,528,137	1,345	1,530,883	291,183	232,928	222,283	322,202	188,182
Australia	3,921,158	16,311,895	1,345	1,379,919	268,918	218,574	197,371	294,131	161,915
New Zealand	3,671,718	13,493,768	1,215	119,627	21,443	14,171	17,949	26,370	11,965
Other	2,131,434	8,580,433	22	31,337	822	183	6,962	1,701	14,302
Puerto Rico and U.S. Possessions, total	2,280,976	13,409,009	1,043	1,462,142	440,640	20,734	110,923	245,172	493,082
Puerto Rico	2,224,090	13,058,818	1,043	1,367,205	437,062	20,268	99,726	233,625	437,176
U.S. possessions, total ²	1,952,802	9,664,425	716	94,937	3,578	466	11,197	11,546	55,906
American Samoa	239	1,277,543	10	296	—	—	56	12	214
Guam	990,973	6,006,010	715	26,161	3,014	363	3,145	3,810	8,161
Virgin Islands, U.S.	1,870,231	8,686,548	24	65,404	565	104	6,188	7,724	47,531
Country not stated	4,160,212	16,524,042	1,345	2,836,562	135,769	20,010	1,084,409	272,026	678,869
DISC dividends	1,309,875	4,166,349	700	1,396,265	1,390,634	5,631	—	—	—
OPEC countries (included above)	17,006,984	16,950,299	1,115	12,678,240	1,474,838	1,397,683	965,410	970,953	1,505,361

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued								
	Gross income excluding branch operations and specially allocable income (less loss) — Continued			Oil and gas extraction gross income (less loss)					
	Net capital gain	Partnership income	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations	Includable income of Controlled Foreign Corporations	Partnership income
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All geographic areas, total	822,365	- 43,055	16,543,087	25,129,291	19,655,089	287,155	5,183,654	55,052	- 51,658
Canada	369,307	- 2,657	1,254,796	2,174,215	1,428,592	85,186	613,294	46,643	499
Latin America, total	11,729	48,471	2,876,763	2,367,917	2,274,667	59	52,038	—	41,153
Mexico	10,747	- 21,001	- 11,622	—	—	—	—	—	—
Central America, total	5,754	3,192	101,951	—	—	—	—	—	—
Belize	- 82	11	57	—	—	—	—	—	—
Costa Rica	- 170	- 19	5,185	—	—	—	—	—	—
El Salvador	—	8	7,643	—	—	—	—	—	—
Guatemala	316	- 133	42,303	1	1	—	—	—	—
Honduras	—	- 16	- 11,006	—	—	—	—	—	—
Nicaragua	50	- 92	6,424	—	—	—	—	—	—
Panama (including Canal Zone)	5,640	3,433	51,300	—	—	—	—	—	—
Not allocable	—	—	44	—	—	—	—	—	—
Caribbean countries, total	- 1,116	651	1,306,054	1,234,027	1,221,885	—	12,142	—	—
Cayman Islands	—	119	1,618	1	1	—	—	—	—
Dominican Republic	- 961	56	16,025	—	—	—	—	—	—
Haiti	(¹)	3	- 891	—	—	—	—	—	—
Jamaica	- 182	272	8,201	—	—	—	—	—	—
Trinidad and Tobago	27	205	1,275,819	1,229,016	1,216,875	—	12,142	—	—
Other	—	- 3	5,281	5,009	5,009	—	—	—	—
South America, total	- 3,656	65,629	1,474,372	1,133,889	1,052,781	—	39,896	—	41,153
Argentina	- 286	107	197,151	119,414	119,355	59	58	—	—
Bolivia	12	317	80,345	80,974	80,974	—	—	—	—
Brazil	4,587	5,492	52,602	—	—	—	—	—	—
Chile	- 13,415	7,501	13,317	—	—	—	—	—	—
Colombia	2,142	41,270	153,518	188,080	107,030	—	39,896	—	41,153
Ecuador	- 12	68	245,664	222,981	222,981	—	—	—	—
Paraguay	—	18	2,003	—	—	—	—	—	—
Peru	355	204	650,236	515,877	515,877	—	—	—	—
Uruguay	- 590	29	1,279	—	—	—	—	—	—
Venezuela	3,546	10,633	73,058	6,564	6,563	(¹)	—	—	—
Other	4	- 9	5,199	—	—	—	—	—	—
Latin America not allocable	—	—	6,008	—	—	—	—	—	—
Other Western Hemisphere, total	3,419	- 135	33,531	1,265	1,290	—	—	—	- 24
Bahamas	49	- 60	- 5,378	434	434	—	—	—	—
Bermuda	- 24	- 92	26,533	—	—	—	—	—	—
Netherlands Antilles	3,394	25	11,048	831	855	—	—	—	- 24
Other British West Indies	—	- 64	141	—	—	—	—	—	—
Other	—	57	1,187	—	—	—	—	—	—
Europe, total	125,769	- 39,808	3,600,167	7,682,532	5,109,889	1,527	2,558,457	7,876	4,782
Common Market countries, total	106,157	- 6,106	3,151,487	5,212,566	2,638,284	4	2,547,868	7,876	18,534
Belgium	3,996	3,151	71,479	—	—	—	—	—	—
Denmark	53	- 6,178	52,121	46,338	46,338	—	—	—	—
France (including Andorra)	12,852	- 12,452	59,564	3,227	—	—	3,227	—	—
Greece	788	115	23,334	10,708	10,708	—	—	—	—
Ireland	42	- 555	14,567	—	—	—	—	—	—
Italy (including San Marino)	1,654	- 2,534	31,892	1,274	1,274	—	—	—	—
Luxembourg	—	(¹)	4,462	—	—	—	—	—	—
Netherlands	13,826	16,469	355,249	1,360,692	396,876	—	939,935	4,092	19,788
United Kingdom	60,695	- 13,042	2,539,335	3,425,006	2,183,017	4	1,239,454	3,784	- 1,254
West Germany	12,250	8,920	- 517	365,322	70	—	365,252	—	—
Common Market not allocable	—	—	1	—	—	—	—	—	—
Other West European countries, total	17,271	- 33,684	388,361	2,469,966	2,471,605	1,523	10,589	—	- 13,752
Austria	7	- 22	1,114	10,589	—	—	10,589	—	—
Finland	7	(¹)	2,976	—	—	—	—	—	—
Liechtenstein	—	—	—	—	—	—	—	—	—
Monaco	—	—	—	—	—	—	—	—	—
Norway	2,286	- 13,447	127,985	2,334,726	2,333,203	1,523	—	—	—
Portugal	260	7	6,651	258	258	—	—	—	—
Spain	- 5,307	- 1,140	47,891	106,050	106,050	—	—	—	—
Sweden	1,401	- 3,899	9,384	—	—	—	—	—	—
Switzerland	16,773	- 636	135,456	—	—	—	—	—	—
Turkey	1,838	- 810	57,078	32,094	32,094	1	—	—	—
Other	—	- 13,737	852	- 13,752	—	—	—	—	- 13,752
Not allocable	5	—	- 1,026	—	—	—	—	—	—
East European countries, total	2,341	- 19	44,271	—	—	—	—	—	—
East Germany	—	—	9,661	—	—	—	—	—	—
Rumania	—	6	3,113	—	—	—	—	—	—
Union of Soviet Socialist Republics	1,333	3	3,364	—	—	—	—	—	—
Other	1,008	- 28	28,115	—	—	—	—	—	—
Europe not allocable	—	—	16,047	—	—	—	—	—	—
Africa, total	- 5,636	14,396	2,235,244	3,834,109	3,419,033	3,817	390,739	—	20,520
North Africa, total	- 5,042	- 6	1,859,048	2,201,073	2,201,040	32	—	—	—
Algeria	—	- 46	8,851	2,567	2,567	—	—	—	—
Egypt	- 11,459	44	1,434,816	1,381,736	1,381,736	—	—	—	—
Libya	6,453	- 11	526,200	834,493	834,460	32	—	—	—
Morocco	—	- 21	4,642	4,741	4,741	(¹)	—	—	—
Other	- 36	28	115,461	- 22,463	- 22,463	—	—	—	—
East Africa, total	- 13	9	11,463	1	1	—	—	—	—
Ethiopia	—	- 6	- 57	—	—	—	—	—	—
Kenya	(¹)	16	6,931	—	—	—	—	—	—
Tanzania	- 13	(¹)	121	—	—	—	—	—	—
Uganda	—	—	162	—	—	—	—	—	—
Other	(¹)	- 1	4,305	1	1	—	—	—	—

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued								
	Gross income excluding branch operations and specially allocable income (less loss) — Continued			Oil and gas extraction gross income (less loss)					
	Net capital gain	Partnership income	Other income	Total	From extraction of oil or gas	From sale of business assets	Dividends from foreign corporations	Includable income of Controlled Foreign Corporations	Partnership income
	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
Africa — Continued									
West and Central African countries, total	-5,038	13,760	384,440	1,633,035	1,217,992	3,784	390,739	—	20,520
Gabon	(¹)	2	42,440	82,538	78,754	3,784	—	—	—
Ghana	-109	-1	38	—	—	—	—	—	—
Liberia	—	-681	2,546	—	—	—	—	—	—
Nigeria	-6,400	20,522	266,770	957,769	546,509	—	390,739	—	20,520
Zaire	-24	-6,039	4,976	121,084	121,084	—	—	—	—
Other	1,496	-43	67,671	471,645	471,645	—	—	—	—
Southern Africa, total	4,458	633	-19,710	—	—	—	—	—	—
Malawi	—	(¹)	89	—	—	—	—	—	—
South Africa (includes Namibia)	4,458	581	10,631	—	—	—	—	—	—
Zambia	—	(¹)	-587	—	—	—	—	—	—
Zimbabwe	—	52	-30,329	—	—	—	—	—	—
Other	—	-1	486	—	—	—	—	—	—
Africa not allocable	—	—	4	—	—	—	—	—	—
Asia, total	179,895	-60,866	5,606,841	6,851,484	5,204,876	195,537	1,569,126	532	-118,588
Middle East, total	125,083	55,163	3,903,304	2,383,481	2,181,149	195,292	7,039	—	—
Bahrain	—	-24	17,506	—	—	—	—	—	—
Iran	4,665	79	9,442	—	—	—	—	—	—
Iraq	(¹)	5	22,121	—	—	—	—	—	—
Israel	3,699	21,422	6,182	—	—	—	—	—	—
Kuwait	101,793	-70	-44,116	89,575	-105,683	195,258	—	—	—
Lebanon	2,562	-86	16,897	—	—	—	—	—	—
Qatar	—	-1	-294	7,040	1	—	7,039	—	—
Saudi Arabia	12,244	33,926	3,661,769	1,376,245	1,376,245	—	—	—	—
United Arab Emirates	121	17	207,926	910,620	910,586	34	—	—	—
Other areas of Arabian peninsula	(¹)	-24	2,533	—	—	—	—	—	—
Other	-1	-81	3,339	—	—	—	—	—	—
Southern and Southeastern Asia, total	20,444	-115,059	1,395,034	4,417,097	2,973,353	245	1,562,067	—	-118,588
Bangladesh	-38	(¹)	213	—	—	—	—	—	—
India	5,656	-9	3,765	—	—	—	—	—	—
Indonesia	230	-118,221	1,274,626	3,911,741	2,467,434	245	1,562,067	—	-118,024
Malaysia	1,099	5,454	15,600	476,710	476,710	—	—	—	—
Pakistan	-21	-9	3,986	13,137	13,137	—	—	—	—
Philippines	9,226	-1,404	34,900	16,258	16,258	—	—	—	—
Singapore	-134	175	58,032	—	—	—	—	—	—
Sri Lanka	—	-1,225	661	-564	—	—	—	—	-564
Thailand	4,425	172	3,128	—	—	—	—	—	—
Vietnam	—	11	—	—	—	—	—	—	—
Other	1	-3	123	-186	-186	—	—	—	—
Eastern Asia, total	34,368	-970	307,961	50,906	50,374	—	—	532	—
China	494	-1,188	-554	-35	-35	—	—	—	—
Hong Kong	389	-176	20,435	1,677	1,677	—	—	—	—
Japan	31,534	548	202,637	49,264	48,732	—	—	532	—
South Korea, Republic of	5,270	-242	62,538	—	—	—	—	—	—
Taiwan	-3,318	88	22,906	—	—	—	—	—	—
Other	—	—	(¹)	—	—	—	—	—	—
Asia not allocable	—	—	542	—	—	—	—	—	—
Oceania, total	42,112	1,038	230,954	2,211,329	2,210,300	1,029	—	—	—
Australia	19,529	1,662	217,818	2,211,187	2,210,158	1,029	—	—	—
New Zealand	22,584	-1,261	6,406	—	—	—	—	—	—
Other	(¹)	636	6,730	141	141	—	—	—	—
Puerto Rico and U.S. Possessions, total	983	876	149,731	—	—	—	—	—	—
Puerto Rico	983	832	137,533	—	—	—	—	—	—
U.S. possessions, total ²	(¹)	44	12,199	—	—	—	—	—	—
American Samoa	—	2	12	—	—	—	—	—	—
Guam	(¹)	4	7,665	—	—	—	—	—	—
Virgin Islands, U.S.	—	39	3,255	—	—	—	—	—	—
Country not stated	94,787	-4,369	555,061	6,441	6,441	—	—	—	—
DISC dividends	—	—	—	—	—	—	—	—	—
OPEC countries (included above)	122,638	-53,098	6,294,456	8,402,133	6,340,417	199,354	1,959,865	—	-97,504

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued									
	Deductions other than from branch operations and specially allocable income									
	Deductions allocable to specific types of income						Deductions not allocable to specific types of income			
	Total	Total	Rental, royalty, and licensing expenses	Service expenses	Other deductions	Total	Research and development	Interest	General and administrative	
	(29)	(30)	Depreciation, depletion and amortization	Other	(33)	(34)	(35)	(36)	(37)	(38)
All geographic areas, total	40,983,449	25,685,707	321,450	1,024,989	3,697,905	20,641,364	15,297,741	56,911	6,238,962	1,757,948
Canada	2,395,235	1,372,402	11,742	61,351	93,935	1,205,375	1,022,834	4,419	203,845	103,996
Latin America, total	7,461,649	4,322,877	58,291	109,366	427,148	3,728,073	3,138,772	22,194	1,580,312	277,988
Mexico	1,541,687	654,231	32,781	45,908	158,820	416,722	887,456	14,492	460,555	64,902
Central America, total	505,735	258,268	505	3,055	8,660	246,048	247,467	921	81,412	22,408
Belize	133	60	—	15	8	37	73	—	21	5
Costa Rica	19,970	13,763	21	112	347	13,283	6,207	48	1,825	696
El Salvador	10,925	8,403	(¹)	43	328	8,032	2,522	4	1,458	443
Guatemala	128,061	76,653	114	340	5,120	71,078	51,408	560	4,528	2,346
Honduras	24,215	9,553	1	30	71	9,451	14,661	7	7,440	2,303
Nicaragua	14,880	7,892	1	11	81	7,799	6,988	7	4,536	928
Panama (including Canal Zone)	307,458	141,887	368	2,504	2,696	136,319	165,571	295	61,605	15,674
Not allocable	94	58	—	—	9	49	37	—	—	14
Caribbean countries, total	1,723,144	1,381,548	4,218	3,501	16,468	1,357,362	341,595	363	105,979	15,499
Cayman Islands	368,748	111,453	105	96	136	111,117	257,294	2	89,195	7,634
Dominican Republic	45,736	16,883	67	100	1,614	15,102	28,853	82	5,688	1,719
Haiti	5,655	3,142	(¹)	10	54	3,078	2,513	4	31	-730
Jamaica	10,218	7,248	53	92	162	6,941	2,968	64	1,037	823
Trinidad and Tobago	1,265,294	1,224,946	3,012	272	13,108	1,208,554	40,347	205	3,675	5,785
Other	27,495	17,875	980	2,930	1,395	12,570	9,619	6	6,353	268
South America, total	3,648,976	2,007,418	20,781	56,901	243,180	1,686,556	1,641,558	6,419	923,281	170,979
Argentina	498,287	216,214	817	11,429	13,992	189,975	282,073	1,792	150,599	19,197
Bolivia	43,306	32,385	37	-25	5,678	26,694	10,921	107	7,601	1,997
Brazil	1,073,159	437,966	8,935	29,351	121,366	278,314	635,193	2,090	370,178	62,383
Chile	228,567	100,942	304	1,679	11,926	87,033	127,625	236	67,406	9,792
Colombia	439,491	372,245	7,563	7,377	23,769	333,536	67,247	717	37,007	11,743
Ecuador	200,429	133,543	123	202	1,997	131,222	66,885	39	46,418	10,221
Paraguay	21,251	10,417	23	73	256	10,065	10,834	6	6,153	2,088
Peru	328,044	257,458	214	1,092	4,405	251,747	70,586	352	50,136	6,859
Uruguay	28,756	5,532	189	355	646	4,343	23,224	49	14,910	3,391
Venezuela	775,190	431,745	2,576	5,129	54,428	369,612	343,446	961	170,846	42,988
Other	12,496	8,971	—	240	4,718	4,013	3,525	70	2,029	521
Latin America not allocable	42,107	21,412	7	1	20	21,385	20,695	(¹)	9,084	4,201
Other Western Hemisphere, total	1,671,299	340,673	1,465	15,292	41,355	282,562	1,330,626	1,587	738,770	168,946
Bahamas	1,137,511	133,259	9	8,676	303	124,271	1,004,251	9	637,483	120,568
Bermuda	137,876	62,084	252	1,223	1,797	58,813	75,792	352	25,688	11,124
Netherlands Antilles	358,060	113,184	1,201	5,239	21,835	84,909	244,876	693	74,183	36,700
Other British West Indies	14,882	11,026	—	44	10,982	3,855	(¹)	664	299	299
Other	22,971	21,120	3	154	17,376	3,587	1,851	534	752	256
Europe, total	12,431,124	7,642,936	125,470	656,094	1,295,757	5,565,615	4,788,188	13,341	2,028,704	709,047
Common Market countries, total	9,620,378	5,789,210	59,445	280,192	837,840	4,611,732	3,831,168	11,500	1,705,910	625,702
Belgium	466,973	287,218	4,064	6,210	25,403	251,541	179,755	179	88,836	19,676
Denmark	130,038	82,832	309	1,241	4,348	76,934	47,206	126	26,351	6,525
France (including Andorra)	959,360	523,423	15,438	28,098	52,837	427,050	435,937	1,814	194,579	51,687
Greece	313,078	232,995	47	542	174,829	57,577	80,083	401	27,826	9,649
Ireland	163,026	138,710	12	3,636	91,432	43,630	44,316	452	16,192	6,539
Italy (including San Marino)	585,069	289,347	1,990	14,188	25,291	247,878	295,722	605	94,878	22,631
Luxembourg	79,384	10,296	(¹)	202	134	9,960	69,088	1,281	39,323	3,284
Netherlands	950,441	689,082	1,523	26,685	52,065	608,809	261,360	573	64,441	72,379
United Kingdom	5,155,584	3,125,595	28,666	174,725	349,665	2,572,538	2,029,989	4,528	1,010,781	348,391
West Germany	789,383	402,817	7,396	24,664	61,759	308,999	386,566	1,537	142,588	84,540
Common Market not allocable	8,042	6,895	—	—	79	6,816	1,147	6	115	400
Other West European countries, total	2,402,051	1,637,238	66,024	374,842	359,401	836,972	764,813	1,830	254,121	66,339
Austria	117,467	43,748	918	918	1,534	40,293	73,720	20	47,636	12,168
Finland	53,979	22,754	1,678	2,369	679	18,029	31,224	6	12,832	722
Liechtenstein	3,920	143	—	—	—	143	3,777	14	1,950	1,699
Monaco	10,681	10,256	—	—	74	10,182	425	—	34	13
Norway	804,346	746,396	57,496	356,117	86,320	246,463	57,950	124	21,317	3,594
Portugal	62,173	39,702	209	988	6,464	32,041	22,471	49	14,258	2,331
Spain	331,770	188,094	3,164	5,982	73,527	105,421	143,676	615	61,076	10,937
Sweden	209,348	126,086	810	5,186	17,142	104,948	81,263	133	21,424	4,615
Switzerland	418,759	237,331	1,663	3,150	28,639	203,880	181,428	662	58,567	27,656
Turkey	101,229	56,828	1	86	12,836	43,905	44,401	207	11,242	1,895
Other	2,282	1,102	(¹)	46	176	880	1,180	(¹)	479	40
Not allocable	286,097	162,799	—	—	132,011	30,788	123,297	—	3,307	670
East European countries, total	317,570	175,717	1	1,060	98,408	76,249	141,853	7	48,168	7,486
East Germany	26,072	20,607	—	4	30	20,573	5,465	—	1,949	858
Rumania	5,643	1,262	—	—	48	1,214	4,382	—	1,633	252
Union of Soviet Socialist Republics	19,548	2,470	—	676	377	1,417	17,079	—	9,951	4,355
Other	266,306	151,378	1	379	97,954	53,044	114,928	7	34,636	2,021
Europe not allocable	91,126	40,771	(¹)	(¹)	108	40,663	50,355	4	20,504	9,520
Africa, total	2,257,758	1,845,796	7,890	43,972	588,898	1,205,036	411,962	4,146	120,497	56,032
North Africa, total	1,124,320	987,501	1,078	4,266	289,729	692,428	138,818	686	49,194	17,723
Algeria	199,323	187,330	—	20	171,658	15,652	11,993	—	5,654	894
Egypt	505,578	427,104	912	1,668	57,937	366,586	78,474	92	21,459	4,599
Libya	258,452	237,314	—	—	17,951	219,363	21,137	564	7,183	6,554
Morocco	59,313	49,167	166	2,054	31,095	15,853	10,146	24	4,770	2,096
Other	101,654	86,586	—	525	11,088	74,974	15,068	6	10,127	3,581
East Africa, total	137,396	116,872	37	134	12,741	103,960	20,524	120	4,018	10,928
Ethiopia	345	233	—	-19	39	213	112	(¹)	19	5
Kenya	5,134	1,908	—	17	501	1,390	3,227	13	605	445
Tanzania	12,698	12,068	—	95	74	11,899	628	—	475	41
Uganda	760	26	—	—	26	—	734	—	—	—
Other	118,460	102,637	37	42	12,101	90,458	15,823	106	2,920	10,438

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued									
	Deductions other than from branch operations and specially allocable income									
	Total	Total	Deductions allocable to specific types of income				Deductions not allocable to specific types of income			
			Rental, royalty, and licensing expenses	Service expenses	Other deductions	Total	Research and development	Interest	General and administrative	
Depreciation, depletion and amortization	Other									
	(29)	(30)	(31)	(32)	(33)	(34)	(35)	(36)	(37)	(38)
Africa — Continued										
West and Central African countries, total.....	797,964	652,786	3,049	32,695	269,720	347,323	145,178	520	33,290	14,137
Gabon.....	45,059	40,574	—	2,925	15,419	22,230	4,485	34	1,803	621
Ghana.....	6,597	4,955	—	—	3,383	1,572	1,642	4	754	82
Liberia.....	73,274	32,925	2,491	37	400	29,997	40,349	20	5,663	3,246
Nigeria.....	320,412	259,236	558	19,176	83,539	155,963	61,176	46	11,394	7,352
Zaire.....	54,534	42,387	—	3,233	14,390	24,764	12,147	403	3,747	1,085
Other.....	298,088	272,710	(1)	7,323	152,589	112,797	25,379	15	9,930	1,751
Southern Africa, total.....	191,138	81,737	370	3,376	16,671	61,319	109,401	2,819	33,967	13,243
Malawi.....	779	304	—	—	304	—	474	(1)	(1)	107
South Africa (includes Namibia).....	182,182	80,439	370	3,363	16,088	60,618	101,742	2,737	32,434	12,534
Zambia.....	3,970	341	(1)	3	68	270	3,629	(1)	1,344	215
Zimbabwe.....	3,621	494	—	3	192	299	3,127	82	104	335
Other.....	587	158	—	7	19	132	429	—	85	52
Africa not allocable.....	6,941	6,900	3,357	3,500	37	5	41	—	28	1
Asia, total.....	10,203,896	7,326,928	105,316	86,934	825,286	6,309,392	2,876,968	7,295	1,257,814	301,034
Middle East, total.....	5,315,266	4,860,847	2,814	8,635	207,212	4,642,186	454,419	590	217,653	28,773
Bahrain.....	134,140	84,015	—	3	8,741	75,271	50,125	5	30,457	7,682
Iran.....	2,462	2,462	14	1	151	2,296	5,500	6	756	84
Iraq.....	16,517	8,569	—	314	700	7,555	7,948	—	4,031	778
Israel.....	82,246	21,952	166	1,683	1,859	18,244	60,294	3	17,365	2,149
Kuwait.....	31,472	15,725	91	391	6,332	8,912	15,747	41	6,300	1,339
Lebanon.....	22,239	8,231	25	73	435	7,699	14,008	8	2,196	733
Qatar.....	2,876	1,504	—	45	50	1,410	1,372	—	799	243
Saudi Arabia.....	4,530,638	4,414,540	2,337	5,281	134,350	4,272,572	116,095	435	18,558	7,354
United Arab Emirates.....	452,644	281,466	143	517	52,216	228,591	171,178	54	130,136	6,641
Other areas of Arabian peninsula.....	22,706	19,912	38	306	989	18,579	2,794	11	918	505
Other.....	11,826	2,469	(1)	21	1,391	1,057	9,357	27	6,138	1,265
Southern and Southeastern Asia, total.....	2,345,776	1,419,860	96,963	30,042	342,988	949,866	925,916	5,159	327,507	85,858
Bangladesh.....	10,048	8,944	—	—	274	9,217	1,102	—	924	36
India.....	227,151	52,096	6	933	25,173	25,984	175,055	394	23,299	7,409
Indonesia.....	853,951	737,742	85,309	11,122	150,875	490,436	116,210	2,353	73,235	12,663
Malaysia.....	69,677	37,615	9	256	15,347	22,003	32,062	254	15,387	5,662
Pakistan.....	33,729	23,002	6	143	1,704	21,149	10,727	2	6,822	1,968
Philippines.....	402,695	159,402	10,906	13,699	37,487	97,310	243,293	1,252	68,626	17,143
Singapore.....	410,907	200,192	245	3,308	46,438	150,200	210,716	228	106,532	31,197
Sri Lanka.....	16,884	9,664	25	37	754	8,848	7,220	6	5,415	942
Thailand.....	259,499	135,924	441	443	19,948	115,091	123,575	670	26,495	8,179
Vietnam.....	1,069	253	—	—	15	238	816	—	3	1
Other.....	60,167	55,026	16	101	45,521	9,388	5,140	(1)	770	658
Eastern Asia, total.....	2,535,936	1,046,136	5,539	48,257	275,000	717,340	1,489,800	1,546	708,065	184,285
China.....	31,931	20,061	32	216	9,747	10,067	11,870	389	5,053	2,941
Hong Kong.....	408,742	166,935	815	2,236	31,385	132,499	241,806	102	131,180	27,742
Japan.....	1,440,955	553,849	4,414	42,577	67,883	438,974	887,106	793	362,849	119,764
South Korea, Republic of.....	434,448	224,353	82	1,676	131,070	91,526	210,095	146	140,332	21,753
Taiwan.....	219,000	80,560	162	1,345	34,900	44,152	138,440	116	68,631	12,073
Other.....	860	378	34	207	15	122	482	—	21	11
Asia not allocable.....	6,919	86	(1)	(1)	85	(1)	6,833	—	4,589	2,118
Oceania, total.....	698,151	475,887	3,627	21,671	101,111	349,477	222,264	1,915	56,272	31,400
Australia.....	624,449	432,923	2,920	20,225	88,906	320,871	191,526	1,584	50,176	27,356
New Zealand.....	40,947	19,362	181	948	6,177	12,057	21,585	331	4,631	2,894
Other.....	32,755	23,602	527	498	6,028	16,549	9,153	(1)	1,465	1,150
Puerto Rico and U.S. Possessions, total.....	1,220,936	693,040	1,631	1,643	105,004	584,763	527,896	33	38,268	20,615
Puerto Rico.....	1,144,496	629,216	1,621	1,534	56,858	569,203	515,280	33	33,546	18,189
U.S. possessions, total ²	76,440	63,824	10	109	48,146	15,560	12,616	(1)	4,722	2,427
American Samoa.....	802	793	—	—	80	712	10	—	2	4
Guam.....	21,317	17,045	5	62	6,370	10,609	4,272	(1)	2,171	1,521
Virgin Islands, U.S.....	53,510	45,720	4	(1)	41,678	4,037	7,790	—	2,549	902
Country not stated.....	2,421,816	1,625,785	6,017	28,666	219,411	1,371,691	796,031	1,979	212,824	52,901
DISC dividends.....	221,581	39,380	—	—	—	39,380	182,201	—	1,651	35,987
OPEC countries (included above).....	7,694,924	6,751,751	91,150	45,122	689,664	5,925,815	943,172	4,532	477,111	97,731

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued						
	Deductions from oil and gas extraction income			Taxable income (less loss) before loss recapture			
	Total	Allocable to specific types of income	Not allocable to specific types of income	Total	Foreign branch income	Specialty allocable income (Section 863(B))	Other than from branch operations and specialty allocable income
	(39)	(40)	(41)	(42)	(43)	(44)	(45)
All geographic areas, total	7,902,116	7,744,002	158,114	57,058,820	14,474,665	1,523,325	41,060,830
Canada	584,907	550,840	34,067	6,438,387	455,481	494,824	5,488,082
Latin America, total	1,388,089	1,387,425	665	7,645,800	1,872,335	83,521	5,689,944
Mexico	—	—	—	1,564,493	227,887	45,299	1,291,306
Central America, total	-9	-9	—	1,309,790	157,763	1,802	1,150,225
Belize	—	—	—	-6,199	-6,641	17	425
Costa Rica	—	—	—	14,556	5,492	881	8,183
El Salvador	—	—	—	15,720	10,510	381	4,829
Guatemala	—	—	—	29,142	4,030	128	24,984
Honduras	-9	-9	—	-10,776	315	66	-11,157
Nicaragua	—	—	—	9,120	2,505	42	6,573
Panama (including Canal Zone)	—	—	—	1,258,991	142,404	287	1,116,300
Not allocable	—	—	—	-763	-851	—	87
Caribbean countries, total	1,014,973	1,014,934	39	998,404	523,977	1,673	472,754
Cayman Islands	—	—	—	769,074	450,098	877	318,099
Dominican Republic	—	—	—	69,365	45,992	142	23,232
Haiti	—	—	—	9,802	11,353	46	-1,597
Jamaica	—	—	—	15,718	-809	201	16,326
Trinidad and Tobago	1,013,431	1,013,392	39	95,542	10,227	354	84,961
Other	1,542	1,542	—	38,904	7,116	54	31,734
South America, total	369,196	368,570	626	3,779,591	963,400	34,747	2,781,444
Argentina	44,391	44,391	—	818,496	510,725	7,150	300,620
Bolivia	23,971	23,590	380	69,109	5,872	84	63,152
Brazil	1,730	1,730	—	1,219,109	251,327	13,053	954,729
Chile	—	—	—	180,300	25,029	1,003	154,268
Colombia	97,306	97,255	51	107,707	-2,008	3,275	106,441
Ecuador	53,405	53,405	—	204,776	5,153	926	198,697
Paraguay	—	—	—	-5,019	-7,132	129	1,984
Peru	145,872	145,696	176	520,548	14,677	1,643	504,228
Uruguay	—	—	—	57,746	39,557	200	17,988
Venezuela	2,522	2,503	19	608,613	130,280	7,225	471,108
Other	—	—	—	-1,794	-10,080	58	8,228
Latin America not allocable	3,929	3,929	—	-6,478	-692	—	-5,786
Other Western Hemisphere, total	331	221	111	3,944,796	2,029,412	1,082	1,914,302
Bahamas	78	40	37	2,221,983	1,664,129	142	557,712
Bermuda	—	—	—	552,328	2,192	486	549,650
Netherlands Antilles	254	180	73	1,151,587	362,262	362	788,962
Other British West Indies	—	—	—	12,556	7,133	27	5,397
Other	—	—	—	6,343	-6,304	65	12,582
Europe, total	1,417,883	1,367,421	50,461	21,702,332	5,142,698	216,067	16,343,567
Common Market countries, total	940,733	891,391	49,342	17,277,600	4,015,761	184,731	13,077,109
Belgium	—	—	—	409,618	60,934	6,784	341,900
Denmark	31,883	31,883	—	129,722	39,924	2,773	87,025
France (including Andorra)	79	78	(1)	1,577,707	331,812	16,652	1,229,243
Greece	7,671	7,671	—	98,528	45,686	380	52,462
Ireland	—	—	—	123,012	63,754	1,219	58,039
Italy (including San Marino)	—	—	—	907,481	161,247	13,851	732,383
Luxembourg	—	—	—	55,776	7,895	49	47,832
Netherlands	150,476	135,985	14,492	1,692,972	37,604	25,057	1,630,311
United Kingdom	737,118	705,871	31,247	10,244,465	3,353,782	63,380	6,827,304
West Germany	13,506	9,903	3,603	2,035,430	-86,212	54,586	2,067,056
Common Market not allocable	—	—	—	2,890	-665	—	3,555
Other West European countries, total	469,289	468,170	1,120	4,324,980	1,052,978	34,993	3,237,009
Austria	142	—	142	113,123	9,084	3,761	100,278
Finland	—	—	—	47,396	1,085	1,064	45,246
Liechtenstein	—	—	—	19,496	920	171	18,405
Monaco	—	—	—	-87,767	-80,085	—	-7,682
Norway	404,789	403,811	978	2,539,854	1,051,961	1,628	1,486,265
Portugal	-1	-1	—	50,044	5,616	888	43,541
Spain	34,213	34,213	—	526,048	63,190	10,510	452,347
Sweden	—	—	—	202,603	7,896	7,345	187,361
Switzerland	—	—	—	780,932	-28,610	9,511	800,032
Turkey	30,211	30,211	—	61,472	19,923	96	41,452
Other	-64	-64	—	-9,941	1,998	18	-11,956
Not allocable	—	—	—	81,720	—	—	81,720
East European countries, total	—	—	—	98,000	73,956	2,295	21,750
East Germany	—	—	—	6,658	2,298	202	4,158
Rumania	—	—	—	11,210	4,229	278	6,703
Union of Soviet Socialist Republics	—	—	—	40,845	36,734	1,359	2,752
Other	—	—	—	39,287	30,695	455	8,137
Europe not allocable	7,861	7,861	—	1,752	3	-5,951	7,700
Africa, total	1,034,472	1,013,451	21,021	3,545,510	1,067,029	11,600	2,466,882
North Africa, total	627,830	624,181	3,649	1,697,530	364,487	5,372	1,327,672
Algeria	472	252	220	40,227	877	132	39,218
Egypt	292,405	292,396	10	1,150,936	49,721	1,357	1,099,857
Libya	332,627	329,208	3,419	673,972	346,272	1,982	325,717
Morocco	2,162	2,162	—	11,568	-6,781	1,704	16,645
Other	165	—	—	-179,173	-25,604	197	-153,766
East Africa, total	-135	-135	—	15,279	7,314	95	7,871
Ethiopia	—	—	—	2,447	2,541	41	-135
Kenya	—	—	—	25,504	12,079	46	13,379
Tanzania	—	—	—	-10,463	25	(1)	-10,488
Uganda	—	—	—	10,030	-68	—	10,098
Other	-135	-135	—	-12,239	-7,263	8	-4,984

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued						
	Deductions from oil and gas extraction income			Taxable income (less loss) before loss recapture			
	Total	Allocable to specific types of income	Not allocable to specific types of income	Total	Foreign branch income	Specialty allocable income (Section 863(B))	Other than from branch operations and specialty allocable income
	(39)	(40)	(41)	(42)	(43)	(44)	(45)
Africa — Continued							
West and Central African countries, total	406,776	389,405	17,372	1,369,635	648,396	1,534	719,705
Gabon	14,077	13,328	749	77,301	29,725	4	47,573
Ghana	—	—	—	10,125	-1,849	324	11,650
Liberia	—	—	—	101,445	5,089	23	96,334
Nigeria	107,009	99,607	7,403	998,774	448,455	792	549,527
Zaire	91,379	89,134	2,245	38,188	36,317	5	1,866
Other	194,311	187,336	6,975	143,801	130,659	387	12,754
Southern Africa, total	—	—	—	463,982	47,274	4,599	412,109
Malawi	—	—	—	2,456	238	(1)	2,218
South Africa (includes Namibia)	—	—	—	440,780	36,847	4,577	399,356
Zambia	—	—	—	11,649	6,404	8	5,237
Zimbabwe	—	—	—	5,386	3,318	14	2,055
Other	—	—	—	3,711	468	—	3,243
Africa not allocable	—	—	—	-915	-441	(1)	-475
Asia, total	1,615,777	1,564,193	51,584	9,858,462	3,136,511	227,263	6,494,688
Middle East, total	445,329	428,749	16,580	2,309,173	1,131,138	16,822	1,161,213
Bahrain	—	—	—	49,132	-8,034	123	57,042
Iran	—	—	—	-22,275	-30,605	11	8,319
Iraq	—	—	—	21,913	423	285	21,206
Israel	—	—	—	101,196	34,813	2,410	63,973
Kuwait	—	—	—	129,227	26,832	301	102,094
Lebanon	—	—	—	37,678	10,235	87	27,356
Qatar	18	(1)	18	13,495	5,684	11	7,800
Saudi Arabia	279,008	273,413	5,595	1,126,981	464,839	8,041	654,100
United Arab Emirates	166,365	155,398	10,966	848,317	620,767	4,960	222,589
Other areas of Arabian peninsula	—	—	—	229	6,380	178	-6,329
Other	-62	-62	—	3,281	-196	414	3,063
Southern and Southeastern Asia, total	1,161,691	1,126,687	35,005	4,991,192	2,049,579	19,925	2,921,688
Bangladesh	—	—	—	6,644	1,146	21	5,477
India	—	—	—	109,806	11,922	635	97,249
Indonesia	851,686	816,681	35,005	3,837,849	1,500,699	1,783	2,335,367
Malaysia	295,185	295,185	—	308,196	230,592	1,825	75,779
Pakistan	7,671	7,671	—	24,253	12,709	127	11,417
Philippines	—	2,294	—	323,976	88,237	7,422	228,318
Singapore	—	—	—	377,737	237,688	6,804	133,245
Sri Lanka	842	842	—	1,811	1,285	23	503
Thailand	—	—	—	-15,622	-44,697	1,194	27,881
Vietnam	—	—	—	-760	-604	—	-156
Other	4,013	4,013	—	17,302	10,602	91	6,609
Eastern Asia, total	8,757	8,757	—	2,523,176	-38,758	152,246	2,409,688
China	—	—	—	-13,222	-20,709	697	6,790
Hong Kong	—	—	—	365,330	114,015	8,191	243,124
Japan	8,757	8,757	—	1,977,923	-109,356	134,807	1,952,471
South Korea, Republic of	—	—	—	82,167	-30,458	3,380	109,245
Taiwan	—	—	—	109,532	7,372	5,128	97,032
Other	—	—	—	1,445	378	41	1,026
Asia not allocable	—	—	—	34,920	-5,449	38,270	2,098
Oceania, total	1,837,144	1,837,144	—	1,493,315	641,993	18,590	832,732
Australia	1,837,144	1,837,144	—	1,411,464	638,994	17,000	755,470
New Zealand	—	—	—	79,942	-223	1,485	78,680
Other	—	—	—	1,909	3,221	105	-1,417
Puerto Rico and U.S. Possessions, total	—	—	—	524,301	136,687	146,408	241,206
Puerto Rico	—	—	—	439,469	71,566	145,193	222,709
U.S. possessions, total ²	—	—	—	84,832	65,120	1,215	18,497
American Samoa	—	—	—	244	738	11	-506
Guam	—	—	—	58,226	52,992	391	4,844
Virgin Islands, U.S.	—	—	—	23,962	11,255	813	11,894
Country not stated	23,513	23,307	206	731,236	-7,480	323,970	414,746
DISC dividends	—	—	—	1,174,684	—	—	1,174,684
OPEC countries (included above)	1,807,189	1,743,795	63,394	8,559,171	3,549,403	26,452	4,983,316

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued									
	Foreign taxes paid or accrued and deemed paid before reduction									
	Total	Total	Paid or accrued					Deemed paid		
			Tax withheld at source on		Other taxes paid or accrued on					
	(46)	(47)	Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	Partnership income	Other income	(55)
All geographic areas, total	21,997,697	12,744,855	1,160,557	868,965	1,156,781	5,593,911	440,675	48,167	3,475,798	9,252,842
Canada	2,469,872	1,039,812	255,364	76,197	82,170	270,784	15,275	2,159	337,863	1,430,061
Latin America, total	3,130,580	2,084,578	241,461	608,515	78,416	461,167	72,857	8,926	613,235	1,046,002
Mexico	768,066	455,799	39,418	213,827	38,287	124,202	21,389	588	18,089	312,267
Central America, total	271,305	43,012	4,974	4,245	3,494	13,815	5,614	3	10,868	228,293
Belize	94	2	—	—	—	—	2	—	—	92
Costa Rica	7,527	6,504	157	413	614	3,605	159	—	1,555	1,024
El Salvador	3,550	3,220	343	45	386	1,344	—	—	1,102	330
Guatemala	16,978	15,781	250	746	604	3,019	5,261	2	5,899	1,197
Honduras	2,199	1,760	216	744	134	120	21	—	524	439
Nicaragua	1,508	1,508	—	13	191	667	43	—	594	—
Panama (including Canal Zone)	239,421	14,209	4,009	2,282	1,536	5,060	127	1	1,194	225,212
Not allocable	29	29	—	—	29	—	—	—	—	—
Caribbean countries, total	178,976	171,642	2,309	4,917	1,966	51,024	1,905	25	109,496	7,334
Cayman Islands	4,464	3,150	—	2,396	754	—	—	—	—	1,314
Dominican Republic	43,061	42,472	415	353	655	36,891	185	4	3,969	589
Haiti	3,419	3,328	11	47	79	950	22	21	2,198	91
Jamaica	7,476	5,613	91	60	296	2,804	124	(1)	2,239	1,863
Trinidad and Tobago	116,110	113,148	1,777	1,976	178	6,660	1,470	(1)	101,086	2,962
Other	4,447	3,932	15	85	4	3,719	104	—	5	515
South America, total	1,909,636	1,411,528	194,760	382,930	34,670	272,126	43,949	8,310	474,782	498,108
Argentina	175,719	170,486	14,615	52,835	5,791	67,933	2,237	2	27,073	5,233
Bolivia	25,096	24,952	139	705	183	772	1,802	6	21,346	143
Brazil	830,636	559,103	125,394	296,927	9,025	104,463	9,893	1,587	11,814	271,533
Chile	55,315	26,516	125	1,928	5,653	15,008	679	2,300	823	28,799
Colombia	90,961	68,777	12,075	63	3,195	29,231	6,639	146	17,428	22,184
Ecuador	178,670	177,032	1,255	118	2,052	2,715	1,589	-11	169,314	1,638
Paraguay	4,029	3,748	56	531	183	2,970	—	7	2	280
Peru	256,634	246,392	3,586	5,973	1,843	11,773	3,802	—	219,417	10,241
Uruguay	11,837	8,192	-5	3	950	5,268	253	—	1,723	3,645
Venezuela	277,334	122,923	37,497	23,848	5,795	29,655	16,580	4,273	5,275	154,411
Other	3,406	3,406	24	—	—	2,338	476	—	568	—
Latin America not allocable	2,597	2,597	—	2,597	—	—	—	—	—	—
Other Western Hemisphere, total	243,033	83,878	2,144	3,302	92	76,974	4	7	1,355	159,155
Bahamas	40,075	1,882	3	1,995	—	—	—	—	-117	38,194
Bermuda	3,409	476	414	50	—	—	—	—	11	2,933
Netherlands Antilles	195,629	78,899	1,657	—	—	75,790	4	5	1,442	116,730
Other British West Indies	1,225	1,224	4	—	31	1,180	—	1	8	2
Other	2,694	1,397	66	1,257	60	4	—	—	10	1,297
Europe, total	7,894,930	3,827,083	481,604	94,659	769,568	1,482,460	49,164	9,973	939,656	4,067,847
Common Market countries, total	5,562,746	1,866,347	405,704	25,417	54,552	415,263	30,312	9,817	925,282	3,696,399
Belgium	142,212	43,799	16,565	4,608	642	21,385	95	23	481	98,412
Denmark	21,391	5,793	1,835	5	7	3,881	9	5	52	15,598
France (including Andorra)	431,478	76,011	20,428	2,477	24,552	23,061	2,124	1,745	1,624	355,467
Greece	23,566	18,128	4,383	-7	565	9,097	2,878	—	1,212	5,438
Ireland	10,330	7,044	—	1	141	4,883	2,019	1	—	3,286
Italy (including San Marino)	255,864	80,750	18,111	4,879	23,504	30,534	1,380	167	2,176	175,114
Luxembourg	16,057	2,764	835	2	—	1,928	—	—	—	13,293
Netherlands	863,195	147,031	40,650	401	227	29,283	102	6,567	69,802	716,164
United Kingdom	2,871,028	1,305,670	143,539	12,448	4,295	284,422	21,642	1	839,323	1,565,358
West Germany	927,166	179,294	159,303	604	620	6,790	63	1,308	10,605	747,872
Common Market not allocable	462	63	56	—	—	—	—	—	7	399
Other West European countries, total	2,329,717	1,958,283	75,900	68,714	713,900	1,066,949	18,656	156	14,008	371,434
Austria	40,485	6,495	2,053	390	239	3,747	—	51	14	33,991
Finland	10,273	975	918	35	20	—	—	—	1	9,298
Liechtenstein	5,138	—	—	—	—	—	—	—	—	5,138
Monaco	691	691	—	535	—	156	—	—	—	—
Norway	1,793,807	1,777,192	2,200	56,987	696,939	1,008,649	10,004	(1)	2,414	16,615
Portugal	24,634	10,416	4,475	235	2,656	2,654	353	—	42	14,218
Spain	162,972	83,853	34,263	6,077	13,026	19,197	7,177	(1)	3,913	79,319
Sweden	42,792	5,485	2,527	862	72	1,135	—	—	889	37,307
Switzerland	221,300	48,463	28,815	193	41	17,812	335	102	1,164	172,837
Turkey	26,194	23,671	649	3,399	886	12,391	787	(1)	5,560	2,523
Other	1,432	1,243	—	1	21	1,210	1	2	9	189
Not allocable	—	—	—	—	—	—	—	—	—	—
East European countries, total	2,097	2,097	—	285	1,116	135	196	(1)	366	—
East Germany	697	697	—	—	697	—	—	—	—	—
Rumania	422	422	—	—	304	—	85	(1)	32	—
Union of Soviet Socialist Republics	108	108	—	—	(1)	26	82	—	—	—
Other	870	870	—	285	114	109	29	—	333	—
Europe not allocable	369	356	—	242	—	113	—	—	—	13
Africa, total	2,460,446	1,865,430	44,427	1,268	11,162	960,878	31,346	10,783	805,568	595,015
North Africa, total	982,135	970,083	490	116	1,212	278,637	14,531	-1	675,097	12,053
Algeria	4,322	4,322	—	—	—	196	4,109	—	17	—
Egypt	489,761	486,130	60	91	659	26,845	3,508	(1)	454,967	3,631
Libya	467,431	464,029	—	—	—	242,649	1,921	—	219,458	3,402
Morocco	3,817	3,158	104	22	74	773	2,076	-1	111	658
Other	16,805	12,444	326	3	479	8,174	2,917	—	544	4,361
East Africa, total	22,308	10,811	1,795	106	329	8,395	153	(1)	33	11,497
Ethiopia	889	818	12	—	10	796	—	—	—	71
Kenya	13,333	8,308	480	106	291	7,389	9	—	33	5,025
Tanzania	28	28	—	—	—	28	—	(1)	—	—
Uganda	6,669	873	729	—	—	—	144	—	—	5,796
Other	1,390	784	574	(1)	28	182	—	—	—	606

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Income and taxes from specific geographic area or country — Continued										
Foreign taxes paid or accrued and deemed paid before reduction										
Country and DISC dividends	Total	Paid or accrued								Deemed paid
		Total	Tax withheld at source on			Other taxes paid or accrued on				
			Dividends	Interest	Rents, royalties and license fees	Branch income	Service income	Partnership income	Other income	
	(46)	(47)	(48)	(49)	(50)	(51)	(52)	(53)	(54)	(55)
Africa — Continued										
West and Central African countries, total.....	1,217,301	817,047	9,598	565	1,041	649,388	16,237	10,569	129,649	400,255
Gabon.....	45,584	44,097	260	—	—	10,150	2,446	—	31,242	1,486
Ghana.....	6,728	1,638	687	—	73	878	—	—	—	5,090
Liberia.....	3,590	2,158	128	22	—	2,003	—	3	—	1,432
Nigeria.....	857,581	485,838	2,588	442	319	385,029	7,401	10,481	79,578	371,744
Zaire.....	25,901	23,394	906	2	2	20,604	1,880	—	—	2,507
Other.....	277,918	259,922	5,029	99	647	230,726	4,510	86	18,826	17,996
Southern Africa, total.....	238,700	67,490	32,545	480	8,580	24,458	424	214	789	171,210
Malawi.....	1,594	159	—	—	—	159	—	—	—	1,436
South Africa (includes Namibia).....	211,593	60,133	29,339	409	8,568	20,406	407	214	789	151,461
Zambia.....	4,284	2,865	548	(1)	10	2,290	17	—	—	1,419
Zimbabwe.....	20,114	4,055	2,406	71	—	1,579	—	(1)	—	16,059
Other.....	1,114	278	252	—	2	24	—	—	—	836
Africa not allocable.....	1	1	(1)	1	(1)	—	—	—	—	—
Asia, total.....	4,892,189	3,216,729	83,224	51,962	128,508	1,951,932	256,337	12,344	732,422	1,675,460
Middle East, total.....	1,386,101	1,367,127	6,689	4,566	7,730	890,814	174,529	4,071	278,727	18,974
Bahrain.....	7,960	709	—	26	—	—	215	—	468	7,252
Iran.....	1,522	1,522	—	4	—	500	—	—	1,018	—
Iraq.....	169	169	—	—	19	105	21	(1)	20	—
Israel.....	26,573	23,127	2,026	3,097	1,677	10,839	416	3	5,069	3,447
Kuwait.....	9,016	9,016	—	539	—	8,279	195	—	2	—
Lebanon.....	1,601	1,578	—	78	123	840	20	13	504	23
Qatar.....	4,164	680	—	—	2	665	13	—	—	3,484
Saudi Arabia.....	732,538	728,509	4,637	212	5,738	433,453	23,585	4,055	256,828	4,029
United Arab Emirates.....	591,451	591,309	—	551	—	431,457	146,796	—	12,504	142
Other areas of Arabian peninsula.....	4,611	4,556	—	22	2	1,383	3,150	(1)	—	55
Other.....	6,496	5,954	26	33	169	3,292	119	(1)	2,313	543
Southern and Southeastern Asia, total.....	2,569,698	1,580,949	31,016	37,615	36,198	952,653	74,102	4,022	445,344	988,748
Bangladesh.....	2,294	2,288	3	1,668	—	160	457	—	—	6
India.....	67,564	47,812	4,201	7,119	6,036	20,051	6,868	3	3,534	19,751
Indonesia.....	2,147,934	1,290,586	2,805	13,668	3,580	844,475	53,068	3,232	369,759	857,348
Malaysia.....	93,940	77,869	633	52	1,412	12,893	1,452	186	61,240	16,072
Pakistan.....	17,013	11,791	264	2,989	20	5,382	1,814	60	1,262	5,222
Philippines.....	113,611	74,292	12,286	9,251	10,340	31,082	5,144	137	6,052	39,320
Singapore.....	63,083	44,583	467	2,436	10,790	28,764	1,410	280	435	18,500
Sri Lanka.....	3,279	2,193	272	—	7	1,492	421	1	—	1,087
Thailand.....	59,339	27,896	10,085	431	4,015	7,183	3,000	122	3,061	31,443
Vietnam.....	—	—	—	—	—	—	—	—	—	—
Other.....	1,640	1,640	—	—	—	1,170	469	1	—	—
Eastern Asia, total.....	936,387	268,649	45,518	9,777	84,579	108,465	7,706	4,251	8,352	667,738
China.....	1,474	1,474	274	231	468	281	220	—	—	—
Hong Kong.....	35,829	13,453	87	219	259	11,520	1,159	(1)	209	22,377
Japan.....	837,086	206,098	38,481	6,439	78,214	67,998	3,584	4,250	7,132	630,988
South Korea, Republic of.....	31,285	23,513	1,143	891	2,764	17,050	1,223	(1)	441	7,772
Taiwan.....	30,215	23,785	5,533	1,998	2,833	11,331	1,520	(1)	570	6,430
Other.....	497	326	(1)	—	41	285	—	—	—	171
Asia not allocable.....	—	4	—	3	(1)	—	—	—	—	—
Oceania, total.....	717,254	484,326	42,670	16,091	63,054	330,353	7,454	105	24,599	232,928
Australia.....	680,093	461,520	39,049	15,240	57,760	326,022	7,045	92	16,311	218,574
New Zealand.....	35,756	21,585	3,536	723	5,234	3,627	177	(1)	8,288	14,171
Other.....	1,405	1,221	85	128	59	703	233	12	1	183
Puerto Rico and U.S. Possessions, total.....	102,638	81,904	5,368	3,124	18,087	34,622	5,778	71	14,854	20,734
Puerto Rico.....	93,390	73,122	4,366	3,023	17,507	30,129	5,314	—	12,782	20,268
U.S. possessions, total.....	9,249	8,782	1,002	101	580	4,492	464	71	2,072	466
American Samoa.....	1,011	1,011	—	—	—	1,011	—	—	—	—
Guam.....	2,834	2,471	—	—	—	1,874	39	71	486	363
Virgin Islands, U.S.....	5,403	5,300	1,002	101	580	1,607	425	—	1,585	104
Country not stated.....	80,842	60,833	4,013	13,846	5,724	24,741	2,459	3,800	6,250	20,010
DISC dividends.....	5,913	282	282	—	—	—	—	—	—	5,631
OPEC countries (included above).....	5,317,714	3,920,031	49,042	39,387	17,505	2,389,328	257,724	22,030	1,145,016	1,397,683

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1.—Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends—Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country—Continued					
	Income and taxes of related foreign corporations and DISC's					
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends paid or constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations	Dividends paid to second-tier foreign corporations by third-tier foreign corporations
	(56)	(57)	(58)	(59)	(60)	(61)
All geographic areas, total	57,903,320	20,865,439	14,321,801	2,208,449	2,625,922	241,799
Canada	6,956,316	2,159,325	1,868,614	816,790	760,033	60,737
Latin America, total	7,333,694	2,035,215	2,014,807	214,877	576,941	25,920
Mexico	1,484,875	556,696	392,045	18,531	25,639	—
Central America, total	1,880,102	314,394	754,286	70,456	112,631	13,334
Belize	400	188	103	—	—	—
Costa Rica	3,537	1,475	1,089	251	460	—
El Salvador	3,692	1,047	759	—	—	—
Guatemala	20,806	10,552	2,294	161	239	—
Honduras	4,828	1,027	1,133	224	556	—
Nicaragua	—	—	—	—	—	—
Panama (including Canal Zone)	1,846,838	300,104	748,908	69,820	111,376	13,334
Not allocable	—	—	—	—	—	—
Caribbean countries, total	96,151	18,252	30,558	237	717	—
Cayman Islands	45,153	1,360	22,517	237	717	—
Dominican Republic	22,227	3,680	1,893	—	—	—
Haiti	255	159	55	—	—	—
Jamaica	12,421	5,418	2,442	—	—	—
Trinidad and Tobago	14,899	7,053	3,106	—	—	—
Other	1,196	582	545	—	—	—
South America, total	3,872,567	1,145,873	837,917	125,653	437,955	12,586
Argentina	410,427	29,655	39,020	52	545	—
Bolivia	2,114	663	313	—	—	—
Brazil	2,064,549	628,085	442,751	98,181	393,485	1,438
Chile	142,681	49,744	48,213	317	11,283	—
Colombia	366,443	103,828	48,746	702	2,275	274
Ecuador	51,504	5,293	35,050	—	—	—
Paraguay	1,805	634	518	—	—	—
Peru	80,934	37,303	10,275	2	7	—
Uruguay	29,869	8,474	9,825	71	17	—
Venezuela	722,241	282,195	203,206	26,328	30,343	10,875
Other	—	—	—	—	—	—
Latin America not allocable	—	—	—	—	—	—
Other Western Hemisphere, total	1,506,832	215,395	978,592	5,713	16,261	—
Bahamas	279,133	85,485	63,611	4,979	13,288	—
Bermuda	128,058	4,397	45,192	437	2,373	—
Netherlands Antilles	1,093,523	123,517	867,035	298	599	—
Other British West Indies	49	11	5	—	—	—
Other	6,068	1,985	2,750	—	—	—
Europe, total	27,159,264	9,434,413	6,759,325	952,097	992,068	90,647
Common Market countries, total	23,527,617	8,659,697	5,782,686	856,979	850,935	84,561
Belgium	599,161	253,530	121,653	6,668	11,966	—
Denmark	146,915	41,223	37,470	(1)	2	—
France (including Andorra)	1,608,030	688,531	430,000	44,442	45,278	2,218
Greece	26,034	8,838	5,765	—	—	—
Ireland	70,694	11,376	16,130	5	314	—
Italy (including San Marino)	1,390,831	436,596	305,763	10,806	42,171	798
Luxembourg	85,389	20,934	18,707	113	233	—
Netherlands	6,000,325	2,602,711	975,772	92,797	139,608	21,416
United Kingdom	8,880,864	2,593,213	2,915,859	635,822	488,394	49,598
West Germany	4,716,302	2,001,857	954,923	65,900	122,477	10,531
Common Market not allocable	3,072	888	643	426	493	—
Other West European countries, total	3,631,353	774,702	976,358	95,118	141,133	6,086
Austria	178,975	80,361	31,799	12,922	22,227	—
Finland	76,449	23,495	18,114	155	154	—
Liechtenstein	23,284	2,064	10,672	8,132	13,390	—
Monaco	—	—	—	—	—	—
Norway	217,925	65,031	32,351	623	689	—
Portugal	67,658	27,061	21,283	—	—	—
Spain	689,054	161,849	208,305	6,050	14,617	—
Sweden	189,231	65,367	50,581	14,403	23,441	4,174
Switzerland	2,148,207	332,081	600,800	52,834	66,614	1,912
Turkey	37,917	16,225	2,185	—	—	—
Other	2,653	1,168	268	—	—	—
Not allocable	—	—	—	—	—	—
East European countries, total	—	—	—	—	—	—
East Germany	—	—	—	—	—	—
Rumania	—	—	—	—	—	—
Union of Soviet Socialist Republics	—	—	—	—	—	—
Other	—	—	—	—	—	—
Europe not allocable	294	13	281	—	—	—
Africa, total	1,921,271	1,104,668	348,133	18,542	28,102	6,095
North Africa, total	108,217	40,306	17,200	140	229	—
Algeria	—	—	—	—	—	—
Egypt	64,782	21,788	7,459	—	—	—
Libya	12,741	8,671	1,582	—	—	—
Morocco	3,046	1,674	575	3	4	—
Other	27,647	8,173	7,584	137	225	—
East Africa, total	56,807	24,928	9,320	—	—	—
Ethiopia	144	71	72	—	—	—
Kenya	30,729	14,945	2,381	—	—	—
Tanzania	—	—	—	—	—	—
Uganda	21,884	8,973	4,858	—	—	—
Other	4,049	938	2,009	—	—	—

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS
Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued					
	Income and taxes of related foreign corporations and DISC's					
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends paid or constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Dividends paid to related foreign corporations and DISC's by second-tier foreign corporations	Dividends paid to second-tier foreign corporations by third-tier foreign corporations
	(56)	(57)	(58)	(59)	(60)	(61)
Africa — Continued						
West and Central African countries, total	974,608	722,406	97,147	45	76	—
Gabon	4,521	2,290	1,443	—	—	—
Ghana	23,675	13,793	3,665	—	—	—
Liberia	23,022	2,619	11,175	—	—	—
Nigeria	833,903	662,917	59,252	—	—	—
Zaire	35,019	15,409	4,466	—	—	—
Other	54,468	25,379	17,145	45	76	—
Southern Africa, total	781,639	317,028	224,466	18,357	27,797	6,095
Malawi	5,464	2,751	1,199	—	—	—
South Africa (includes Namibia)	697,895	284,324	200,860	13,833	23,430	5,804
Zambia	11,759	4,903	2,269	—	—	—
Zimbabwe	62,842	24,123	18,224	4,283	4,092	290
Other	3,680	928	1,914	241	275	—
Africa not allocable	—	—	—	—	—	—
Asia, total	11,202,608	5,427,583	1,697,814	16,307	22,097	82
Middle East, total	283,517	109,191	39,497	3,790	4,428	—
Bahrain	27,655	11,669	7,983	2,853	3,491	—
Iran	—	—	—	—	—	—
Iraq	—	—	—	—	—	—
Israel	72,426	23,963	5,717	937	937	—
Kuwait	—	—	—	—	—	—
Lebanon	376	31	255	—	—	—
Qatar	129,371	64,868	3,556	—	—	—
Saudi Arabia	36,866	6,329	18,240	—	—	—
United Arab Emirates	4,626	223	2,800	—	—	—
Other areas of Arabian peninsula	10,115	1,073	463	—	—	—
Other	2,083	1,036	483	—	—	—
Southern and Southeastern Asia, total	6,422,796	3,302,217	954,221	405	688	70
Bangladesh	86	20	—	—	—	—
India	185,712	90,035	16,557	—	—	—
Indonesia	5,386,218	2,923,011	741,766	—	—	—
Malaysia	125,904	46,834	24,738	34	47	—
Pakistan	57,639	27,390	4,541	26	21	—
Philippines	272,410	99,401	59,994	307	572	—
Singapore	193,746	39,660	53,582	34	41	70
Sri Lanka	5,191	2,945	1,063	—	—	—
Thailand	195,889	72,921	51,959	3	7	—
Vietnam	—	—	—	—	—	—
Other	—	—	—	—	—	—
Eastern Asia, total	4,496,295	2,016,175	704,097	12,112	16,981	12
China	—	—	—	—	—	—
Hong Kong	538,113	64,304	135,451	1,811	9,206	—
Japan	3,676,579	1,877,075	529,509	10,287	7,719	12
South Korea, Republic of	207,539	58,179	19,039	—	—	—
Taiwan	72,978	16,088	19,918	14	56	—
Other	1,086	529	180	—	—	—
Asia not allocable	—	—	—	—	—	—
Oceania, total	1,214,873	424,681	284,708	179,922	196,836	58,318
Australia	1,120,971	388,396	263,297	177,628	193,122	58,318
New Zealand	92,635	35,831	21,091	2,294	3,713	—
Other	1,268	454	320	—	—	—
Puerto Rico and U.S. Possessions, total	81,618	28,743	23,265	—	—	—
Puerto Rico	76,816	28,174	19,884	—	—	—
U.S. possessions, total ²	4,802	569	3,381	—	—	—
American Samoa	—	—	—	—	—	—
Guam	4,331	465	3,014	—	—	—
Virgin Islands, U.S.	471	104	368	—	—	—
Country not stated	81,991	31,122	36,037	—	—	—
DISC dividends	444,853	4,293	310,505	4,201	33,585	—
OPEC countries (included above)	7,181,991	3,955,797	1,066,895	26,328	30,343	10,875

Footnotes at end of table.

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued				
	Income and taxes of related foreign corporations and DISC's — Continued				
	Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received				
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Taxes deemed paid by domestic corporations
	(62)	(63)	(64)	(65)	(66)
All geographic areas, total	6,935,635	1,652,847	3,132,748	244,266	976,874
Canada	284,962	82,511	97,554	69,096	89,175
Latin America, total	1,102,614	221,473	379,122	60,605	186,160
Mexico	171,112	78,638	72,788	1,612	72,413
Central America, total	685,994	71,104	261,129	57,385	97,218
Belize	—	—	—	—	—
Costa Rica	—	—	—	—	—
El Salvador	—	—	—	—	—
Guatemala	7,978	6,291	102	—	58
Honduras	—	—	—	—	—
Nicaragua	—	—	—	—	—
Panama (including Canal Zone)	678,016	64,813	261,027	57,385	97,160
Not allocable	—	—	—	—	—
Caribbean countries, total	16,901	1,464	5,880	—	790
Cayman Islands	15,522	872	5,876	—	787
Dominican Republic	—	—	—	—	—
Haiti	—	—	—	—	—
Jamaica	1,379	592	4	—	3
Trinidad and Tobago	—	—	—	—	—
Other	—	—	—	—	—
South America, total	228,608	70,267	39,325	1,608	15,739
Argentina	16,169	4,651	84	—	26
Bolivia	—	—	—	—	—
Brazil	127,773	44,840	14,016	—	9,161
Chile	810	362	248	—	362
Colombia	15,092	2,207	4,213	—	83
Ecuador	517	123	2	—	1
Paraguay	—	—	—	—	—
Peru	—	—	—	—	—
Uruguay	628	272	2	—	1
Venezuela	67,818	17,813	20,760	1,608	6,105
Other	—	—	—	—	—
Latin America not allocable	—	—	—	—	—
Other Western Hemisphere, total	1,326,873	178,451	891,769	5,414	133,969
Bahamas	217,321	73,478	54,699	4,977	34,928
Bermuda	118,358	2,650	37,719	437	1,291
Netherlands Antilles	991,194	102,323	799,351	—	97,749
Other British West Indies	—	—	—	—	—
Other	—	—	—	—	—
Europe, total	2,795,067	634,371	1,478,540	85,488	359,133
Common Market countries, total	2,207,129	539,609	1,114,124	39,890	261,454
Belgium	175,030	85,357	3,067	149	8,810
Denmark	3,999	1,679	439	—	189
France (including Andorra)	258,786	138,655	49,289	15,806	63,737
Greece	3,667	681	93	—	8
Ireland	21,059	862	4,291	—	214
Italy (including San Marino)	52,946	21,426	11,981	—	8,627
Luxembourg	12,909	4,250	7,056	102	2,836
Netherlands	68,943	22,305	37,518	13,518	26,730
United Kingdom	1,514,660	221,979	984,890	10,314	138,189
West Germany	95,128	42,415	15,500	—	12,115
Common Market not allocable	—	—	—	—	—
Other Western European countries, total	587,644	94,749	364,135	45,598	97,666
Austria	6,580	1,409	296	—	355
Finland	—	—	—	—	—
Liechtenstein	23,284	2,064	10,672	8,132	5,138
Monaco	—	—	—	—	—
Norway	—	—	—	—	—
Portugal	965	567	2	—	3
Spain	8,503	2,610	882	—	443
Sweden	1,823	1,039	77	—	6
Switzerland	544,567	85,986	352,075	37,466	91,555
Turkey	1,921	1,075	131	—	166
Other	—	—	—	—	—
Not allocable	—	—	—	—	—
East European countries, total	—	—	—	—	—
East Germany	—	—	—	—	—
Rumania	—	—	—	—	—
Union of Soviet Socialist Republics	—	—	—	—	—
Other	—	—	—	—	—
Europe not allocable	294	13	281	—	13
Africa, total	75,759	29,853	8,631	457	5,029
North Africa, total	4,544	204	2,230	—	105
Algeria	—	—	—	—	—
Egypt	—	—	—	—	—
Libya	—	—	—	—	—
Morocco	—	—	—	—	—
Other	4,544	204	2,230	—	105
East Africa, total	329	110	1	—	1
Ethiopia	—	—	—	—	—
Kenya	282	96	1	—	1
Tanzania	—	—	—	—	—
Uganda	—	—	—	—	—
Other	47	14	(1)	—	(1)

Footnotes at end of table.

Corporate Foreign Tax Credit, 1982

RETURNS WITH FORM 1118 FILED IN SUPPORT OF FOREIGN TAX CREDIT CLAIMED AND WITH \$250 MILLION OR MORE IN TOTAL ASSETS

Table 1. — Total Assets, Income, Tax and Credits and Foreign Income, Taxes and Credit, by Country to Which Foreign Taxes Were Paid and DISC Dividends — Continued

(Money amounts are in thousands of dollars)

Country and DISC dividends	Income and taxes from specific geographic area or country — Continued				
	Income and taxes of related foreign corporations and DISC's — Continued				
	Income and taxes of first, second, and third-tier foreign corporations from which constructive distributions were received				
	Gains, profits and income	Taxes paid on gains, profits and income	Dividends constructively distributed to domestic corporations	Taxes deemed paid by related foreign corporations	Taxes deemed paid by domestic corporations
	(62)	(63)	(64)	(65)	(66)
Africa — Continued					
West and Central African countries, total	54,992	23,990	4,055	—	3,493
Gabon	—	—	—	—	—
Ghana	—	—	—	—	—
Liberia	6,442	2,141	1,181	—	1,141
Nigeria	48,550	21,849	2,874	—	2,352
Zaire	—	—	—	—	—
Other	—	—	—	—	—
Southern Africa, total	15,894	5,549	2,344	457	1,431
Malawi	—	—	—	—	—
South Africa (includes Namibia)	12,176	4,471	768	136	722
Zambia	577	279	2	—	2
Zimbabwe	1,098	354	63	80	37
Other	2,043	445	1,512	241	670
Africa not allocable	—	—	—	—	—
Asia, total	1,152,360	436,029	247,714	6,299	182,209
Middle East, total	38,672	12,528	10,904	2,853	7,777
Bahrain	27,655	11,669	7,983	2,853	7,252
Iran	—	—	—	—	—
Iraq	—	—	—	—	—
Israel	2,162	333	150	—	27
Kuwait	—	—	—	—	—
Lebanon	375	31	255	—	23
Qatar	—	—	—	—	—
Saudi Arabia	8,480	495	2,516	—	475
United Arab Emirates	—	—	—	—	—
Other areas of Arabian peninsula	—	—	—	—	—
Other	—	—	—	—	—
Southern and Southeastern Asia, total	124,405	22,193	16,941	—	2,200
Bangladesh	—	—	—	—	—
India	9,296	5,832	889	—	689
Indonesia	1,603	564	34	—	22
Malaysia	1,696	747	65	—	41
Pakistan	456	149	2	—	1
Philippines	23,316	8,521	807	—	340
Singapore	81,850	3,705	14,711	—	746
Sri Lanka	—	—	—	—	—
Thailand	6,188	2,675	432	—	361
Vietnam	—	—	—	—	—
Other	—	—	—	—	—
Eastern Asia, total	989,283	401,308	219,870	3,447	172,232
China	—	—	—	—	—
Hong Kong	123,874	13,486	41,983	—	6,681
Japan	864,832	387,691	177,884	3,447	165,551
South Korea, Republic of	—	—	—	—	—
Taiwan	577	131	2	—	1
Other	—	—	—	—	—
Asia not allocable	—	—	—	—	—
Oceania, total	138,333	48,801	17,241	16,906	14,127
Australia	136,600	48,002	17,236	16,906	14,123
New Zealand	1,733	800	5	—	4
Other	—	—	—	—	—
Puerto Rico and U.S. Possessions, total	17,400	4,261	1,838	—	1,087
Puerto Rico	17,181	4,244	1,635	—	1,070
U.S. possessions, total ²	219	17	202	—	17
American Samoa	—	—	—	—	—
Guam	—	—	—	—	—
Virgin Islands, U.S.	219	17	202	—	17
Country not stated	42,268	17,096	10,340	—	5,984
DISC dividends	—	—	—	—	—
OPEC countries (included above)	126,968	40,844	26,187	1,608	8,955

¹Less than \$500.²Includes "Other U.S. Possessions" which is not shown separately.

NOTE: The data in columns 1-13 pertain to the total activity of the domestic parent corporation. Since many corporations received income from or paid taxes to more than one country, the data in these columns are not additive. The data in the remaining columns are additive except for small differences due to rounding.

Interest Income and Deductions on Individual Income Tax Returns, 1968-1984

By Paul E. Grayson*

Interest rates figure prominently in the general public's consciousness of the economy. Interest rates and their variation are of particular concern to home builders and buyers on the one hand, and investors on the other; in other words, interest as a cost and interest as an income source. Interest plays both of these roles on the individual income tax return.

While average interest income per return and average interest deductions appeared to increase steadily throughout the 1968-84 period, their rates of increase were subject to significant year-to-year fluctuations. In the case of average interest income, the primary source of annual variation was the fluctuation in rates of interest paid on debt instruments. In the case of the average interest deduction, the primary cause of variation was the number of returns claiming the interest deduction (ID returns), the average increasing more when the number of ID returns fell, and vice versa. Large year-to-year declines in the number of ID returns were associated with declines in the number of returns with itemized deductions; these, in turn, reflected such changes in the tax law as the increased amounts allowed under the standard deduction and its successor, the zero bracket amount.

Before 1979, taxpayers with smaller-than-average interest deductions appear to have dominated the occasional itemizer group, which generally did not include mortgage-paying homeowners. During most of the post-1979 period, the decline in the housing market, in part brought on by high interest rates, reduced the relative frequency of returns claiming the home mortgage interest (HMI) deduction and, therefore, the relative frequency of ID returns among all returns with itemized deductions.

This article traces the reporting of interest on tax returns during the 17-year period, 1968-84, both as interest income and as interest payments claimed as itemized deductions [1]. The analysis also explores some of the factors affecting the frequency of reporting and the amounts reported.

INTEREST AS INCOME

Turning to interest income first, one finds that the interest proportion of adjusted gross income (AGI) more than doubled during the generally inflationary years between 1968 and 1984, from 3 percent to over 8 percent; see the bottom part of Figure A [2]. Figure A also shows that this growth, in turn, reflected the relative frequency of interest reporting and the average amount reported. This is also shown in Table 1.

While the total number of returns filed increased during the period, from about 74 million to nearly 100 million, the number with interest income grew even faster, from 42 percent of all returns for 1968 to 62 percent for 1984. Similarly, average interest income per return grew at more than double the rate of increase in average AGI.

As shown in Figure A, during most of the study period the trend for average interest income--as for the other trends mentioned--appeared to be upward and gradual until after 1978 (discussed later on). However, there were noticeable exceptions to the trend which are clearly evidenced in Figure B by the percentage differences from the previous year.

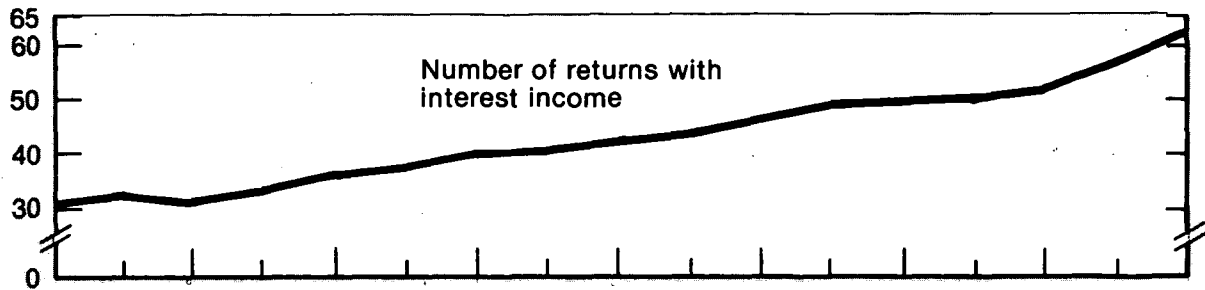
Figure B shows that percentage increases in average interest income moved through six periods:

- 1969 to 1972--declining percentage increases;
- 1972 to 1974--increasing increases;
- 1974 to 1976--declining increases;
- 1976 to 1981--increasing increases;
- 1981 to 1983--declining increases, (leading to the decrease in average interest income evidenced in Figure A), followed by

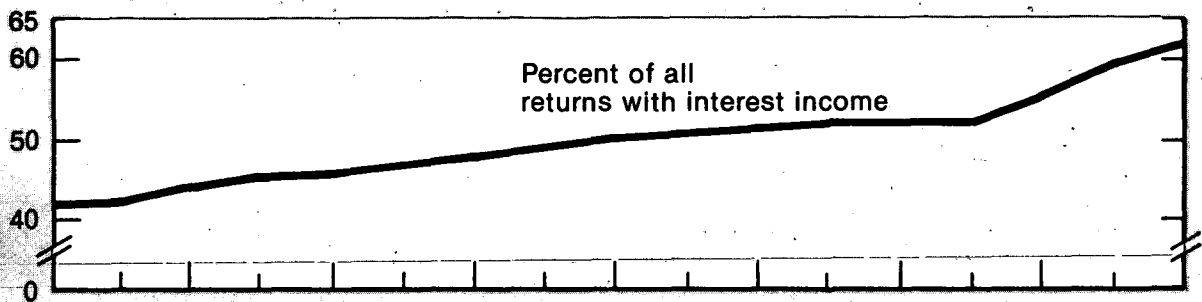
*Coordination and Publications Staff, Statistics of Income Division.

Figure A.
Interest Income Reported on Individual Income Tax Returns, 1968-1984

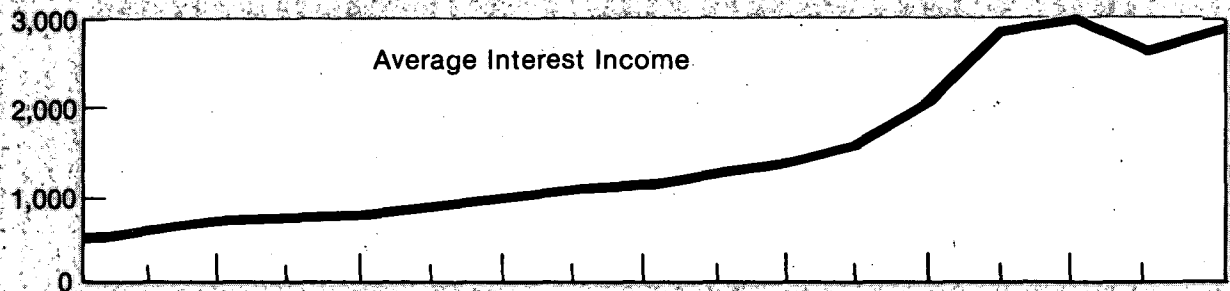
Number of returns (in millions)



Percentage



Dollars



Percentage

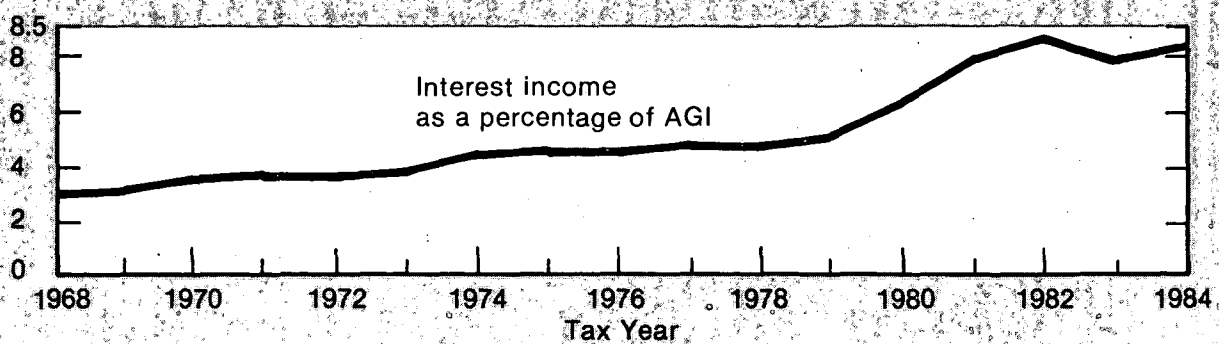
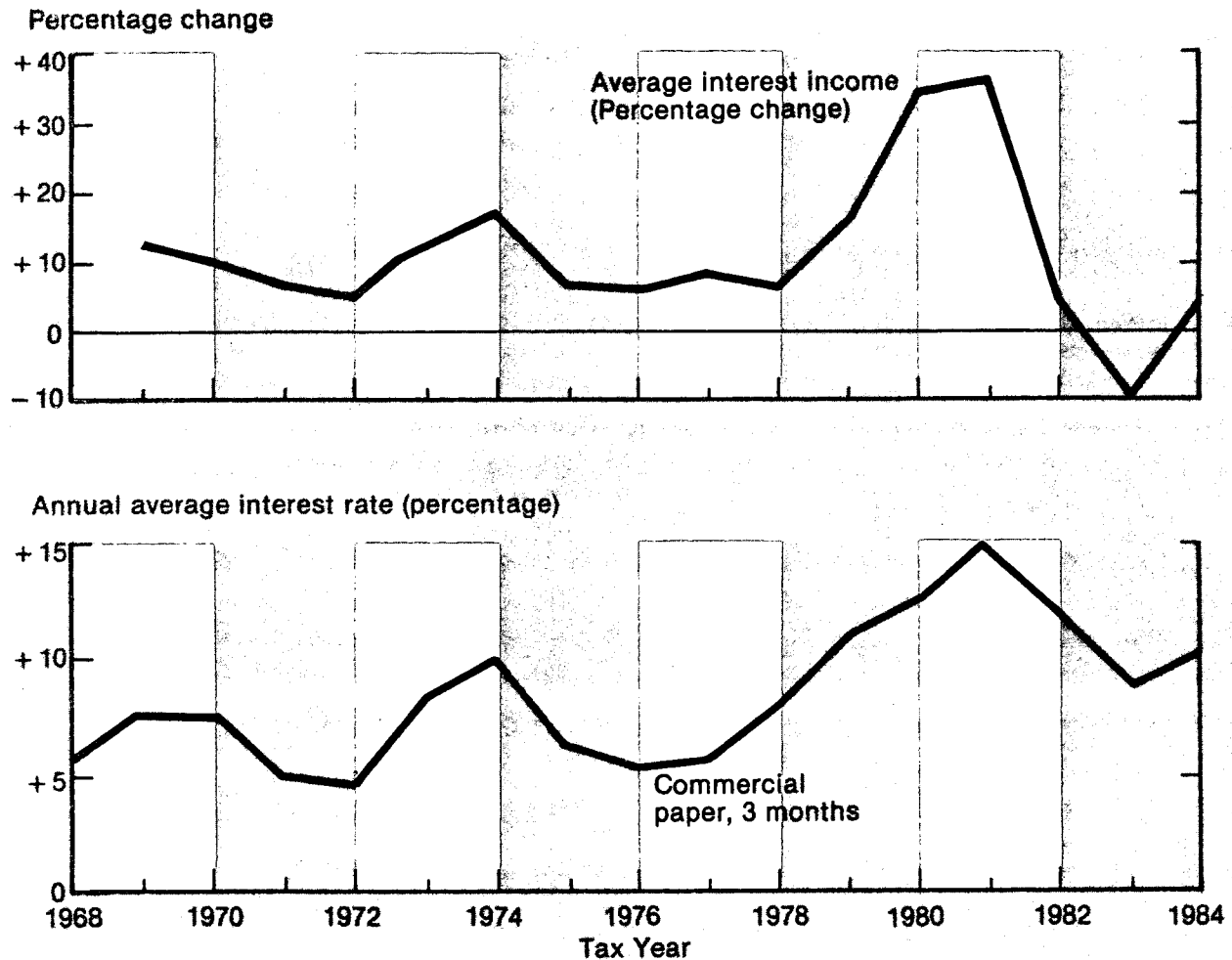


Figure B
Average Interest Income Reported on Individual Income Tax Returns (Percentage Change from Previous Year) and Average Annual Interest Charged on 3-month Commercial Paper, 1968-1984



- 1983 to 1984--an increase once again.

The lower part of Figure B strongly suggests the origin of these changes--the financial world of interest rates. Average annual interest rates on 3-month commercial paper (or any other interest rate on investments based on other indexes) rose and fell in the same periodic pattern as the year-to-year percentage changes in average interest income. The unparalleled interest rate levels of 1980-81 were reflected in the highest relative increases in interest income during the entire 17-year period.

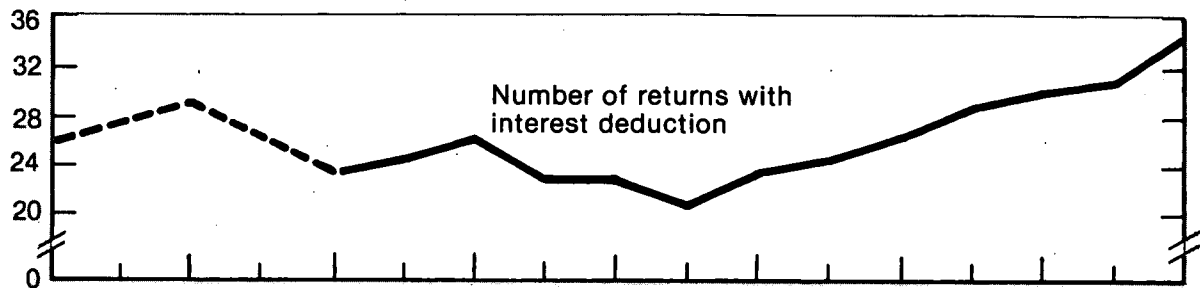
DEDUCTIONS FOR INTEREST PAYMENTS

Figure C shows that the aggregate amount of interest deductions, as a percentage of all itemized deductions, increased every year; also see Table 2. The increase over the 17-year period--from about 27 percent of all itemized deductions to 44 percent--far outstripped the increases in the other four major deduction categories (medical, taxes, contributions, and miscellaneous). For 1968, the deduction for interest was 76 percent of the deduction for taxes. By 1979, interest was in first place

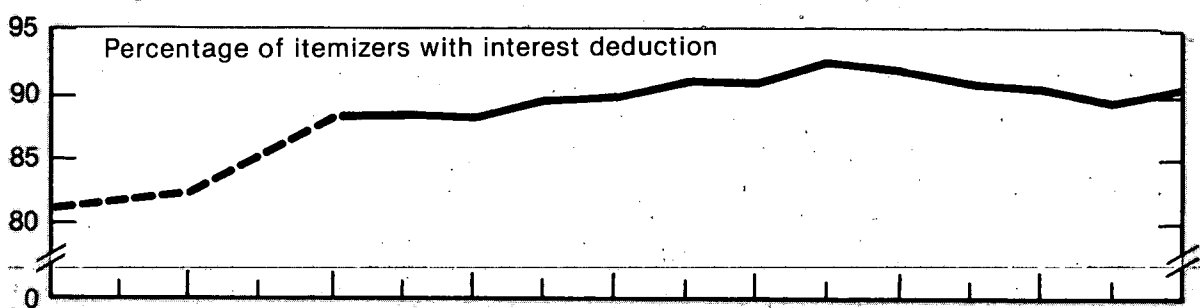
Figure C.

Deductions for Interest Payments Reported on Individual Income Tax Returns, 1968-1984*

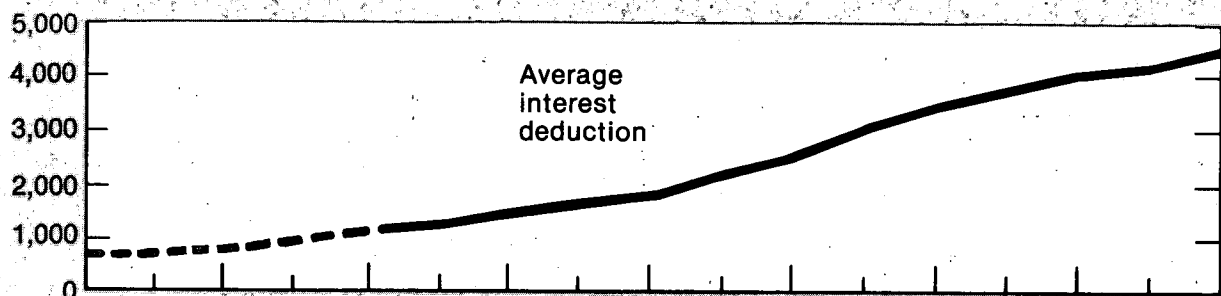
Number of returns (in millions)



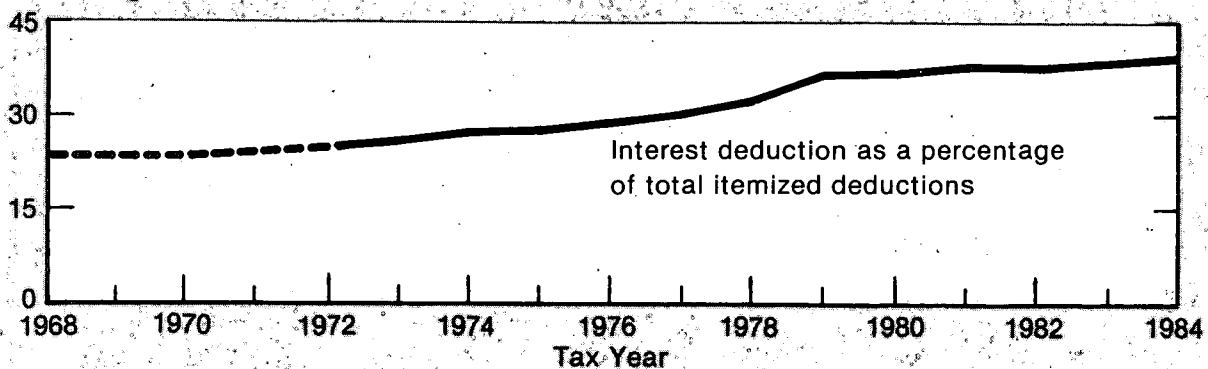
Percentage



Dollars



Percentage



*Data not available for 1969 and 1971.

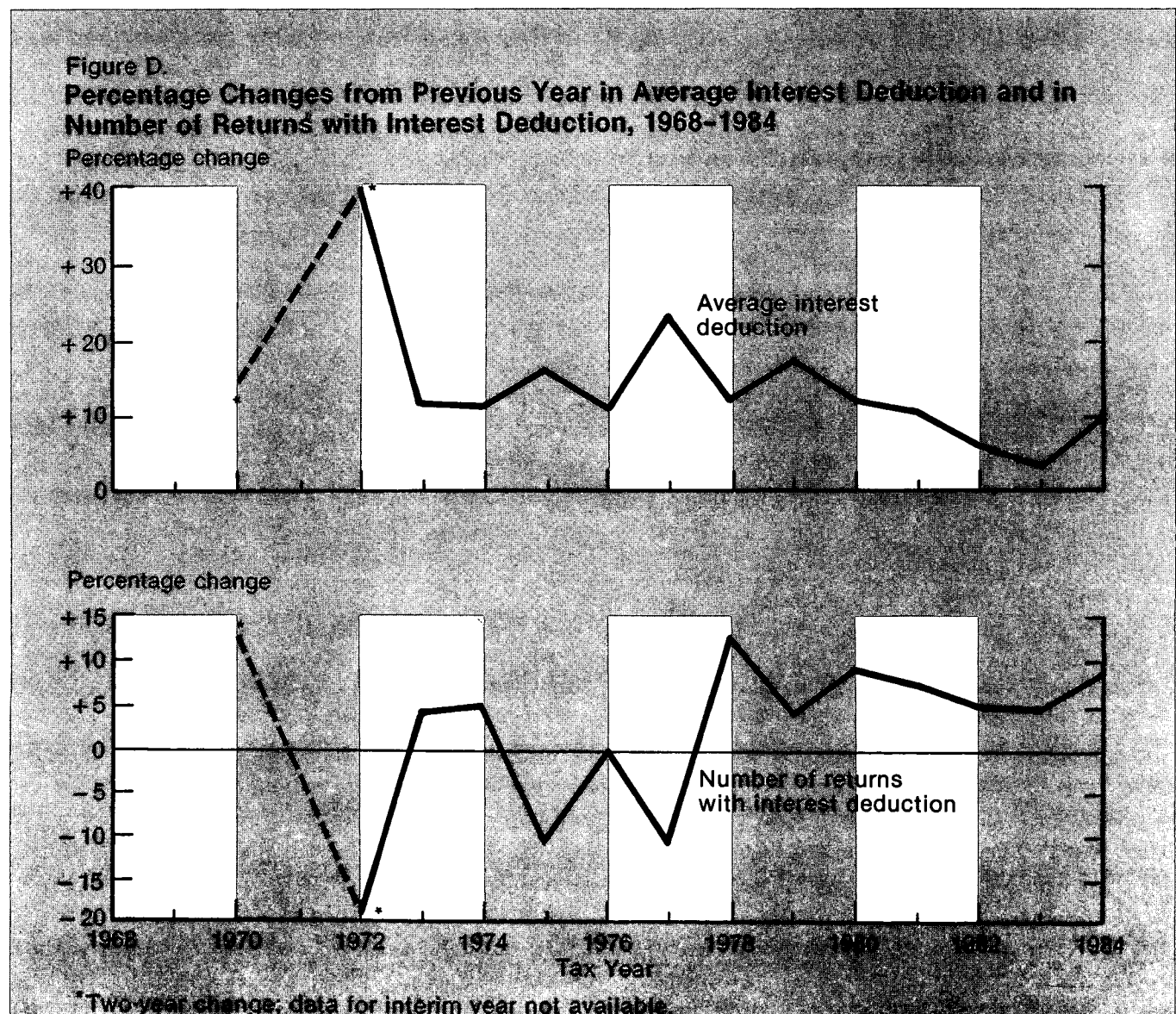
and, by 1983, the interest/taxes ratio had been reversed.

The principal elements associated with this phenomenon are shown in Figure C where the following features should be noted:

- sharp declines in the number of ID returns for certain years during the first part of the period (discussed in more detail later);
- an already high proportion (over 80 percent) of itemized deduction returns claiming the interest deduction that rose to nearly 93 percent for 1979, the proportion then declining slightly for the next 5 years as gradually as it had increased during the previous 5 years; and

- an average interest deduction that increased each year during the period (see the percentage changes in the upper half of Figure D), from about \$700 for 1968 to almost \$4,600 for 1984.

However, the trend of the average interest deduction was an uneven one. This is clearly shown by the year-to-year percentage increases in the upper half of Figure D. The lower half shows the corresponding changes in the number of ID returns. Turning Figure D 90 degrees helps point up the striking fact that, through 1980, the two lines look very much like slightly distorted mirror images of each other. When there was an increasing increase in the average interest deduction, there was a decrease, or a decreasing increase, in the number of ID returns; the converse was also true.



The reasonable inference to be drawn--and the one that is consistent with expectations--is as follows: year-to-year gains and losses in the number of ID returns were dominated by a preponderance of small deducters. Their contribution to an average deduction--an average is a ratio, after all--is greater in the denominator (number of returns) than in the numerator (the deduction amount). When a disproportionate number of small deducters stopped claiming the interest deduction as, for example, for 1972 compared with 1970, the resulting average increased markedly--by 40 percent [3]. The 1972-73 data suggest the occurrence of the reverse process.

TAX LAW CHANGES

Tax Years 1972, 1975, and 1977 showed decreases of 10 to 20 percent in the number of ID returns and 1979 showed a substantial drop from the previous year in the relative increase; see the bottom half of Figure D. Why the dips in these 4 years? A review of changes in the tax law provisions over the study period indicates that these were years when, among other tax law changes, the personal exemption and the standard deduction were increased (both in the percentage allowed and in the maximum amount). One objective of these law changes was to encourage the use of the standard deduction and the tax look-up tables, as against itemizing deductions and, clearly, the interest deduction statistics show the effects of the changes.

THE HOME MORTGAGE INTEREST DEDUCTION

The deduction for interest payments on home mortgages (the HMI deduction) has been the most important single component of the interest deduction. At 53 percent for 1968, aggregate HMI deductions reached almost 66 percent of aggregate interest deductions for 1983 and 1984 (columns 4 and 7 of Table 2). During the study period, the average HMI deduction moved nearly in step with the average interest deduction (see the top half of Figure E), and changes in the number of HMI returns resembled those in the number of ID returns (the bottom half of Figure E). It is therefore logical to ask whether the tax law changes affected the number of ID returns primarily through their impact on the number of HMI returns.

On the whole, as Figure F shows, the answer would appear to be "No." In general, for years when the number of ID returns showed a drop from the previous year, HMI returns contributed only a small proportion to the drop--or actually increased. (An exception occurred only for 1977 when HMI returns accounted for 62 percent of the drop in ID returns.) For years when the number of ID returns increased, HMI returns usually accounted for 70 percent or more of the increase [4]. In other words, HMI returns

were sluggish on the downside and, with few exceptions, moved vigorously on the upside. It therefore appears that the declines (or reduced increases) in the number of ID returns for 1972, 1975, 1977, and 1979 mainly reflected declines in the number of returns with deductions for other than home mortgage payments, such as for the amounts paid on bank loans and installment or credit-card purchases. Consistent with expectations, one finds that it was taxpayers in this mixed grouping, rather than HMI deducters, on whom the tax law changes had the most perceptible effect.

This analysis is supported by the evidence charted in Figure G. In it the trend in the number of HMI returns as a percentage of all ID returns can be clearly seen in the top half. The trend rises to a 1977-79 "plateau" around 85 percent and declines thereafter to 78 percent. The bottom half of Figure G shows the variations around the trend. For 1972, 1975, 1977, and 1979--exactly the years in question--HMI returns tended to gain in relative importance, not lose.

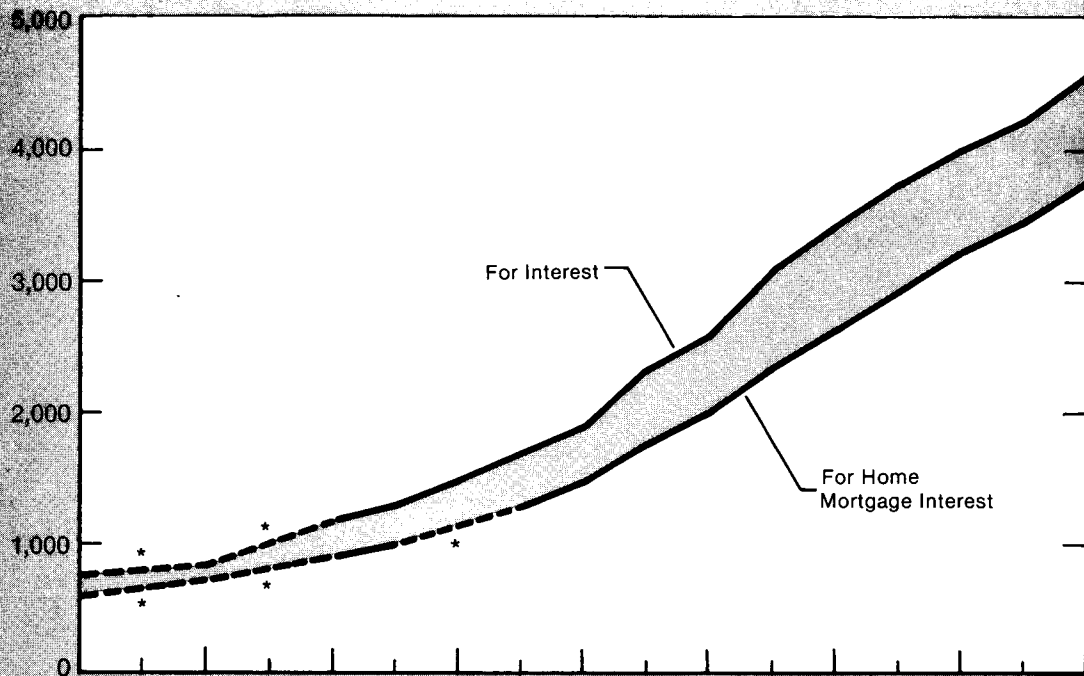
INTEREST DEDUCTIONS FOR 1979-1984

The 1979-84 period is of special interest, not only because it is the most recent part of the total period studied, but also because of the rather unusual trend developments during those years. Among these trends, as observed in the tax return statistics, are the following:

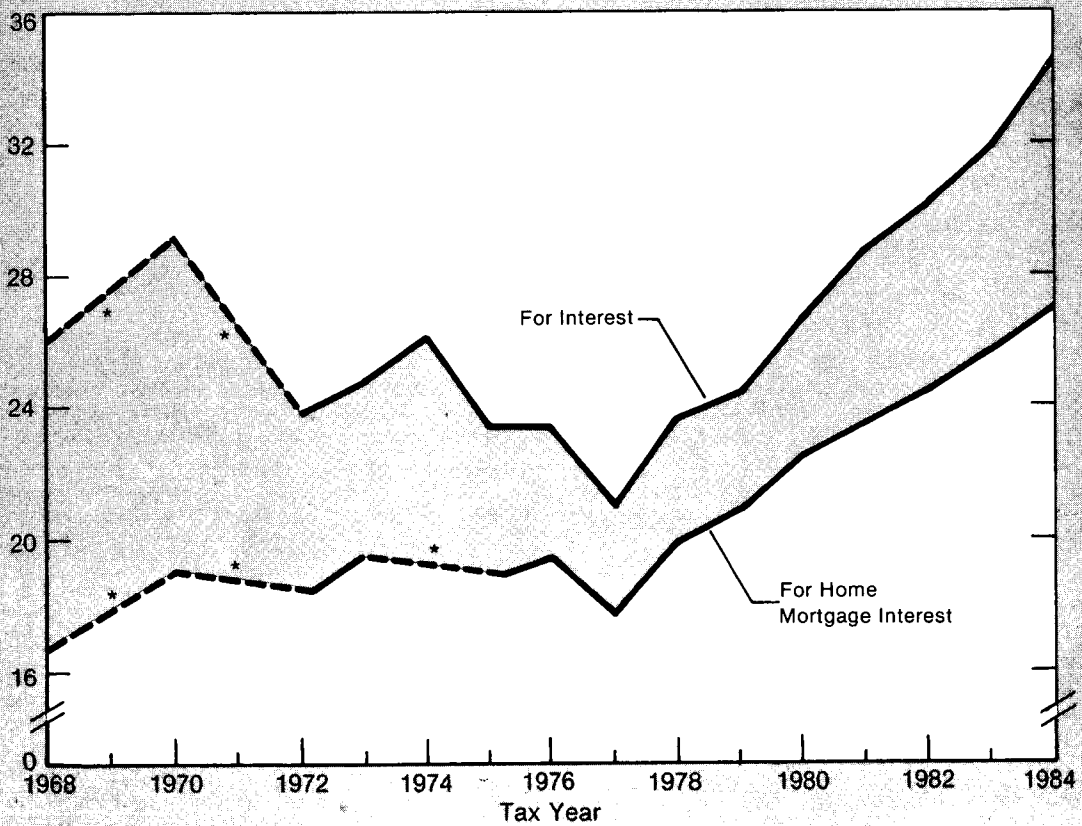
- the relative increase in the number of ID returns tended to level out, at least until 1984, when it increased sharply (see Figure D, bottom half);
- ID returns as a percentage of itemized deduction returns fell, until the slight reversal for 1984 (see Figure C, second panel);
- the average interest deduction had a very slackened rate of increase until 1984, when there was a major increase (see Figure C, third panel);
- aggregate interest deduction dollars as a percentage of all itemized deductions, as a consequence, also had a very slackened rate of increase until 1984 (see Figure C, bottom panel);
- the year-to-year change in the average interest deduction for all of these years, including 1984, paralleled the percentage change in the number of ID returns (instead of moving oppositely, as in prior years; see Figure D);
- in general, the average HMI deduction had a very slackened rate of increase,

Figure 8
Deductions for Interest and Home Mortgage Interest:
Average Amount and Number of Returns Reporting, 1968-1984

Average deduction (thousands dollars)



Number of returns reporting deduction (in millions)



*Data not available for 1969, 1971, or 1974.

Figure F.--Changes From Previous Year in Number of Returns With Interest Deduction and Returns With Home Mortgage Interest Deduction, 1972-1984

Tax Year	Change in number of returns from previous year— (thousands of returns)		Column 2 as a percentage of Column 1
	With interest deduction	With home mortgage interest deduction	
	(1)	(2)	(3)
Years with fewer returns with interest deduction than previous year:			
1972 ¹	-5,417	-507	9%
1975 ¹	-1,410	-414	29
1976.....	-18	269	(²)
1977.....	-2,477	-1,546	62
Years with more returns with interest deduction than previous year:			
1970 ¹	3,191	2,431	76
1973.....	1,007	889	88
1978.....	2,654	2,117	80
1979.....	968	1,027	106
1980.....	2,165	1,685	78
1981.....	2,087	967	46
1982.....	1,480	1,033	70
1983.....	1,439	1,020	71
1984.....	2,831	1,406	50

¹Changes computed from 2 years earlier since previous year data (for 1971, 1974, and 1969) were not available.

²Not computed.

and 1984 was no exception in this regard (see Figure E, top half); and

- HMI returns represented a declining proportion of ID returns (instead of an increasing one (see Figure G, top half).

In the absence of the kind and frequency of tax law changes reflected in the previous years' data, the origin and common force behind these developments appear to be the drastic cutbacks in the home building and home financing industries. Partly brought on by the deepening recession that saw unemployment top 10.6 million (the annual average) in both 1982 and 1983, these industries were severely afflicted by high mortgage interest rates paralleling the elevation of interest rates during 1980-82 previously noted (see Figure B) [5]. What was balm of Gilead to many investors was as the boils of Job to home builders, sellers, and would-be purchasers. Figure H presents four indicators showing that this sector of the economy experienced about a 50-percent reduction in activity between 1978-79 and 1982. Even the innocuous-looking data in column 4 tell a striking story. Between 1974 and 1978 the number of owner-occupied mortgaged dwelling units increased by 2.6 million; between 1979 and 1983, the in-

crease was only 1.4 million, down 46 percent or 1,200,000.

With the fall-off in the number of new mortgagors came the decline in the HMI proportion of ID returns and the slackened rate of increase in the average deduction (that otherwise would have reflected the higher mortgage payments of perhaps 1,200,000-or-more purchasers). These developments, in turn, influenced the number and relative importance of ID returns and the rate of increase in the average interest deduction.

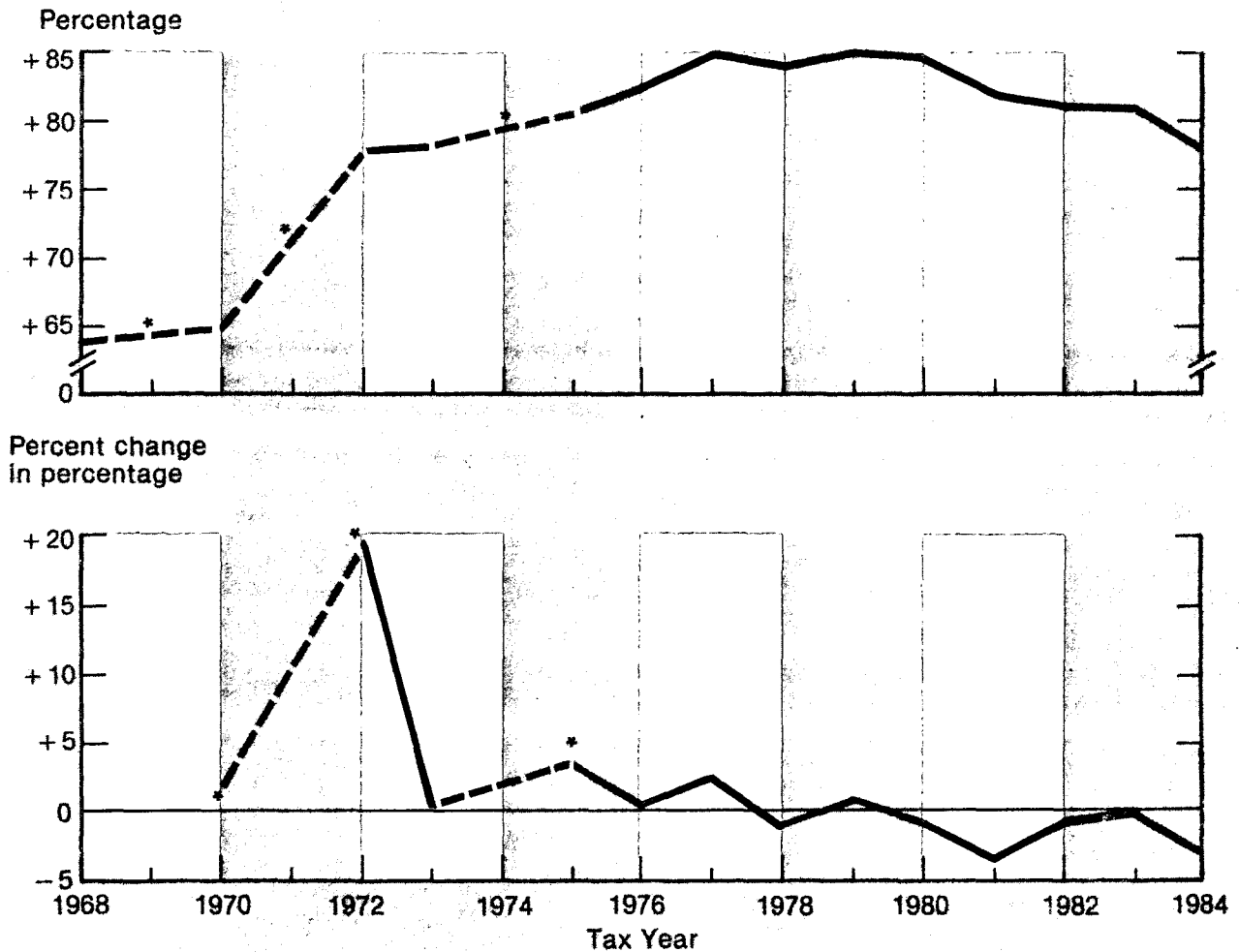
A sharp turnaround in housing activity took place in 1983 and, allowing for the time lag before it can be fully reflected on individual income tax returns, is already evidenced in the 1984 interest deduction statistics. As a result, the trends that had emerged for 1979-83 may be at an end. Statistics for 1985 will begin to tell whether 1984 becomes the base year for new trends.

DATA SOURCES AND LIMITATIONS

The historical data based on tax returns presented in this article are based on samples. Therefore, they are subject to sampling error. For information about the samples and

Figure G.

Returns with Home Mortgage Interest as a Percentage of All Returns with Interest Deduction, and Year-to-Year Change in the Percentage, 1968-1984



*Two-year change; data for interim year not available.

the magnitude of the sampling error, see Statistics of Income--Individual Income Tax Returns for the years 1968-84.

NOTES AND REFERENCES

- [1] Data on interest income and deductions were obtained from Statistics of Income--Individual Income Tax Returns, Internal Revenue Service, U.S. Department of the Treasury, for each year, 1968-1984.
- [2] Not all interest receipts are included in this analysis. Examples are tax-exempt amounts of up to \$1,000 (\$2,000 on a joint return) received on so-called All-Savers

Certificates, issued after September 30, 1981 and before January 1, 1983; tax-exempt interest on state and local Government obligations; and tax-deferred interest on Individual Retirement Arrangements (IRA's) authorized beginning with Tax Year 1975.

Gradual growth in payments to IRA's during 1975-81 was succeeded by an explosion in 1982 when payments increased to six times the 1981 level. (In 1982, IRA contributions were approved for employees already covered by employer retirement plans.) Nevertheless, for that same year, interest income as a percentage of AGI, instead of

Figure H.--Housing Industry Construction and Financial Indications, 1974-1984

Calendar Year	Starts of new privately-owned 1-unit housing units (thousands)	Aggregate value of		Number of nonfarm owner-occupied dwelling units with mortgage (millions)
		New construction put in place, residential 1-unit structures (billion dollars)	New mortgages for 1-4-unit family homes ¹ (billion dollars)	
	(1)	(2)	(3)	(4)
1974.....	888	\$26.3	\$ 67.5	23.0
1975.....	892	27.4	77.9	23.4
1976.....	1,162	40.0	112.8	24.1
1977.....	1,451	55.3	162.0	24.9
1978.....	1,433	62.4	185.0	25.6
1979.....	1,194	60.8	186.6	26.4
1980.....	852	45.7	133.7	27.1
1981.....	705	44.4	98.3	27.9
1982.....	663	41.5	97.0	n.a.
1983.....	1,068	72.2	201.9	27.8
1984.....	1,084	85.1	202.2	n.a.

n.a. - Not available.

¹Includes new and pre-existing units.

Sources: Bureau of the Census, Construction Reports, Series C-20; and C-30; 1980 Census of Housing; and Current Housing Reports, Series H-150; and Department of Housing and Urban Development, Survey of Mortgage Lending Activity, 1975-79 and monthly and quarterly press releases, 1980-84.

declining, reached its peak. These data are of interest in view of the analysis of "asset-shifting" (see Galper, Harvey and Steuerle, Eugene, "Tax Incentives for Saving," SOI Bulletin, Spring 1984, Vol. 3 No. 4, p. 5).

[3] Detailed statistics on itemized deductions are not available for 1971. The rate of increase for 1972 is therefore based on 1970 data in this instance. (Statistics on itemized deductions for 1969 are also not available.)

[4] As the 1976 and 1979 data (in Figure F) show, the year-to-year change in the

number of HMI returns is not actually a subset of the change in the total number of ID returns since, for example, a taxpayer no longer reporting an HMI deduction might still have an ID deduction for other kinds of interest expenses. This limitation, however, does not invalidate the argument as to the effect HMI returns could have contributed to changes in the number of ID returns.

[5] Data on unemployment were obtained from U.S. Bureau of Labor Statistics, Employment and Earnings, December 1985.

Table 1.-- Adjusted Gross Income and Total and Average Interest Income Based on Individual Income Tax Returns; and Average Interest Charged on 3-Month Commercial Paper, 1968-1984

Tax Year	Individual income tax returns					Annual average interest charged on 3-month commercial paper (percent)
	All returns (thousands)	Adjusted gross income less deficit (billion dollars)	Returns with interest income			
			Number of returns (thousands)	Total interest income (billion dollars)	Average interest income (dollars)	
	(1)	(2)	(3)	(4)	(5)	(6)
1968.....	73,729	554.4	31,061	16.8	540	5.90
1969.....	75,834	603.5	32,127	19.6	611	7.83
1970.....	74,280	631.7	32,630	22.0	675	7.72
1971.....	74,576	673.6	34,114	24.7	725	5.11
1972.....	77,573	746.0	35,697	27.4	768	4.69
1973.....	80,693	827.1	37,920	32.2	848	8.20
1974.....	83,340	905.5	39,954	39.5	990	10.01
1975.....	82,229	947.8	40,378	43.4	1,076	6.25
1976.....	84,670	1,053.9	42,569	48.6	1,141	5.24
1977.....	86,635	1,158.5	44,006	54.6	1,241	5.55
1978.....	89,772	1,302.4	46,107	61.2	1,328	7.94
1979.....	92,694	1,465.4	47,885	73.9	1,543	10.97
1980.....	93,902	1,613.7	49,020	102.0	2,081	12.66
1981.....	95,396	1,772.6	49,657	140.6	2,831	15.32
1982.....	95,337	1,852.1	52,842	157.0	2,972	11.89
1983.....	96,321	1,942.6	57,138	152.9	2,676	8.88
1984.....	99,439	2,139.9	62,060	176.4	2,841	10.10

Source: Commercial paper, placed directly, averages of daily offering rates quoted by finance companies; as published in Salomon Brothers, Inc., New York, N.Y., An Analytical Record of Yields and Yield Spreads. Tax return data from Statistics of Income--Individual Income Tax Returns for appropriate years.

Table 2.--Returns With Itemized Deductions: Total Itemized Deductions and Total Interest and Home Mortgage Interest Deductions, 1968-1984

Tax Year	All returns with itemized deductions		Returns with interest deduction					
	Number of returns (thousands)	Total itemized deductions (billion dollars)	Number of returns (thousands)	Total interest deduction (billion dollars)	Average interest deduction (dollars)	Home mortgage interest deduction		
						Number of returns (thousands)	Total home mortgage interest deduction (billion dollars)	Average home mortgage interest deduction (dollars)
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
1968.....	32,030	69.2	26,014	18.5	713	16,588	9.8	592
1969.....	34,915	80.2	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1970.....	35,430	88.2	29,205	23.9	819	19,019	13.3	700
1971.....	30,686	91.9	n.a.	n.a.	n.a.	n.a.	n.a.	n.a.
1972.....	26,980	96.7	23,788	27.3	1,150	18,512	16.4	887
1973.....	28,047	107.0	24,795	31.9	1,288	19,401	19.2	987
1974.....	29,564	119.4	26,108	37.4	1,431	n.a.	n.a.	n.a.
1975.....	26,074	122.3	23,385	38.9	1,663	18,987	24.2	1,273
1976.....	25,951	133.9	23,367	43.4	1,858	19,256	27.8	1,445
1977.....	22,897	138.5	20,890	47.8	2,289	17,710	31.0	1,748
1978.....	25,756	164.4	23,544	60.7	2,577	19,827	39.3	1,981
1979.....	26,484	184.1	24,512	74.4	3,036	20,854	48.5	2,326
1980.....	28,950	218.0	26,677	91.2	3,418	22,539	59.3	2,632
1981.....	31,571	256.4	28,764	108.7	3,780	23,506	68.6	2,917
1982.....	33,433	284.5	30,244	121.9	4,029	24,539	79.3	3,233
1983.....	35,230	309.6	31,684	134.7	4,251	25,559	88.8	3,475
1984.....	38,203	358.9	34,514	158.2	4,583	26,965	102.1	3,787

n.a. - Not available.

Foreign Recipients of U.S. Income, and Tax Withheld, 1984

By Margaret P. Lewis*

U.S. source income paid to foreign persons (including foreign individuals, corporations and other organizations) rose 57 percent in 1984 to a record \$17.1 billion. Tax withheld on this income rose to \$970 million, an increase of just 39 percent (since nearly two-thirds of the additional income was exempt from tax withholding).

Income paid to residents of the United Kingdom (U.K.) rose by \$1.1 billion, an increase of 55 percentage points, accounting for almost 20 percent of the total increase. U.K. residents received \$3.1 billion of U.S. source income in 1984, surpassing the Netherlands Antilles (\$2.8 billion) which had an increase of 34 percentage points from 1983.

Almost 70 percent of the increase in U.S. source income paid to foreign persons was accounted for by interest payments. The Deficit Reduction Act of 1984, which became effective on July 18, 1984, exempted most types of interest payments to foreigners from U.S. tax withholding. Not all of this increase can be attributed to the enactment of this legislation, however, since only interest paid on obligations issued after July 18, 1984, was entitled to this exemption. During 1984 high U.S. interest rates helped make investment in the United States more attractive to foreign investors who thus helped finance an expanding U.S. economy. The growing U.S. economy also attracted foreign investment as the dollar appreciated against major currencies. Moreover, the large U.S. trade deficits put "strong dollars" into the hands of foreigners who in turn invested them in the United States.

BACKGROUND INFORMATION

A U.S. individual or organization paying income to a foreign individual (who, for tax purposes, is not a resident or citizen of the United States), corporation, or other organization (that is not incorporated in the United States) reports this income and the U.S. tax withheld on Form 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code

(this title changed, in 1985, to Foreign Persons' U.S. Source Income Subject to Withholding). While the basic tax rate is 30 percent, certain types of income are taxed at different rates. Income paid to countries that have entered into tax treaty agreements with the United States is usually taxed at lower rates. The tax withheld represents final payment of the actual tax liability in most instances. The responsibility for withholding tax belongs to the payer or the representative (usually a financial institution) of the payer rather than the recipient of the income. Income connected with the recipient's U.S. trade or business is exempt from withholding. The United States taxes this income separately, as though it were received by a U.S. citizen or corporation.

The basic tax rate on U.S. source income (30 percent) differs from the graduated tax rates for U.S. individuals and corporations because foreign individuals and corporations may receive income from an indefinite number of sources. Since most foreign persons are not required to file U.S. income tax returns and consolidate all U.S. income, their total income cannot be taxed in graduated "brackets," as one payer would have no knowledge of the amount of income other individuals and organizations had paid to the same foreign person.

RECENT LEGISLATION AND ITS IMPACT

The Deficit Reduction Act of 1984, as mentioned above, went into effect on July 18, 1984. The Act exempted from tax most types of interest payments, mainly portfolio interest, made to foreign persons [1]. The principal exception to this exemption was interest paid to a foreign individual, bank or corporation that owned at least 10 percent of the voting power of the U.S. payer. The removal of withholding tax on most types of interest is expected to increase direct foreign investment in the United States and to curtail U.S. borrowing through financial affiliates and other corporations in the Netherlands Antilles (and other tax havens, which are discussed below) [2].

*Foreign Returns Analysis Section. Prepared under the direction of James Hobbs, Chief.

U.S. bond holdings by foreigners increased by 85 percent to \$32.3 billion in 1984 due in part to the 1984 Act. Most of these issues were direct U.S. corporate Eurobond placements [3]. Borrowing from financial affiliates in the Netherlands Antilles, however, remained strong in the first three quarters of 1984 but almost ceased in the fourth quarter with the advent of the new law [4].

Tax treaty benefits that had been extended under the U.S.-U.K. treaty to British "territories" and former "territories" were cancelled as of January 1, 1984 [5]. As a result, tax withheld on payments to these "territories" rose by 22 percent, while income paid remained virtually unchanged from 1983. The effective tax rate (tax withheld as a percent of total income) for these "territories" rose from 16 percent to 19 percent.

As of 1986, only one of the "territories" signed a separate treaty agreement with the United States [6]. Many of the U.K. "territories" are generally considered to be tax havens, to some extent. Therefore, they may be reluctant to enter into agreements with the United States which would work against those very characteristics that make these "territories" tax havens (see the discussion of tax treaty countries later in this article).

Also cancelled in 1984, were benefits formerly extended under the U.S.-Belgium treaty to former Belgian territories [7]. While both income and tax withheld of these countries declined by more than half, the percentage of income exempt from withholding more than doubled. This caused the effective tax rate for these three countries combined to decline from 14.4 percent to 9.6 percent.

The Social Security Amendment Act of 1983 required withholding on benefits paid to foreign persons beginning in 1984. At the same time, a revision was made to the Railroad Retirement Act of 1937 to require withholding on certain payments to foreigners. The first complete data on these payments will be available for Calendar Year 1985.

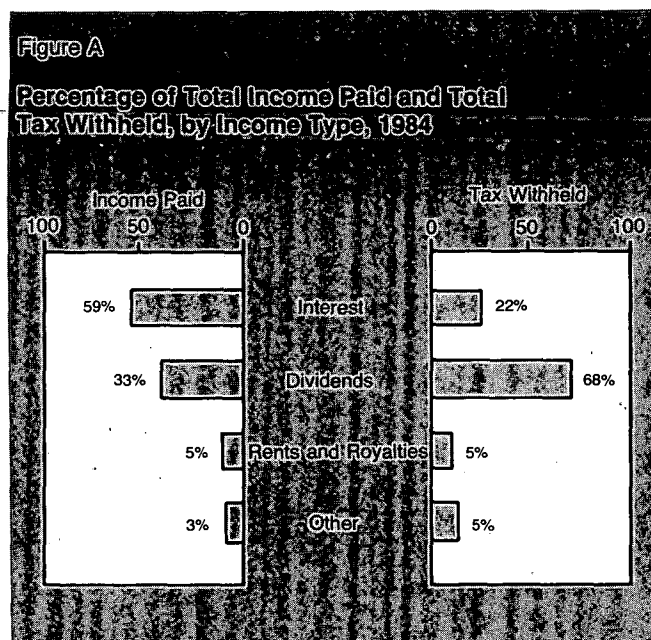
DATA HIGHLIGHTS AND TRENDS

As previously mentioned, U.S. income payments to foreigners totalled \$17.1 billion in 1984, increasing by 57 percent. The increase in 1983, in contrast, was only 4 percent. Between 1983 and 1984, income subject to withholding rose by 39 percent, while exempt income increased by 71 percent. The greater rise in exempt income was reflected in a comparatively small increase in tax withheld of 39 percent.

The average income payment rose by 21 percent to nearly \$22,000, as indicated by a 57 percent increase in income paid with only a 29 percent increase in the number of Forms 1042S filed. The average amount of tax withheld per payment rose by only 8 percent (due to the large increase in exempt payments mentioned above) to \$1,200. The average effective tax rate (tax withheld as a percent of total income for all countries) for 1984 was 5.7 percent.

Type of Income

Interest as a percent of total income paid continued to rise in 1984. Interest accounted for 59 percent of income paid (an increase of 6 percentage points) while dividends represented 33 percent, a 5 percentage point drop from 1983. Figure A shows that the gap between interest and dividends as a percentage of total income widened to 26 percentage points in 1984. For 1983, the percentage was 15.



Since 1980, interest's share of all income increased 19 percentage points, from 40 to 59 percent. The corresponding share for dividends fell by 15 percentage points, from 48 to 33 percent. Figure B shows both total and average annual increases for dividends and interest in both constant and current dollars [8].

Figure B.--Interest and Dividends Paid, 1980 and 1984

[Thousands of dollars]

Year and percentage increase	Interest	Dividends
<u>Calendar year</u>		
1980.....	\$ 2,604,307	\$3,147,752
1984.....	10,035,675	5,617,707
<u>Percentage increase</u>		
Current dollars:		
Total.....	285.3%	78.5%
Average per year (compounded)....	40.1	15.6
Constant dollars:		
Total.....	205.8	41.6
Average per year (compounded)....	32.3	9.1

Interest payments are often exempt from withholding or taxed at low rates established by treaties. With the passage of the Deficit Reduction Act of 1984, certain types of interest income, mainly portfolio interest, previously taxable, became exempt regardless of the country to which it was paid. As a result, only \$214 million of tax was withheld on interest in 1984. This represented only 21 percent of all tax withheld, even though interest represented 59 percent of all income. Dividends, which are rarely exempt from the withholding tax, represented only 33 percent of all income, while tax withheld on dividends comprised 68 percent of the total tax withheld. Figure A shows the percentage of total income paid and the percentage of total tax withheld for several income types.

Interest made up the largest percentage of income paid to all recipients in seven of the nine countries shown in Figure C. Only countries receiving more than \$500 million in U.S. source income were considered for inclusion in Figure C. As Figure C indicates, only Switzerland and France had a larger percentage of dividends than interest. This is in contrast to 1983 when dividends made up a larger percentage of income paid than interest for more than half of the top countries.

As in 1983, non-tax haven countries shown in Figure C received a greater portion of rents and royalties (7 percent average) than the Netherlands Antilles, the Netherlands and Switzerland (2.5 percent average), all of which may be considered, by some, to be tax havens to

some degree. More than half of all rents and royalties paid were industrial royalties. The latter include royalties for the use of, or the privilege of using, trademarks, patents, secret processes and formulas, goodwill, franchises, and similar rights. One would not expect these types of payments to be made to non-industrial countries and most tax havens have a narrow industrial base. Switzerland and the Netherlands, tax haven countries which receive all types of income, are exceptions. Also, some U.S. corporations may use tax haven countries to set up foreign companies that license royalties, therefore, resulting in rents, royalties and license fees paid to tax haven countries. In contrast, rents and royalties accounted for 14 and 12 percent of all income paid to France and Japan, respectively, non-tax haven countries. The Japanese payments were mainly payments by "high-tech" U.S. firms to "high-tech" Japanese firms.

Country of Recipient

As is shown in Figure D, recipients in nine countries accounted for nearly 90 percent of all U.S. source income paid to foreigners in 1984. All of these countries showed significant increases in income received over 1983, and six of these nine received income of over \$1 billion.

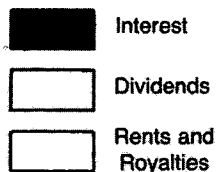
The United Kingdom regained its position as recipient of the most U.S. source income, surpassing the Netherlands Antilles. Belgium posted an exceptionally large rise in income, pushing it for the first time into the position held by France in 1983, as the eighth largest recipient of U.S. source income. The nearly 700 percent rise in U.S. source income paid to Belgium may be somewhat misleading since 90 percent of the income paid to Belgium was received by Belgian nominees who may not have been the final recipients of the income. (For a further discussion of nominees, see the section on recipient types later in this article.)

Tax withheld on payments to all of the countries shown in Figure D also rose from 1983 levels. However, the rise in tax withheld was generally less than the rise in total income since there was a large rise in exempt income in 1984 (due, in part, to the 1984 Act which helped cause increases in total interest paid and, therefore, increases in total income paid to tax treaty countries).

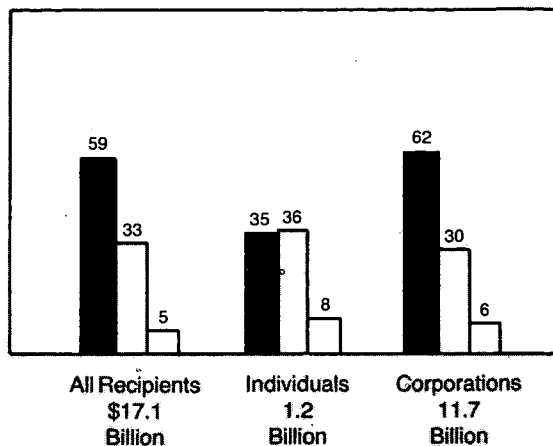
The Netherlands Antilles was an exception to the above generality. It showed a greater rise in tax withheld than in income, thus narrowing the gap between its percentage of income paid and the percentage of tax withheld from 18 percent to 14 percent. However, this was still the largest discrepancy of the countries shown. Income paid to the Netherlands Antilles

Figure C

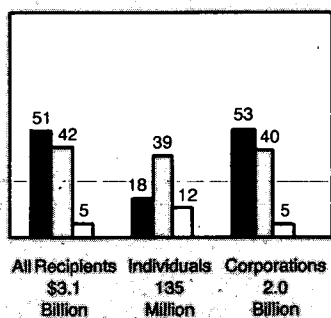
**Percentage of Income Paid by
Selected Income Type,
Selected Recipient Type, and
Selected Country of Recipient,
1984**



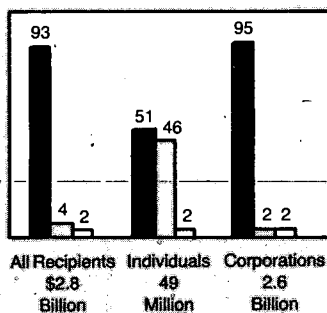
All Countries



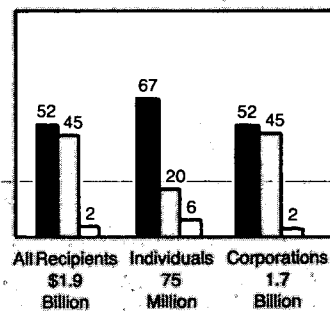
United Kingdom



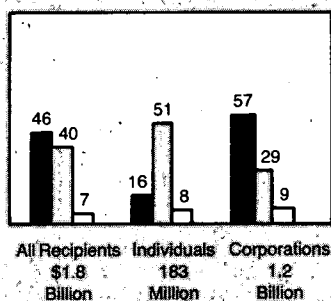
Netherlands Antilles



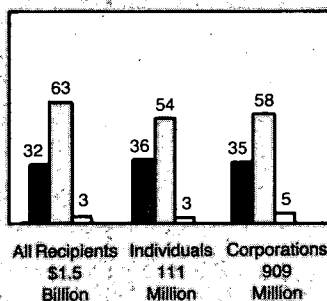
Netherlands



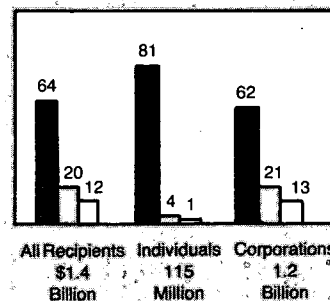
Canada



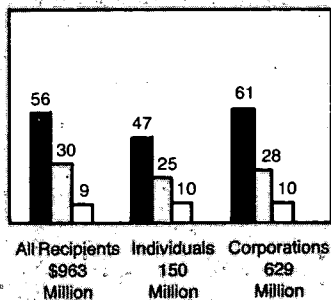
Switzerland



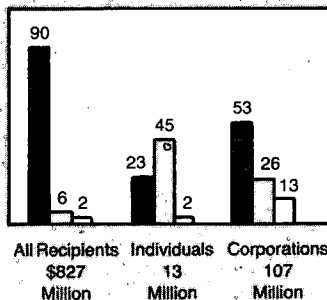
Japan



West Germany



Belgium



France

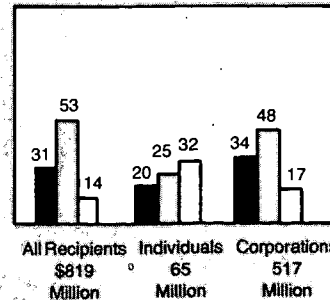
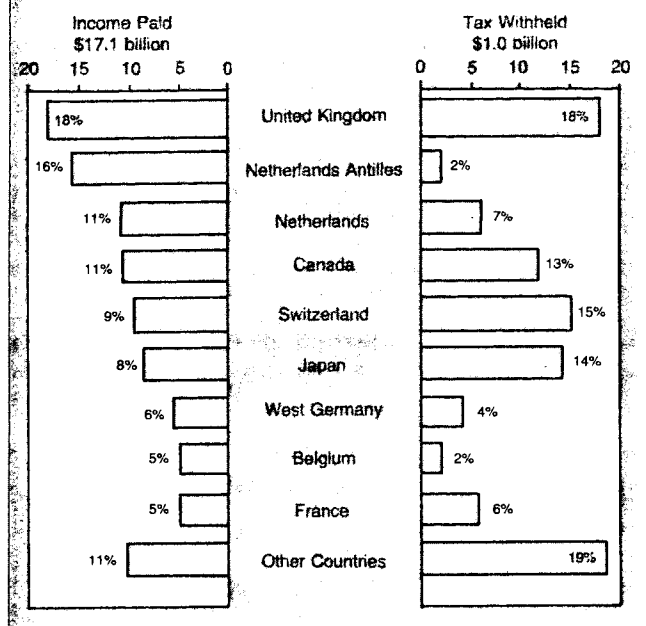


Figure D

Percentage of Total Income Paid and Tax Withheld by Domestic Withholding Agents, by Country of Recipient, 1984



rose by 34 percent while the rise in tax withheld on payments to Netherlands Antilles residents was 105 percent. This was a reflection of the greater relative rise in taxable income.

Effective Tax Rate by Country

Although the basic U.S. withholding tax rate is 30 percent, the actual rate can differ for a variety of reasons. First, tax treaties allow for lower tax rates on certain types of payments to certain countries. Second, as mentioned previously, the Deficit Reduction Act of 1984 exempted most types of interest from withholding tax. Third, income paid to tax exempt or governmental organizations is generally not taxed. Fourth, most U.S. income paid to foreign private foundations is taxed at only a 4 percent rate. Finally, income that is connected with the recipient's U.S. trade or business is taxed as though it were received by a U.S. individual or organization, and is therefore not subject to withholding tax (although it is subject to the regular rates of U.S. income tax on net income and may be additionally reported on Form 1042S). Because of these factors, the effective U.S. withholding tax rate (tax withheld as a percent of total income) varies by country.

Figure E shows the income paid, tax withheld by U.S. withholding agents, and the effective

withholding tax rates for the twelve countries having the lowest effective tax rates. Tax withheld by foreign governments and withholding agents is not included in this table because the tax cannot be properly attributed to income for a particular year. Only countries receiving at least 100 payments and \$1 million or more of income were considered for ranking.

Figure E.--Ranking of Countries by Effective Tax Rates, 1984

[Thousands of dollars]

Country	Total income	Tax withheld	Effective tax rate
	(1)	(2)	(3)
All countries 1/.	\$17,106,632	\$969,553	5.67%
United Arab Emirates.....	143,449	182	0.13
Egypt.....	28,580	72	0.25
Saudi Arabia.....	351,990	1,532	0.44
Netherlands Antilles.....	2,812,549	18,844	0.67
Trinidad and Tobago.....	10,929	132	1.21
Belgium.....	826,995	16,896	2.04
Norway.....	49,948	1,118	2.24
Netherlands.....	1,918,889	66,137	3.45
Finland.....	9,352	348	3.72
West Germany.....	963,166	42,398	4.40
Portugal.....	28,816	1,395	4.84
Singapore.....	26,709	1,345	5.03
Other countries 1/....	10,076,727	821,042	8.15

1/Includes all other countries, regardless of number of payments or amount of income paid.

Newcomers to this list are the United Arab Emirates, Belgium, Norway, Finland and Portugal. Four of the previously listed countries, United Arab Emirates, Saudi Arabia, Portugal and Singapore, are not tax treaty countries that received the benefits of reduced tax withholding rates. A substantial portion (78 percent) of Saudi Arabia's U.S. source income (\$352 million) was paid to Saudi Government organizations and therefore not subject to the withholding tax. More than 50 percent of U.S. source income paid to Portugal (\$29 million) was paid to private foundations and therefore was subject only to the 4-percent withholding rate. Former leader, Antigua, lost its position due to the cancellation of its tax treaty with the United States. In 1984, Antigua's effective tax rate rose to 2.0 percent from 0.2 percent in 1983. (Antigua was not included in Figure E because it received less than \$1 million in payments in 1984.)

Tax Treaty Countries

In order to avoid double taxation of income earned in one country by residents of another country, the United States has negotiated tax treaties with foreign countries that usually reduce the withholding rates in both countries [9]. It is generally believed that any U.S. withholding-tax revenue loss due to the tax treaty rate reduction will be at least partly offset by a decline in the foreign tax credits against U.S. income tax claimed by U.S. individuals and corporations on income from those countries enjoying reciprocal benefits.

Since tax treaties generally provide for a reduced withholding rate for U.S. individuals and corporations receiving foreign income and for foreign recipients receiving U.S. income, U.S. individuals and corporations will have less foreign tax withheld. This, in turn, should lessen their foreign tax credit claimed and consequently raise their U.S. tax liability.

Figure F shows the lower effective tax rates on payments to recipients in treaty countries as compared to payments to recipients in nontreaty countries. Table 1 lists the tax treaty and nontreaty countries and provides corresponding Form 1042S data.

Figure F.--Total Income, Tax Withheld and Effective Tax Rate for Treaty and Nontreaty Countries, 1984

[Thousands of dollars]

Country status	Total income	Tax withheld	Effective tax rate
	(1)	(2)	(3)
All countries...	\$17,106,632	\$969,553	5.67%
Treaty countries.....	15,607,203	822,655	5.27
Nontreaty countries.....	1,499,429	146,897	9.80

Although residents in tax treaty countries typically enjoyed lower U.S. withholding tax rates, if the income were paid to a foreign nominee or fiduciary on behalf of a person not entitled to the treaty benefit, the full 30-percent U.S. tax should be imposed. Those U.S. treaty partners that collected the additional amounts on behalf of the United States are listed in Table 1, Column 7.

Tax Haven Countries

A tax haven is generally considered to be a country having tax laws favorable to foreign

individuals and organizations in an attempt to attract these investors. The tax haven country typically benefits by collecting certain fees or taxes (at a low rate). Foreign individuals and organizations might not invest in or through the tax haven if taxes comparable to those of their own country were imposed. Tax haven countries tend to have the following characteristics:

- No withholding tax on most payments from the tax haven country to foreign individuals and organizations,
- Low or zero effective income tax rates for foreign individuals and organizations operating within the tax haven country, or performing certain activities, and
- Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations.

Low or zero withholding tax rates are usually designed to attract foreign individuals and corporations to invest through the tax haven, rather than to provide a tax benefit for their own residents, although a number of tax haven countries have low tax rates in an effort to attract real productive investment into the country also. However, many tax haven countries do not have tax treaties with the United States that allow for low or zero withholding rates on payments to the tax haven. While treaties with non-tax haven countries allow for mutually-reduced withholding tax rates, the lost tax revenue on U.S. source income paid to foreigners is, as mentioned above, at least partially recovered in income taxes due to lower foreign tax credits claimed by U.S. taxpayers. The lower credits are a result of less foreign taxes being paid by U.S. taxpayers on their foreign source income.

Figure G shows the percentage of payments made to corporations, along with their effective tax rate, for selected tax haven countries [10]. Only countries which received more than \$1 million of income and 100 payments were considered for Figure G.

As evidence that tax haven countries attract corporations to them, note that the average percentage of payments to corporations in tax haven countries is greater than the average for non-tax haven countries. The effective tax rate for all but three tax haven countries is greater than the total average effective tax rate of 4.7 percent. For these three countries, the Cayman Islands, the Netherlands and the Netherlands Antilles, as well as for Liberia and Luxembourg, at least 50 percent of income paid was interest which typically was subject to a lower tax withholding rate and was

affected by the Deficit Reduction Act of 1984. Also, two of the three countries with lower than average rates, the Netherlands and the Netherlands Antilles, are countries that benefit from reduced treaty rates.

Figure G.--Corporate Recipients in Selected Tax Haven Countries, 1984

Country	Percent of--		Effective tax rate
	All payments received	All income received	
	(1)	(2)	(3)
All countries.....	7.7%	68.3%	4.7%
All non-tax haven countries..	6.9	59.6	5.7
All tax haven countries.....	17.8	81.5	3.6
Bahamas.....	25.9	48.4	18.5
Barbados.....	29.1	90.9	20.0
Bermuda.....	17.9	60.6	25.0
British Virgin Islands.....	23.4	67.7	19.7
Cayman Islands.....	41.7	59.9	4.0
Liberia.....	16.2	92.6	11.5
Luxembourg.....	31.9	48.6	9.4
Netherlands.....	13.4	80.7	2.3
Netherlands Antilles	47.7	87.6	0.3
Panama.....	27.3	43.6	18.9
Switzerland.....	13.3	61.3	9.1

Type of Recipient

Corporations received 68 percent of all income paid to foreign persons in 1984, while individuals, and nominees, and fiduciaries (the next largest recipients of income) received only 7 percent and 9 percent, respectively. In contrast, the percentage of tax withheld on payments to individuals and to nominees and fiduciaries was disproportionately large relative to the income received (15 and 12 percent, respectively), while the percentage of tax withheld on corporations was a comparatively low 56 percent of all tax withheld.

This latter discrepancy is reflected in the effective tax rate for corporations of 4.7 percent, which may be compared to an effective tax rate of 7.8 percent for all other types of recipients combined. The effective tax rate for corporations remained unchanged from 1983 but has shown a steady decline after 1979 when the rate was 9.2 percent. The decline has been a result of a steady increase in payments of interest, caused by increasing U.S. interest rates, to foreign corporations which are generally subject to lower withholding tax rates.

Nominees and fiduciaries received 9 percent of all income paid in 1984 making them the sec-

ond largest recipients of income. This may be somewhat misleading due to unusually large amounts of income paid to Belgian nominees in 1984, discussed earlier. If the payments to Belgian nominees were removed, the income paid to nominees would be halved and would represent an amount in proportion to previous years' data. Without nominee payments to Belgium, nominees and fiduciaries would have received 5.7 percent of all income paid in 1983 and 4.3 percent of all income paid in 1984.

Governmental, international and tax-exempt organizations received 2 percent of income paid yet accounted for only 0.4 percent of tax withheld because more than 92 percent of income paid to government, international and exempt organizations was exempt from withholding [11].

The largest average payment (\$301,413) was received by foreign governments; 77 percent of total payments to foreign governments were made to the Government of Saudi Arabia. If Saudi Arabia were excluded, the average payment to foreign governments would have fallen to \$71,253. In contrast, the average payment by corporations was \$193,808, while individuals received by far the smallest average payment, \$2,138.

On the average, most recipient types received more interest than any other type of income, the two exceptions being individuals and private foundations, which received more dividends than interest. Partnerships were more likely to receive rents and royalties, while individuals received over 80 percent of all personal service income [12]. For every recipient type, tax withheld on dividends far exceeded tax withheld on any other income type. Figure H shows the percentages of income paid and tax withheld on various types of income for the different recipient types.

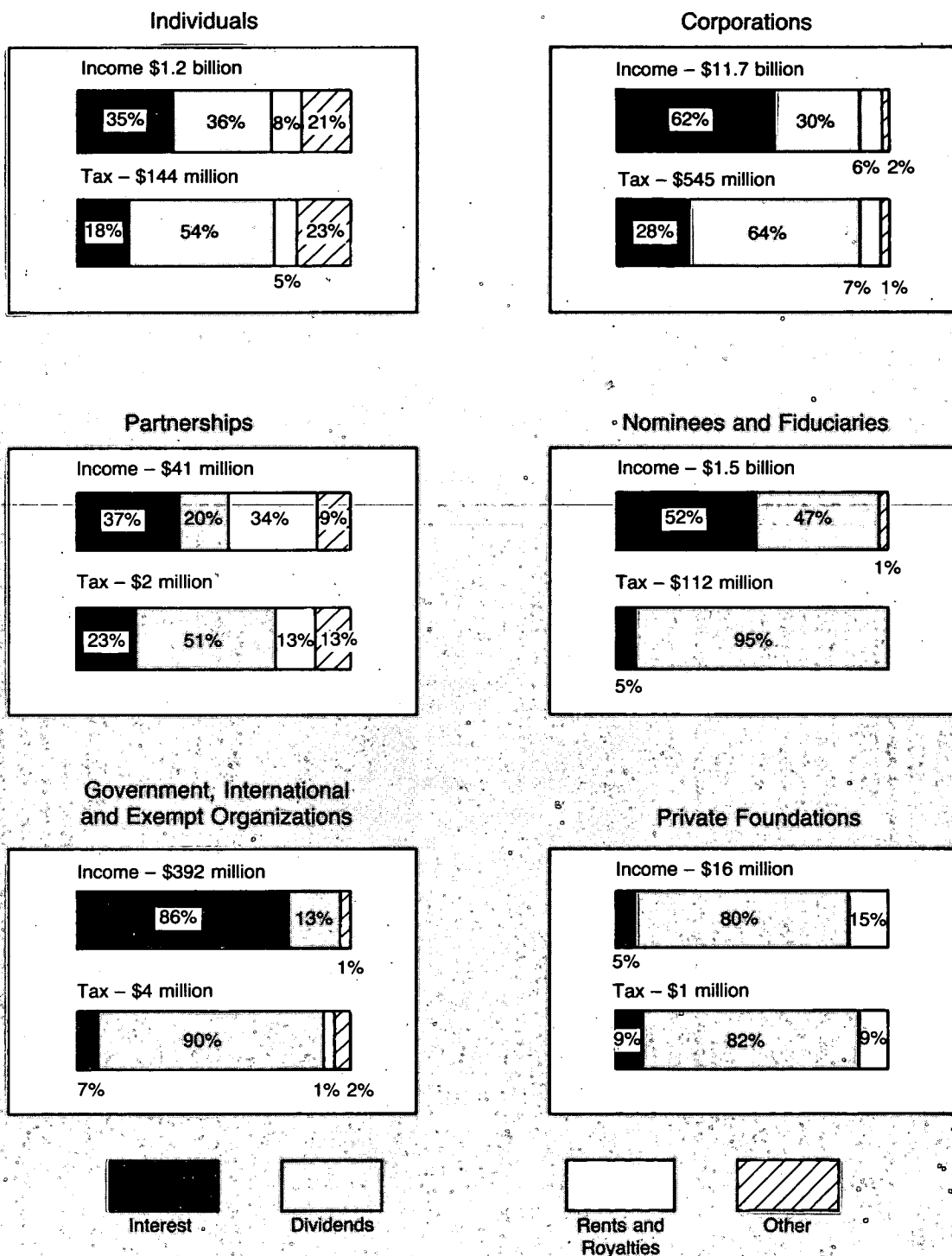
U.S. and Foreign Withholding Taxes on Corporations

Most foreign countries impose withholding taxes similar to those of the United States. U.S. individuals and organizations that receive income from foreign countries can usually take a tax credit for the foreign taxes withheld on this income. Although foreign withholding tax rates tend to be similar to the U.S. tax rates, foreign countries, in general, withhold far more total tax on payments to U.S. corporations than the United States withholds on similar payments to foreign corporations. Although similar data dealing with the amount of income paid are not available, this withholding tax disparity is probably due to U.S. corporations receiving more foreign income than foreign corporations receive U.S. income.

While this article is primarily concerned with 1984 data, 1982 is the most recent year for which complete foreign tax credit data also

Figure H

Percentage of Income Paid and Tax Withheld, by Income and Recipient Types, 1984



are available for comparison purposes. For 1982, \$3.2 billion of foreign tax was withheld by foreign governments on the combined total for interest, dividends, rents, royalties and license fees received by U.S. corporations claiming a foreign tax credit [13]. This amount increased by 23 percent from 1980 and was almost eight times the amount of U.S. tax withheld in 1982 (\$0.4 billion) on similar payments to foreign corporations. The latter rose by only 13 percent over the 2-year period.

Figure I shows, for 1982, U.S. tax withheld on certain payments to foreign corporations and foreign taxes withheld on similar foreign payments to those U.S. corporations claiming a foreign tax credit, by income type and country. More tax was withheld by foreign coun-

tries than by the United States for each of the income categories (dividends, interest, and rents, royalties and license fees) shown.

Foreign tax withheld on rents, royalties and license fees paid to U.S. corporations exceeded the U.S. tax withheld on rents, royalties and license fees paid to foreign corporations by more than \$1.1 billion. More than 60 percent of this difference can be accounted for by Norway, which taxed the large oil production-related royalties paid to U.S. corporations.

Foreign tax withheld on dividends paid to U.S. corporations exceeded U.S. tax withheld on dividends paid to foreign corporations by almost \$0.9 billion in 1982. This may have been caused by the excess volume of U.S. investment

Figure I--U.S. Tax Withheld on Certain Payments to Foreign Corporations, Foreign Tax Withheld on Certain Payments to U.S. Corporations Claiming a Foreign Tax Credit, by Income Type and Country, 1982

[Money amounts are in thousands]

Country	Tax withheld on dividends			Tax withheld on interest			Tax withheld on rents, royalties and license fees		
	U.S. payments to foreign corporations 1/	Foreign payments to U.S. corporations 2/	Column 1 minus column 2	U.S. payments to foreign corporations 1/	Foreign payments to U.S. corporations 2/	Column 4 minus column 5	U.S. payments to foreign corporations 1/	Foreign payments to U.S. corporations 2/	Column 7 minus column 8
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All countries.	284,547	1,160,557	-876,010	107,313	868,965	-761,652	19,192	1,156,781	-1,137,589
Argentina.....	37	14,615	-14,578	600	52,835	-52,235	92	5,791	-5,699
Australia.....	818	39,049	-38,231	390	15,240	-14,850	433	57,760	-57,327
Belgium.....	3,838	16,565	-12,727	4,281	4,608	-327	-	642	-642
Brazil.....	58	125,314	-125,256	675	296,927	-296,252	7	9,025	-9,018
Canada.....	25,000	255,364	-230,364	21,987	76,197	-54,210	3,926	82,170	-78,244
France.....	11,796	20,428	-8,632	4,085	2,477	1,608	1,842	24,552	-22,710
Italy.....	536	18,111	-17,575	920	4,879	-3,959	4	23,504	-23,500
Japan.....	13,015	38,481	-25,466	30,215	6,439	23,776	10,403	78,214	-67,811
Mexico.....	289	39,418	-39,129	421	213,827	-213,406	316	38,287	-37,971
Netherlands...	51,153	40,650	10,503	1,817	401	1,416	2	227	-225
Netherlands Antilles.....	3,541	1,657	1,884	5,601	-	5,601	4	-	4
Norway.....	2	2,200	-2,198	317	56,987	-57,304	4	696,939	-696,935
South Africa..	1	29,339	-29,338	2	409	-407	6	8,568	-8,562
South Korea...	26	1,143	-1,117	8	891	-883	-	2,764	-2,764
Switzerland...	59,029	28,815	30,214	13,337	193	13,144	186	41	145
United Kingdom.....	71,823	143,539	-71,716	1,727	12,448	-10,721	290	4,295	-4,005
Venezuela.....	529	37,497	-36,968	73	23,848	-23,775	6	5,795	-5,789
West Germany..	10,130	159,303	-149,173	5,604	604	5,000	4	620	-616
Other countries...	32,927	149,069	-116,142	15,255	99,755	-83,866	1,667	117,587	-115,920

1/Does not include tax remitted by foreign governments and withholding agents since these amounts cannot be allocated to specific years.

2/Does not include tax withheld on income received by U.S. corporations not claiming a foreign tax credit. The amounts shown are for corporation tax returns having accounting periods which ended between July 1982 and June 1983.

in foreign corporations over the volume of foreign investment in U.S. corporations. In 1982, U.S. private direct investment abroad (\$221 billion) was more than twice foreign private direct investment in the United States (\$102 billion) [14].

Another factor contributing to this difference may have been that foreign markets in most developing countries tend to be less stable than U.S. markets. Thus U.S. corporations require a greater return on their investment in these countries than foreign corporations expect on their investment in the United States. Because of the larger amount of dividends received by U.S. corporations, the foreign tax withheld on them far exceeded the corresponding amount withheld by the U.S. government on dividends paid to foreign corporations. However, the difference in tax withheld on dividends declined from \$1.1 billion for 1980 to \$0.9 billion for 1982 and possibly reflected growing investment by foreigners in the United States [15].

For 1982, tax withheld by foreign governments on interest payments to U.S. corporations also exceeded U.S. tax withheld on interest payments to foreign corporations. The difference increased by 26 percent from 1980 (\$607 million) to 1982 (\$762 million). Most of this increase was accounted for by increases in foreign taxes withheld by Brazil and Mexico. These two countries alone accounted for 67 percent of the difference for 1982. Both are heavily indebted to U.S. banks and, therefore, made large interest payments which were subject to foreign tax withholding. For 1982, over 90 percent of all tax withheld by Brazil and Mexico on interest payments to U.S. corporations was withheld on interest paid to U.S. banks (\$461 million).

SUMMARY

High U.S. interest rates, a growing U.S. economy and enactment of the Deficit Reduction Act of 1984, which exempted most types of interest from tax withholding, all contributed to a 57 percent rise in U.S. source income paid to foreign persons in 1984. Interest remained the most common type of income, rising to 59 percent of total income even though it only accounted for 21 percent of tax withheld.

Foreign corporations remained the biggest recipients of U.S. source income, receiving 68 percent of all income paid in 1984. Individuals received only 7 percent of income yet accounted for 15 percent of tax withheld. This was because individuals received more dividend income (which is rarely tax-exempt) than interest or any other income type.

Unlike corporations, which received mainly interest, and individuals, who received mainly

dividends, foreign partnerships were more likely to receive rents and royalties than any other type of income.

Foreign governments once again received the largest average payments, over \$300,000 (due mainly to large payments to Saudi Arabia). In contrast, payments to individuals were smaller.

Nine countries, all having tax treaties with the United States, received almost 90 percent of all U.S. source income. The United Kingdom was the largest recipient, receiving \$3.1 billion in 1984. The past leader, the Netherlands Antilles, received \$2.8 billion. Tax haven countries continued to receive mostly interest and to have a greater-than-average percentage of payments to corporations.

DATA SOURCES AND LIMITATIONS

Payers of most U.S. income to foreign persons must withhold tax in accordance with the Internal Revenue Code. The Form 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code (now entitled, Foreign Persons' U.S. Source Income Subject to Withholding), is filed to report this income and the U.S. tax withheld. Often the payer has a financial institution act as the withholding agent.

The present statistics are tabulated by calendar year, based on all Forms 1042S filed for 1984. The years indicated in the tables represent the year in which the income was paid and the U.S. tax withheld, except for U.S. tax withheld by foreign governments and withholding agents. These latter amounts are shown by the year the tax was remitted to the United States under treaty agreements. This additional tax cannot be properly attributed to specific income types and years.

Tax withheld amounts and percentages shown in Table 2 and Figures A, B, and D through I, do not include tax withheld by foreign governments and withholding agents (except for Canada which remitted its payments during the same calendar year). Income that is "effectively connected" with a foreign person's U.S. trade or business is not subject to withholding, and is therefore generally not included in these statistics [16, 17].

Since all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling error such as computer data entry errors and minor taxpayer reporting errors. Forms 1042S with income greater than \$500,000 were manually verified. A limited computerized program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld.

EXPLANATION OF SELECTED TERMS

Foreign Person.--For purposes of this article, a foreign person is an individual whose residence (for tax purposes) is not within the United States and who is not a U.S. citizen. Corporations and other organizations created or organized outside the United States are also considered foreign persons.

Resident (of a jurisdiction other than the United States).--A resident is a foreign "person" as described above.

Income Effectively Connected With a Trade or Business.--Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding. This income is subject to substantially the same tax rates that apply to U.S. citizens, residents, and corporations. Even if a foreign corporation has an unincorporated operation in the United States, a Form 1120F must be filed and appropriate taxes paid for the income of this operation. When income is then remitted to the foreign corporation, it is considered connected with a U.S. trade or business and not retaxed. In all but rare (and indeterminable) circumstances, these amounts are not included in these statistics.

Nominee and Fiduciary.--An entity chosen or appointed to accept income for, or act on behalf of, the eventual recipient of the income. Typically a financial institution acts as a nominee or fiduciary.

Withholding Agent.--Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a "person" (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent.

NOTES AND REFERENCES

- [1] For an explanation of portfolio interest and other types of interest that are exempt from tax, see U.S. Department of the Treasury, Internal Revenue Service, Publication 515, Withholding of Tax on Non-resident Aliens and Foreign Corporations, November 1985.
- [2] Senate Report 99-130, "Crime and Secrecy: The Use of Offshore Banks and Companies," Report by the Permanent Subcommittee on Investigations of the Committee on Governmental Affairs, U.S. Senate., August 28, 1985, pp. 100, 101 and 145.
- [3] Eurobond placements are U.S. corporate bonds placed in foreign markets that are denominated and sold in dollars and also yield dollar interest. See Scholl, Russell B., "The International Investment Position of the United States in 1984," Survey of Current Business, U.S. Department of Commerce, June 1985, p. 29.
- [4] Ibid., p. 31.
- [5] The term "territories" is used here to identify jurisdictions associated with (or formerly associated with) the British Commonwealth as republics, dominions, independent members and republics, associated states, British crown colonies and independent nations. "Territories" affected were Antigua, Belize, Dominica, Falkland Islands, Montserrat, St. Lucia, St. Christopher-Nevis, and St. Vincent. Former "territories" affected are Barbados, Gambia, Grenada, Malawi, Seychelles, Sierra Leone and Zambia.
- [6] A new treaty with Barbados became effective on April 1, 1986.
- [7] Former Belgian territories affected were Burundi, Rwanda and Zaire. As of 1986, none of these countries has signed a new treaty agreement with the United States.
- [8] Computed using the GNP Implicit Price Deflator. See Economic Report of the President, February 1986, p. 256. The computations shown consider the effects of compounding.
- [9] IRS Publication 515, op.cit., includes a discussion of specific treaty countries and their appropriate rates.
- [10] See Senate Report 99-130, pp. 33 and 34, for a list of tax haven countries used in this figure.
- [11] Tax-exempt organizations may be taxed on "unrelated business income". See IRS Publication 515, op.cit.
- [12] Business services are generally not included in these data since they are assumed to be "effectively connected" with a U.S. trade or business and, therefore, are not subject to withholding tax.
- [13] The \$3.2 billion of foreign taxes withheld does not include tax withheld on payments to U.S. corporations that did not claim a foreign tax credit. No measurement of the excluded tax withheld is available. For additional information

- on foreign withholding taxes by income type and country, see the article entitled "Corporate Foreign Tax Credit, 1982: A Geographic Focus" by Chris R. Carson in this issue of the Statistics of Income Bulletin.
- [14] Scholl, Russell B., "The International Investment Position of the United States in 1982," Survey of Current Business, U.S. Department of Commerce, August 1983, p. 44.
- [15] Ibid.
- [16] Data for foreign corporations with "effectively connected" income derived from U.S. sources are presented in Statistics of Income--1979-1983, Compendium of Studies of International Income and Taxes.
- [17] IRS Publication 515, op.cit., contains additional information about income paid to and tax withheld on foreign persons.

Table 1.--Forms 1042S for 1984: Number of Returns, Total Income Paid, Tax Withheld, by Selected Treaty and Non-treaty Countries, 1984

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	By domestic withholding agents	By foreign government and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total.....	780,708	17,106,632	9,368,142	7,738,490	1,057,453	969,553	87,900
Treaty countries,							
total.....	643,716	15,607,203	8,503,088	7,104,119	910,555	822,655	87,900
Australia.....	15,581	62,653	16,703	45,950	7,592	7,592	-
Austria.....	3,411	24,635	15,790	8,845	1,556	1,556	-
Belgium.....	12,264	826,995	710,197	116,798	18,459	16,896	1,563
Canada.....	310,976	1,814,713	966,332	848,381	124,056	124,056	-
Denmark.....	2,497	13,492	8,313	5,179	737	734	3
Egypt.....	452	28,580	28,204	376	72	72	-
Finland.....	683	9,352	6,460	2,892	348	348	-
France.....	18,625	819,238	204,876	614,362	60,601	60,408	193
Greece.....	5,787	9,102	4,819	4,284	1,200	1,200	-
Ireland.....	5,776	16,870	5,781	11,089	1,633	1,633	-
Italy.....	9,190	66,465	25,292	41,173	8,227	8,227	-
Japan.....	12,264	1,393,545	146,343	1,247,202	130,418	130,418	-
Luxembourg.....	2,631	90,090	48,903	41,187	8,782	8,782	-
Netherlands.....	9,919	1,918,889	1,055,443	863,447	66,396	66,137	259
Netherlands Antilles	3,257	2,812,549	2,702,547	110,002	18,844	18,844	-
New Zealand.....	2,116	5,061	615	4,446	576	576	-
Norway.....	3,985	49,948	43,212	6,736	1,118	1,118	-
Poland.....	410	5,109	1,877	3,232	898	898	-
South Africa.....	2,554	5,739	444	5,295	1,452	1,452	-
South Korea.....	541	5,171	1,767	3,405	755	755	-
Sweden.....	6,237	99,950	24,553	75,397	6,723	6,723	-
Switzerland.....	23,904	1,450,913	314,813	1,136,100	226,525	141,565	84,960
Trinidad and Tobago.	449	10,929	10,472	458	132	132	-
United Kingdom.....	136,555	3,091,489	1,462,897	1,628,592	179,093	178,172	921
West Germany.....	46,638	963,166	691,774	271,392	42,398	42,398	-
Other treaty countries.....	7,014	12,560	4,661	7,899	1,964	1,964	-
Nontreaty countries							
total.....	136,989	1,499,429	865,054	634,371	146,898	146,898	-
Argentina.....	5,749	15,879	7,845	8,034	2,185	2,185	-
Bahamas.....	2,430	46,280	14,857	31,423	9,072	9,072	-
Barbados.....	374	19,317	520	18,797	3,749	3,749	-
Bermuda.....	1,902	88,347	21,804	66,543	19,103	19,103	-
Brazil.....	3,440	20,830	12,345	8,485	2,527	2,527	-
British Virgin Islands.....	432	14,393	566	13,827	2,825	2,825	-
Cayman Islands.....	1,023	58,953	46,242	12,711	3,765	3,765	-
Hong Kong.....	10,886	65,494	27,296	38,198	11,235	11,235	-
Israel.....	4,877	12,156	3,044	9,112	2,272	2,272	-
Jersey.....	647	11,641	236	11,405	3,043	3,043	-
Kuwait.....	990	13,119	4,523	8,596	2,377	2,377	-
Liberia.....	439	23,329	13,634	9,694	2,883	2,883	-
Liechtenstein.....	968	26,400	9,162	17,238	5,138	5,138	-
Mexico.....	13,530	52,905	11,593	41,312	12,274	12,274	-
Panama.....	3,499	100,865	52,574	48,291	14,319	14,319	-
Portugal.....	1,381	28,816	876	27,941	1,395	1,395	-
Puerto Rico.....	4,366	7,295	4,494	2,801	824	824	-
Saudi Arabia.....	3,370	351,990	346,818	5,172	1,532	1,532	-
Singapore.....	3,571	26,709	22,144	4,565	1,345	1,345	-
Spain.....	5,726	39,260	22,791	16,469	4,558	4,558	-
Taiwan.....	1,572	11,131	8,589	2,543	738	738	-
United Arab Emirates	1,034	143,449	142,832	617	182	182	-
Venezuela.....	6,124	22,151	13,228	8,923	2,548	2,548	-
Other nontreaty countries.....	58,662	298,720	77,041	221,674	37,009	37,009	-

Foreign Recipients of U.S. Income, 1984

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries, total.....	780,708	969,553	17,106,632	10,035,675	5,617,707	899,427	155,629
Individuals.....	572,259	143,611	1,223,373	429,163	436,739	100,000	124,695
Corporations.....	60,256	545,401	11,678,090	7,220,590	3,490,617	725,928	19,778
Antigua.....	66	13	630	514	32	80	-
Individuals.....	46	3	20	2	10	4	-
Corporations.....	6	1	581	500	5	76	-
Argentina.....	5,749	2,185	15,879	9,473	3,614	397	799
Individuals.....	4,497	1,267	7,856	2,899	2,589	125	759
Corporations.....	89	587	2,081	1,591	179	257	35
Australia.....	15,508	7,544	60,856	15,516	23,405	14,415	4,790
Individuals.....	13,109	2,456	14,353	1,334	4,594	1,787	4,677
Corporations.....	681	3,120	30,230	11,918	9,939	7,886	73
Austria.....	3,411	1,556	24,635	13,615	7,952	469	850
Individuals.....	2,218	732	6,553	1,196	2,696	121	836
Corporations.....	122	310	9,378	7,203	1,914	250	10
Bahamas.....	2,430	9,072	46,280	14,210	25,314	2,826	317
Individuals.....	1,098	1,117	4,797	867	2,425	690	185
Corporations.....	630	4,148	22,388	6,110	11,315	2,128	-
Bahrain.....	598	624	3,532	2,470	1,007	13	4
Individuals.....	487	223	800	369	396	13	4
Corporations.....	28	281	2,150	1,907	239	-	-
Barbados.....	374	3,749	19,317	3,857	15,388	1/	-
Individuals.....	200	139	771	265	459	-	-
Corporations.....	109	3,502	17,551	3,263	14,287	-	-
Belgium.....	12,264	16,896	826,995	746,165	53,115	14,242	7,762
Individuals.....	8,717	1,713	13,300	3,039	6,010	291	1,911
Corporations.....	881	11,283	106,701	56,084	27,972	13,815	5,813
Belize.....	88	1,070	3,965	3,794	155	-	-
Individuals.....	70	6	50	2	33	-	-
Corporations.....	11	1,037	3,464	3,393	72	-	-
Bermuda.....	1,902	19,103	88,347	27,621	48,861	4,394	1,572
Individuals.....	1,006	2,224	8,280	1,200	5,900	34	763
Corporations.....	341	13,378	53,527	17,374	26,277	4,354	61
Bolivia.....	550	131	1,228	860	354	1	3
Individuals.....	472	116	763	429	318	1	3
Corporations.....	11	3	29	28	1	-	-
Brazil.....	3,440	2,527	20,830	14,813	2,474	664	2,228
Individuals.....	2,846	1,322	6,808	2,477	1,378	207	2,173
Corporations.....	130	803	12,226	11,481	315	400	-
British Virgin Islands.....	432	2,825	14,393	2,569	11,541	252	-
Individuals.....	192	322	1,357	77	1,228	28	-
Corporations.....	101	1,916	9,740	2,003	7,578	151	-
Bulgaria.....	252	126	444	109	25	1/	193
Individuals.....	226	122	431	105	24	1/	193
Corporations.....	10	1	4	1	-	-	-
Canada.....	310,976	124,055	1,814,713	842,491	715,657	130,400	18,875
Individuals.....	232,092	22,091	183,204	29,386	93,247	13,910	13,641
Corporations.....	25,464	61,763	1,218,893	690,512	349,701	108,658	3,327
Cayman Islands.....	1,023	3,765	58,953	48,515	9,042	1,039	94
Individuals.....	229	690	4,563	3,523	915	43	81
Corporations.....	427	1,415	35,326	30,827	3,306	991	13
Chile.....	1,970	970	4,194	1,160	2,249	290	278
Individuals.....	1,567	570	2,622	596	1,528	43	268
Corporations.....	86	222	743	316	214	212	-
China.....	1,152	813	4,157	275	1,714	261	135
Individuals.....	971	374	2,545	181	431	257	109
Corporations.....	28	335	1,116	22	1,088	2	-
China (Taiwan).....	1,572	738	11,131	8,150	2,384	25	293
Individuals.....	1,376	528	2,431	624	1,234	20	288
Corporations.....	20	53	717	674	33	1/	5
Columbia.....	2,590	746	3,798	1,550	1,757	129	217
Individuals.....	2,150	541	2,468	803	1,255	112	164
Corporations.....	114	72	595	355	194	15	23

Footnote at end of table.

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Costa Rica.....	964	434	2,188	387	1,143	101	65
Individuals.....	746	267	1,515	272	610	93	63
Corporations.....	42	25	85	3	73	8	-
Czechoslovakia.....	405	505	2,148	278	102	242	1,291
Individuals.....	355	412	1,802	213	89	9	1,291
Corporations.....	12	61	204	21	2	182	-
Denmark.....	2,497	734	13,492	4,174	4,691	3,303	739
Individuals.....	2,182	346	2,941	248	1,303	134	672
Corporations.....	79	165	5,320	490	1,786	3,045	-
East Germany.....	411	257	2,692	1,540	394	330	279
Individuals.....	360	235	2,343	1,531	390	29	253
Corporations.....	8	3	161	9	1/	144	-
Ecuador.....	864	300	2,395	457	506	875	112
Individuals.....	742	275	1,609	266	428	360	112
Corporations.....	23	6	498	1	21	476	-
El Salvador.....	310	227	939	238	592	46	33
Individuals.....	266	196	788	183	504	41	33
Corporations.....	16	10	40	11	28	-	-
Finland.....	683	348	9,352	3,773	1,584	1,982	760
Individuals.....	583	157	1,804	309	201	12	759
Corporations.....	28	70	5,286	2,012	1,354	1,919	-
France.....	18,565	60,396	819,180	251,052	430,028	116,488	8,410
Individuals.....	13,737	5,584	64,669	12,908	16,091	20,863	8,127
Corporations.....	1,012	28,875	516,711	178,130	247,206	86,472	167
Gibraltar.....	87	75	264	18	236	10	-
Individuals.....	61	34	114	1	113	-	-
Corporations.....	18	30	113	7	95	10	-
Greece.....	5,787	1,200	9,102	2,249	3,562	127	569
Individuals.....	5,147	689	6,281	1,073	2,020	117	535
Corporations.....	107	115	1,131	761	368	1	1/
Guam.....	368	22	243	170	52	1/	-
Individuals.....	328	14	67	4	42	1/	-
Corporations.....	10	5	22	20	2	-	-
Guatemala.....	797	298	1,815	803	819	114	2
Individuals.....	665	229	860	157	510	114	2
Corporations.....	28	15	739	597	142	-	-
Guernsey.....	330	1,340	5,427	1,543	3,862	5	-
Individuals.....	74	194	918	350	555	-	-
Corporations.....	209	858	3,506	1,083	2,415	5	-
Honduras.....	738	248	1,366	123	434	17	329
Individuals.....	678	189	1,127	94	234	7	329
Corporations.....	14	38	151	20	122	10	-
Hong Kong.....	10,886	11,235	65,494	29,532	33,034	1,480	871
Individuals.....	8,386	4,285	16,980	2,235	13,139	454	783
Corporations.....	695	4,876	25,448	10,828	13,344	1,019	63
India.....	1,645	1,413	9,603	3,213	481	2,803	462
Individuals.....	1,453	501	5,080	1,924	326	41	429
Corporations.....	42	850	3,639	710	46	2,759	5
Iran.....	965	347	1,658	631	886	15	37
Individuals.....	822	264	1,192	376	681	15	27
Corporations.....	15	1	4	1/	4	-	-
Ireland.....	5,776	1,633	16,870	4,093	10,682	1,122	425
Individuals.....	5,174	469	4,671	554	2,069	1,097	424
Corporations.....	148	700	8,760	3,346	5,413	1/	1
Isle of Man.....	186	232	793	91	631	47	-
Individuals.....	127	108	367	54	241	45	-
Corporations.....	21	54	183	6	177	-	-
Israel.....	4,877	2,272	12,156	4,285	3,503	321	1,267
Individuals.....	3,949	1,241	7,161	1,417	1,647	228	1,256
Corporations.....	140	444	2,518	2,299	116	55	-
Italy.....	9,190	8,227	66,465	19,834	25,111	10,411	5,187
Individuals.....	7,710	5,064	27,906	2,992	7,167	7,327	4,959
Corporations.....	249	2,597	29,827	12,510	15,036	2,021	159
Jamaica.....	719	89	1,204	143	217	204	132
Individuals.....	628	64	868	86	160	20	132
Corporations.....	9	2	11	-	11	1/	-

Footnote at end of table.

Foreign Recipients of U.S. Income, 1984

Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Japan.....	12,264	130,418	1,393,545	886,476	280,717	165,819	10,151
Individuals.....	9,641	10,958	114,850	93,305	5,861	1,645	8,816
Corporations.....	1,833	112,351	1,175,224	722,838	251,901	157,839	1,261
Jersey.....	647	3,043	11,641	789	10,606	19	71
Individuals.....	149	141	483	76	406	-	1
Corporations.....	152	1,415	5,865	239	5,402	-	68
Kuwait.....	990	2,377	13,119	7,347	5,642	12	26
Individuals.....	649	631	2,202	240	1,915	12	26
Corporations.....	89	1,141	4,899	2,757	2,074	-	-
Lebanon.....	1,681	720	4,922	2,017	2,172	205	174
Individuals.....	1,490	542	2,527	366	1,620	65	124
Corporations.....	21	42	139	17	72	-	50
Liberia.....	439	2,883	23,329	14,371	8,531	407	-
Individuals.....	306	240	1,148	337	765	41	-
Corporations.....	71	2,478	21,593	13,871	7,352	366	-
Liechtenstein.....	968	5,138	26,400	5,613	20,109	224	172
Individuals.....	344	1,120	4,880	584	4,202	2	21
Corporations.....	222	1,744	7,039	2,503	4,040	213	151
Luxembourg.....	2,631	8,782	90,090	46,281	42,461	22	112
Individuals.....	540	513	3,590	1,635	1,799	4	91
Corporations.....	839	4,111	43,765	22,121	21,438	17	-
Malaysia.....	1,059	169	1,119	510	466	22	37
Individuals.....	947	132	530	73	334	1	37
Corporations.....	20	11	484	433	31	21	-
Mexico.....	13,530	12,274	52,905	22,688	12,564	6,341	2,281
Individuals.....	11,746	5,593	23,459	5,229	8,433	5,203	2,228
Corporations.....	376	5,283	18,031	10,446	2,429	646	28
Monaco.....	495	1,199	5,756	1,133	3,909	69	368
Individuals.....	346	704	3,566	842	2,079	57	368
Corporations.....	38	159	585	79	506	1/	-
Morocco.....	187	226	1,144	208	695	23	105
Individuals.....	132	92	477	93	177	6	105
Corporations.....	13	15	107	15	92	-	-
Netherlands.....	9,919	66,137	1,918,889	995,643	865,187	39,645	2,770
Individuals.....	6,040	2,934	74,874	49,987	14,902	4,328	2,564
Corporations.....	1,330	53,738	1,723,846	900,950	777,083	34,220	30
Netherlands Antilles.....	3,257	18,844	2,812,549	2,619,895	115,981	62,090	422
Individuals.....	843	3,584	48,713	24,840	22,643	1,130	40
Corporations.....	1,553	11,016	2,608,174	2,475,626	59,230	60,680	98
New Zealand.....	2,116	576	5,061	2,982	1,063	216	349
Individuals.....	1,790	235	1,846	265	687	123	335
Corporations.....	83	42	320	45	212	62	-
Norway.....	3,985	1,118	49,948	41,695	5,542	883	614
Individuals.....	3,345	410	3,948	449	1,344	368	613
Corporations.....	127	478	43,197	40,145	2,671	376	1/
Panama.....	3,499	14,319	100,865	57,483	36,829	3,461	39
Individuals.....	1,617	2,314	12,175	4,889	6,595	246	29
Corporations.....	954	8,388	58,855	33,340	20,183	3,137	4
Peru.....	1,576	319	2,791	1,526	792	46	188
Individuals.....	1,262	241	1,876	945	577	33	116
Corporations.....	37	22	100	19	27	3	18
Philippines.....	4,165	1,034	4,892	1,072	1,464	120	190
Individuals.....	3,597	878	4,026	660	1,101	118	190
Corporations.....	112	34	203	151	37	1	-
Poland.....	410	898	5,109	255	2,807	117	1,552
Individuals.....	376	71	2,105	130	92	14	1,492
Corporations.....	11	814	2,870	73	2,677	90	30
Portugal.....	1,381	1,395	28,816	3,573	24,680	40	326
Individuals.....	1,116	238	1,273	210	555	6	322
Corporations.....	37	15	409	345	26	34	4
Puerto Rico.....	4,366	824	7,295	5,497	478	978	202
Individuals.....	3,842	141	668	127	393	1	23
Corporations.....	266	629	6,243	5,316	30	887	4
Romania.....	149	57	328	78	18	2	201
Individuals.....	132	55	297	66	18	2	201
Corporations.....	10	1	6	4	1/	-	-

Footnote at end of table.

Foreign Recipients of U.S. Income, 1984

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Table 2.--Forms 1042S for 1984: Number of Returns, Tax Withheld, and Total Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1984--Continued

[Money amounts are in thousands of dollars]

Country or geographic area	Number of Forms 1042S	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Saudi Arabia.....	3,370	1,532	351,990	327,576	15,969	145	8,169
Individuals.....	2,855	1,164	6,706	816	3,005	145	2,632
Corporations.....	65	183	61,181	48,893	12,272	-	-
Singapore.....	3,571	1,345	26,709	10,809	5,241	81	110
Individuals.....	3,226	856	3,089	133	2,599	76	108
Corporations.....	119	342	14,661	2,769	1,596	5	-
South Africa.....	2,554	1,452	5,739	1,165	3,066	276	555
Individuals.....	2,307	1,025	3,878	1,064	1,481	134	540
Corporations.....	52	258	1,253	44	1,127	77	1/
South Korea.....	541	755	5,171	2,145	2,060	14	581
Individuals.....	435	92	1,247	235	151	13	545
Corporations.....	40	205	1,418	962	447	1	-
Spain.....	5,726	4,558	39,260	26,334	6,733	1,136	3,998
Individuals.....	4,716	2,394	10,896	2,375	3,255	319	3,924
Corporations.....	259	1,226	8,112	6,841	663	608	-
Sweden.....	6,237	6,723	99,950	10,213	66,344	13,006	6,988
Individuals.....	5,496	2,540	14,216	1,361	2,348	476	6,795
Corporations.....	157	3,289	78,939	8,198	58,337	12,297	32
Switzerland.....	23,904	141,565	1,450,913	463,715	909,130	55,332	4,021
Individuals.....	10,693	12,802	110,519	39,440	59,991	3,258	2,928
Corporations.....	3,186	83,094	908,647	321,252	527,160	49,092	1,087
Thailand.....	754	169	1,911	947	513	256	74
Individuals.....	663	117	879	105	340	255	64
Corporations.....	13	22	503	432	65	-	-
Turks and Caicos.....	39	147	518	450	49	19	-
Individuals.....	12	47	175	151	4	19	-
Corporations.....	15	90	304	274	30	-	-
U.S.S.R.....	386	104	906	247	103	501	13
Individuals.....	327	94	410	246	71	39	13
Corporations.....	14	1/	446	-	1	444	-
United Arab Emirates.....	1,034	182	143,449	142,080	1,334	11	12
Individuals.....	930	124	432	121	287	11	1
Corporations.....	13	8	8,210	8,189	21	-	-
United Kingdom.....	136,555	178,172	3,091,489	1,560,455	1,308,979	144,309	33,651
Individuals.....	94,257	15,144	135,471	24,567	52,958	16,638	27,772
Corporations.....	12,230	80,495	1,980,017	1,047,497	794,585	102,864	5,573
Uruguay.....	1,104	710	5,598	3,022	2,352	35	15
Individuals.....	653	226	1,946	1,239	607	3	15
Corporations.....	63	221	1,258	454	719	1/	-
Venezuela.....	6,124	2,548	22,151	12,191	6,976	1,236	914
Individuals.....	4,932	1,931	16,400	9,575	5,284	235	828
Corporations.....	179	242	2,886	1,068	475	983	40
Virgin Islands - U.S.....	2,105	187	1,789	605	887	234	47
Individuals.....	1,830	53	566	161	366	26	-
Corporations.....	39	75	787	335	197	208	47
West Germany.....	46,638	42,398	963,166	539,477	287,934	88,437	10,942
Individuals.....	34,600	8,791	150,133	69,984	37,207	15,756	9,266
Corporations.....	1,711	20,792	629,107	386,154	177,123	61,644	1,086
Yugoslavia.....	870	619	2,236	449	1300	41	67
Individuals.....	773	242	929	326	186	23	67
Corporations.....	11	270	914	27	870	16	-
Zimbabwe.....	129	47	166	20	107	-	-
Individuals.....	96	30	110	18	55	-	-
Corporations.....	14	10	33	2	29	-	-
Other countries.....	35,957	23,250	263,885	124,289	107,327	3,657	5,742
Individuals.....	25,466	6,799	40,823	15,278	14,858	477	5,214
Corporations.....	1,668	6,622	125,663	97,440	15,007	1,776	459

1/ Less than \$500.

Projections of Returns to be Filed in Fiscal Years 1987-1994

By Corman G. Franklin*

The number of primary tax returns and supplemental documents processed by the Internal Revenue Service (IRS) are projected to reach the 191.8 million mark in Fiscal Year (FY) 1987. This represents a 2.5 percent increase over estimated 1986 filings [1]. Current projections, following the trend established by last year's projections, continue to post declines in the rate of growth of total filings. After an estimated 5.0 percent increase in 1986, the year-to-year rate of growth in total returns to be processed by IRS is projected to progressively decline from 2.6 percent in 1988 to 1.9 percent in 1994. The level of increases, however, remain relatively constant, ranging between 3 and 5 million each year. None of these projections take into account the effects of the major tax reform legislation enacted in the fall of 1986.

Employment is an important determinant for estimating several different types of tax returns. Because of the high correlation between employed individuals and those filing individual returns, employment is especially important in projecting individual returns.

The 1986 employment estimates show the rate of growth decelerating throughout the 1987 to 1994 period (this trend was initially identified in 1984) [2]. Total employment is estimated to reach 104.6 million in 1986, a 2.3 percent increase over the 1985 actual, but the rate of employment growth is expected to decrease from 2.6 percent in 1987 to 0.8 percent in 1994. The decline in the rate of growth of employment is expected to be reflected in individual income tax return filings, so that a decline in the growth of these filings is anticipated.

Returns projections are developed by (1) using econometric models that relate the number of returns filed to selected independent economic and demographic variables and (2) extrapolating observed time trends. The forecasting models are initially formulated on a calendar year basis. Fiscal year projections are derived from calendar year statistics by various methods, including seasonal adjustment [3].

Except for the 1986 tax law revision, these fiscal year projections take into consideration the effects of past legislative, regulatory, and administrative changes on the filings of the various primary tax returns and supplemental documents. They do not quantify legislative or administrative changes which are under review.

TOTAL PROJECTED RETURNS AND DOCUMENTS

The total number of projected returns, as shown in Table 1, consists of (1) primary returns and (2) selected supplemental documents that are not a part of the IRS Master File system. Because collectively they make up the bulk of total filings, primary returns have traditionally generated most of the IRS document processing workload, and their relationship to total filings is expected to remain consistent throughout the 1987-1994 projection period.

Of the approximately 178.2 million tax forms filed in 1985, 170 million were designated as primary returns. Major elements of the primary returns category include: Forms 1040, 1040A and 1040EZ--U.S. Individual Income Tax Returns; Form 1040ES--Individual Declaration of Estimated Tax; Form 1120--U.S. Corporation Income Tax Return; and, Form 941--Employer's Quarterly Federal Tax Return.

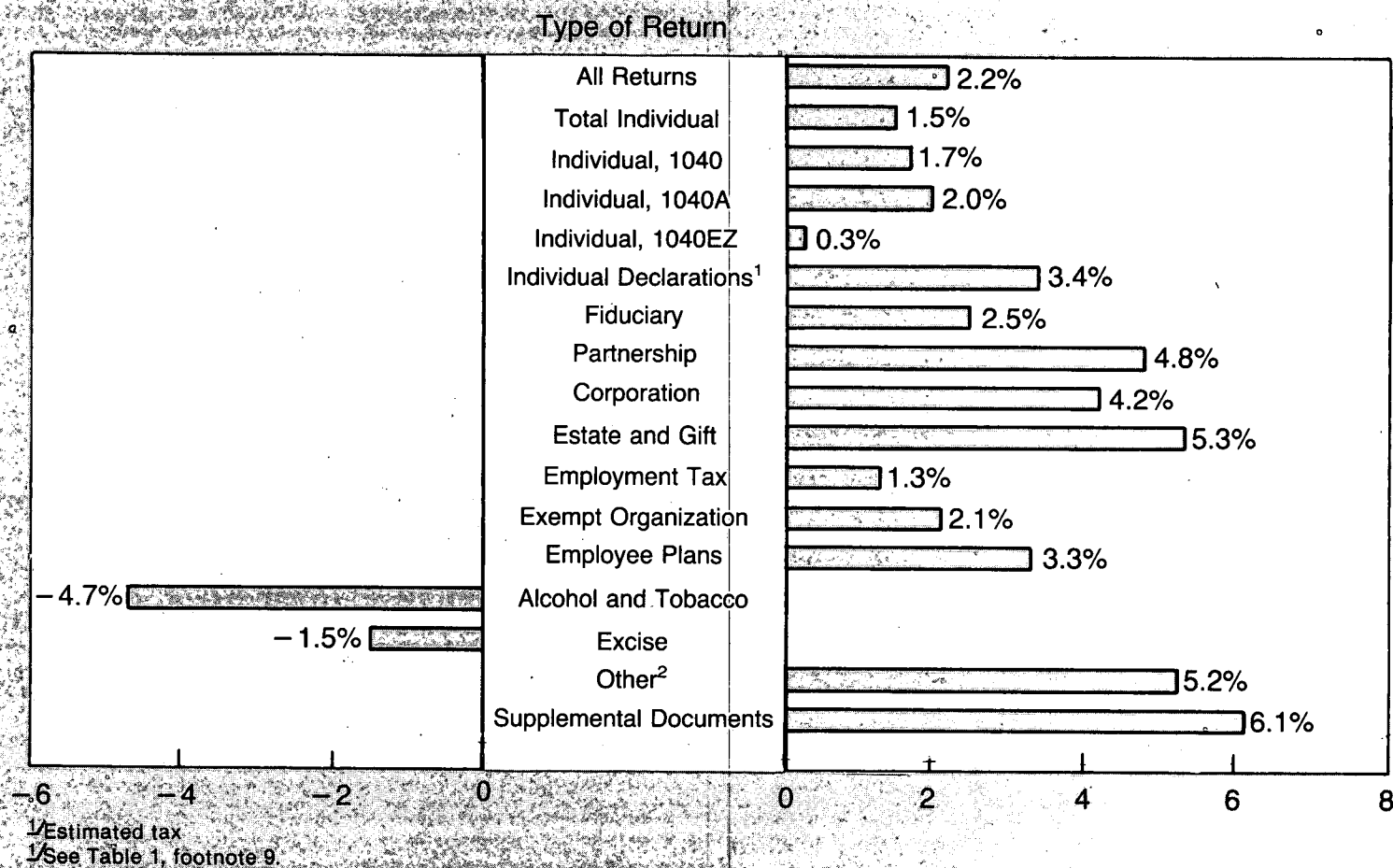
Information documents processed by the Service, such as interest and dividend statements, and Form W-2, Wage and Tax Statement, are not included in the returns counted or projected in this article and, consequently, have been excluded from all of the previously discussed return categories. These various information documents, while large in volume (773.4 million were processed in 1985 and 823.9 million were expected in 1986), are mostly filed on magnetic media.

Figure A presents the average annual percentage changes for the major return types during the 1987-1994 projection period. Total returns increase by an average of 2.2 percent per year between 1987 and 1994. Projections

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Figure A.

Projected Average Annual Percentage Change in the Number of Returns Processed, Fiscal Years 1987-1994



for 1987 and the associated rates of change from 1986 to 1987 are presented in Figure B.

Figure B.--Projections for Fiscal Year 1987

Type of return	1987 Projection (thousands)	Increase or decrease from 1986
Total returns.....	191,795	+ 2.5%
Primary returns.....	181,421	+ 2.3
Individual.....	105,520	+ 2.7
Individual Declaration of Estimated Tax.....	36,413	+ 2.2
Fiduciary.....	2,212	+ 2.6
Partnership.....	1,866	+ 3.4
Corporation.....	3,668	+ 3.5
Estate and Gift.....	161	- 4.8
Employment Tax.....	28,306	+ 1.6
Exempt Organization...	487	+ 3.8
Employee Plans.....	1,404	+11.3
Alcohol and Tobacco ^{1/}	405	-35.6
Excise ^{2/}	954	-23.0
Other.....	20	+11.1
Supplemental Documents.	10,374	+ 6.5

^{1/}An estimated 200,000 additional Form 11 returns were expected in 1986 because of a one-time alcohol floor stock tax.

^{2/}The 1985 Form 2290 returns filed were not processed until 1986. This caused the decline in projected 1987 filings.

Individual Income Tax Returns

The rate of growth of individual filings is expected to decline from the record high increase in 1985 [4]. Deceleration in growth throughout the forecast period is attributable to revised employment projections which show declining growth through the mid-1990's. Current projections call for modest annual increases that average 1.5 percent per year.

Over the projection interval, the filing of Forms 1040 and 1040A are expected to increase slightly as a proportion of total individual filings, while Forms 1040EZ decrease. Growth in 1040EZ filings is expected to decline as the 18-24 year old workforce declines (18-24 year olds are the primary users of 1040EZ's) [5].

Figure C compares the number of Forms 1040, 1040A, 1040EZ and total individual returns expected to be filed in 1987 and 1994, respectively.

Individual Declarations of Estimated Tax

Projections of Individual Declarations of Estimated Tax (Form 1040-ES "vouchers") are

developed from a regression of vouchers on the number of their taxpayer counterparts. Progressively higher taxpayer projections and the same "voucher-to-taxpayer" ratio forecasts result in progressively increasing growth in the number of Forms 1040ES. Current projections call for increases ranging from 2.2 percent in 1987, 3.5 percent in 1990, to 4.0 percent in 1994.

Fiduciary

Estimates of fiduciary income tax returns (Forms 1041) were prepared by regressing Form 1041 returns filed on current dollar personal income (a proxy for wealth) and the U.S. population. Fiduciary returns are projected to post small gains throughout the forecast horizon, ranging from 2.6 percent in 1987 to 2.3 in 1994.

Partnership

Partnership (Form 1065) return projections are closely allied to movements in current dollar personal income. This year's forecast calls for growth averaging 4.8 percent per year through 1994.

Corporation

A variety of forms, including U.S. Corporation Income Tax Return (Form 1120) and U.S. Income Tax Return for an S Corporation (Form 1120S), which are the two principal returns, comprise the corporation category. Total corporation filings are projected to show steady growth, with gains averaging 4.2 percent per year from 1987 through 1994.

Estate and Gift Tax

The Economic Recovery Tax Act of 1981 stipulated that the filing threshold for a U.S. Estate Tax Return (Form 706) be gradually increased on an annual basis through 1988. Current projections reflect this rising threshold; the result is a decline in filings through 1988. After the filing threshold stabilizes in 1988, filings are expected to gradually increase throughout the balance of the forecast interval at an annual rate averaging 5.4 percent per year.

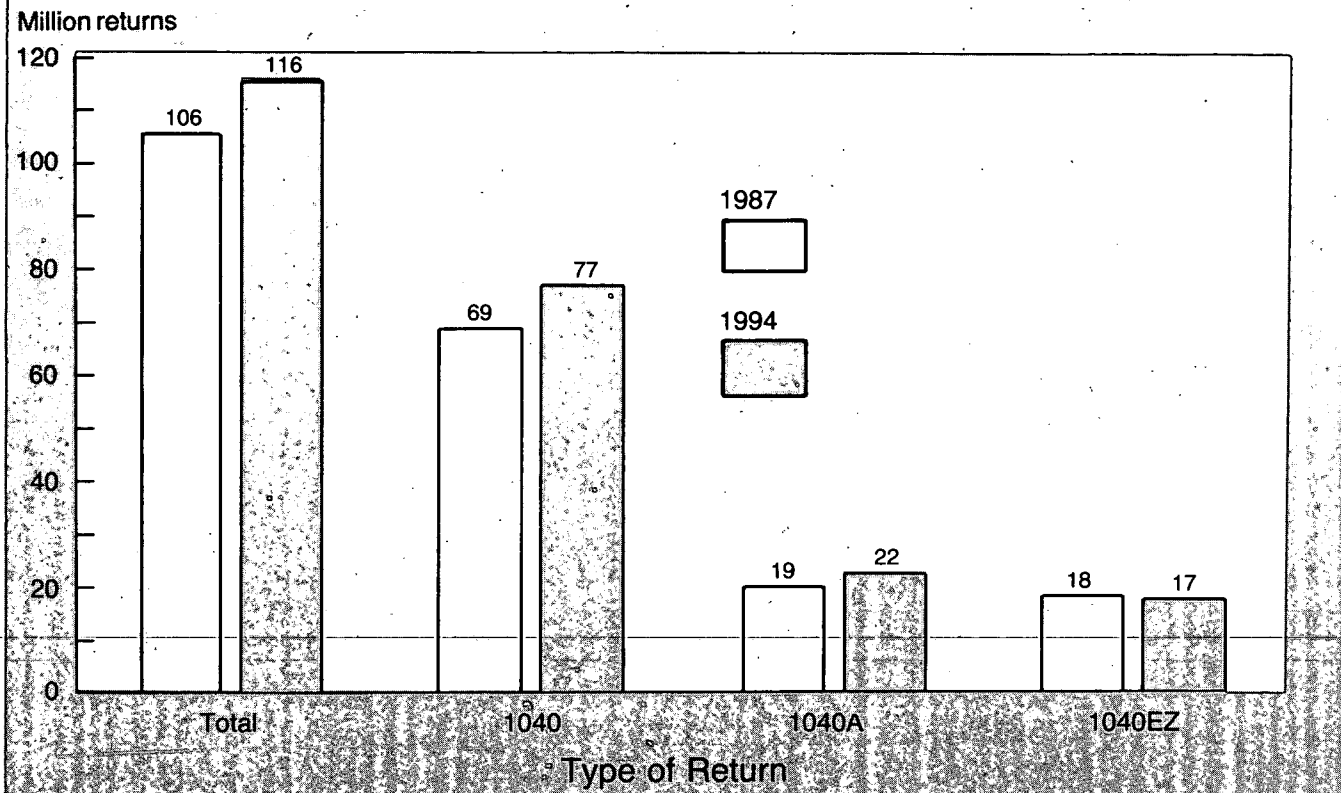
Filings of the U.S. Gift Tax Return (Form 709) are expected to grow rapidly and then taper off towards the mid-1990's. Year-to-year growth ranges from 14.4 percent in 1988 to 5.1 percent in 1994.

Employment Tax

Employment tax returns consist of employer's annual Federal unemployment tax returns, employer's annual/quarterly Federal tax return, and employer's annual railroad retirement tax returns. Projections for the forecast period

Figure C.

Individual Income Tax Returns by Type, Fiscal Years 1987 and 1994



1987-1994 show small year-to-year increases that average 1.3 percent.

Tax-Exempt Organizations

A host of returns of tax-exempt entities, including those for farmers' cooperative associations, private foundations, and "other" exempt organizations, comprise this category of returns. The magnitude of this return category is dictated by changes in the "other" exemptions, i.e., Form 990, Return of Organization Exempt From Income Tax, which accounts for approximately 80 percent of exempt organization filings. Total exempt organization returns projections show a declining growth throughout the forecast interval, with increases ranging from 3.8 percent in 1987 to 1.7 percent in 1994.

Employee Plans

Projections of employee plan returns (Forms 5500, 5500C, and 5500R) have been adjusted to

include owner-employee plan participants that the Tax Equity and Fiscal Responsibility Act of 1982 will add to the filing population. It is anticipated that the Act will increase the filing population by over 500,000 returns, thus increasing 1986 filings by over 95 percent. In subsequent years, year-to-year advances will resume a more normal growth path, with growth averaging 3.3 percent per year from 1987 through 1994.

Alcohol and Tobacco

Forms 11 (Special Tax Return and Application for Registry) and 5000.24 (Consolidated Excise Tax Return Form) comprise the alcohol and tobacco returns category. Total filings are expected to post sharp declines in 1987 as a result of a one-time floor tax imposed in 1986, which increased Form 11 filings by an estimated 200,000. After 1987, total filings are expected to post declines ranging from 7.1 percent in 1988 to 0.8 percent in 1994.

Excise

Total excise tax returns are the sum of the following four categories of returns: (1) Form 11C (Special Tax Return and Application for Registry-Wagering); (2) Form 720 (Quarterly Federal Excise Tax Return); (3) Form 730 (Tax on Wagering); and (4) Form 2290 (Heavy Vehicle Use Tax Return). Processing of Form 2290 returns filed in 1985 were postponed until 1986. That accounts for the apparent jump in filings between 1985 and 1986. After 1986, total filings are expected to show only marginal growth, with annual increases ranging from 0.2 percent in 1988 to 1.1 percent in 1994.

Supplemental Documents

Supplemental documents are composed of amended returns and requests for filing extensions from both individuals and corporations. The current forecast calls for increases ranging from 6.5 percent in 1987 to 4.8 percent in 1994.

DATA SOURCES AND LIMITATIONS

The number of returns filed (as used in this article) represents returns processed at IRS service centers during a fiscal year [6]. Data for 1986 include actual returns processed through June, with the remainder of the year estimated, in general, on the basis of 1985 filing patterns.

To illustrate the general forecasting process, projections for the combined total of Forms 1040, 1040A and 1040EZ returns were developed based on a multiple regression relating total 1040 returns to total employment; an interaction variable involving both total employment and employed married women with husbands present (used as a proxy for potential joint filers); pension beneficiaries and annuitants; and a qualitative "dummy" variable which accounts for the effects of the Tax Reduction and Simplification Act of 1977 [7]. The historical base period for this regression was 1949-1986, with 1986 estimated on January-June processed returns and 1985 filing patterns.

Return projections were primarily formulated on a calendar year basis and subsequently

converted to fiscal year projections by the Census Bureau's XII-Q Seasonal Adjustment Program by applying resultant seasonal factors to calendar year projections [8].

NOTES AND REFERENCES

- [1] All statistics are cited on a fiscal year basis, unless otherwise noted. Actual counts for all of Fiscal Year 1986 were incomplete at the time this article was written (see the Data Sources and Limitations section). For complete counts, see U. S. Department of the Treasury, Internal Revenue Service, 1986 Annual Report, Commissioner and Chief Counsel, Internal Revenue Service (in preparation). As defined in Table 1, primary tax returns are equal to total returns minus supplemental documents.
- [2] Employment projections were obtained from Data Resources, Inc. (DRI), in June 1986.
- [3] For details of these methods, see U.S. Department of the Treasury, Internal Revenue Service, "Number of Returns to be Filed," Fiscal Year Projection series, Document 6292 (Rev. 8-86).
- [4] See Franklin, Corman G., "Projections of Returns to be Filed in Fiscal Year 1986-1993," Statistics of Income Bulletin, Fall 1985, p.61.
- [5] See Musselman, Bryan and Grayson, Paul, "Individual Income Tax Returns, 1983: A Demographic Snapshot," Statistics of Income Bulletin, Summer 1986, pp. 57-58.
- [6] U.S. Department of the Treasury, Internal Revenue Service, 1985 Annual Report, op. cit.
- [7] Projections of employed married women with husbands present, and pension beneficiaries and annuitants were made by the Projections and Forecasting Group, Research Division, Internal Revenue Service.
- [8] U.S. Department of Commerce, Bureau of the Census, "The XII-Q Variant of the Census Method II Seasonal Adjustment Program," Technical Paper No. 15 (1967 revision).

Table 1. -- Number of Returns by Type, Fiscal Years 1985 - 1994
[Numbers are in thousands]

Type of return	Actual	Projected ¹								
	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Grand total	178,218	187,136	191,795	196,855	201,505	205,521	209,862	214,535	218,890	223,077
Primary total	170,006	177,397	181,421	185,663	189,513	192,810	196,422	200,332	203,949	207,412
Individual, total	99,426	102,774	105,520	108,064	110,109	111,254	112,461	113,930	115,036	115,900
Form 1040	63,821	67,202	68,560	70,499	72,082	72,915	73,928	75,196	76,065	76,742
Form 1040A	18,752	18,720	19,294	19,660	19,996	20,301	20,765	21,145	21,554	21,913
Form 1040EZ	16,711	16,694	17,513	17,749	17,872	17,878	17,605	17,420	17,244	17,069
Other ²	141	158	153	156	158	160	164	169	173	176
Declaration of Estimated Tax	34,225	35,628	36,413	37,429	38,523	39,889	41,407	43,007	44,701	46,490
Fiduciary ³	2,053	2,156	2,212	2,268	2,329	2,390	2,451	2,507	2,569	2,627
Partnership	1,717	1,804	1,866	1,930	2,012	2,117	2,232	2,354	2,482	2,618
Corporation ⁴	3,303	3,543	3,668	3,811	3,979	4,153	4,364	4,558	4,746	4,932
Estate tax	77	74	55	44	43	45	47	50	53	56
Gift tax	95	100	111	127	142	158	171	184	195	205
Employment tax ⁵	26,824	27,848	28,306	28,705	29,045	29,426	29,849	30,252	30,628	30,998
Exempt organization ⁶	431	469	487	498	508	517	527	536	545	554
Employee plans ⁷	644	1,261	1,404	1,432	1,461	1,492	1,532	1,563	1,592	1,624
Alcohol and tobacco ⁸	397	549	405	378	375	371	369	366	363	360
Excise ⁹	796	1,173	954	956	966	975	987	1,000	1,011	1,022
Other ¹⁰	18	18	20	21	22	23	24	25	27	28
Supplemental documents	8,212	9,739	10,374	11,192	11,991	12,711	13,440	14,204	14,941	15,664
Form 1040X	1,789	1,938	2,037	2,140	2,247	2,341	2,433	2,524	2,611	2,701
Form 4868	4,037	4,881	5,388	5,906	6,419	6,893	7,387	7,909	8,418	8,919
Form 2688	930	1,373	1,304	1,396	1,470	1,515	1,554	1,599	1,636	1,665
Form 1120X	32	36	44	52	60	68	75	83	90	97
Form 1120-ND	---	---	---	1	1	1	1	1	1	1
Form 7004	1,390	1,473	1,564	1,660	1,757	1,854	1,951	2,048	2,145	2,242
Form 1041A	19	20	20	21	21	22	22	23	24	24
Form 1042	16	16	16	16	16	17	17	17	17	17

1 Projections based on counts of returns processed as reported on NO-TX-R-308 as of June, 1986.

2 "Individual, Other" includes Forms 1040NR, 1040PR, 1040SS and 1040C; excludes amended returns.

3 "Fiduciary" excludes Form 1041A.

4 "Corporation" includes Forms 1120, 1120-A, 1120-F, 1120-POL, 1120S, 1120-H, and other special purpose 1120's except as noted in footnote 10 and those included in Supplemental Documents.

5 "Employment Tax" includes Forms 940, 940PR, 941, 941E, 941PR, 941SS, 942, 942PR, 943, 943PR, and CT-1.

6 "Exempt Organization" includes Forms 990, 990PF, 990C, 990-T, 4720, and 5227.

7 "Employee Plans" includes Forms 5500, 5500-C, and 5500-R; and 5500-G and 5500-K in the historical period.

8 "Alcohol and Tobacco" includes Forms 7, 8, 4705, 4706, 4707, and 4708 for 1985; and only Form 11 and alcohol and tobacco excise tax returns after 1985. A one-time alcohol floor tax is included in 1986.

9 "Excise" includes Forms 11C, 720, 730, and 2290.

10 "Other" includes Forms CT-2, 941M, 941NMI, 990BL, and 1120-DISC/FSC.

Note: Detail may not add to total due to rounding.

Crude Oil Windfall Profit Tax, 1985

By Edward Chung*

Crude oil windfall profit tax (after adjustments) for the fourth quarter of 1985 was \$1.0 billion. This was the lowest amount of windfall profit tax reported since the first full quarter (June 1980) for which the tax was reported. The total reported windfall profit tax after adjustments since the enactment of the Crude Oil Windfall Profit Tax Act of 1980 amounted to almost \$78 billion through December 1985.

The Crude Oil Windfall Profit Tax Act imposed a Federal excise tax on domestic crude oil extracted on or after March 1, 1980. The tax was enacted in response to the planned phaseout of Government price controls on domestic crude oil. The Act was intended to tax a fair share of the additional revenues received by oil producers and royalty owners as a result of oil price decontrol, yet not adversely affect domestic production. Congress designated the windfall profit tax to be temporary, with a 33-month gradual phaseout. This phaseout will begin in January 1988, if

\$227.3 billion in net revenue (see the Definitions) will have been realized by then; otherwise, no later than January 1991 [1].

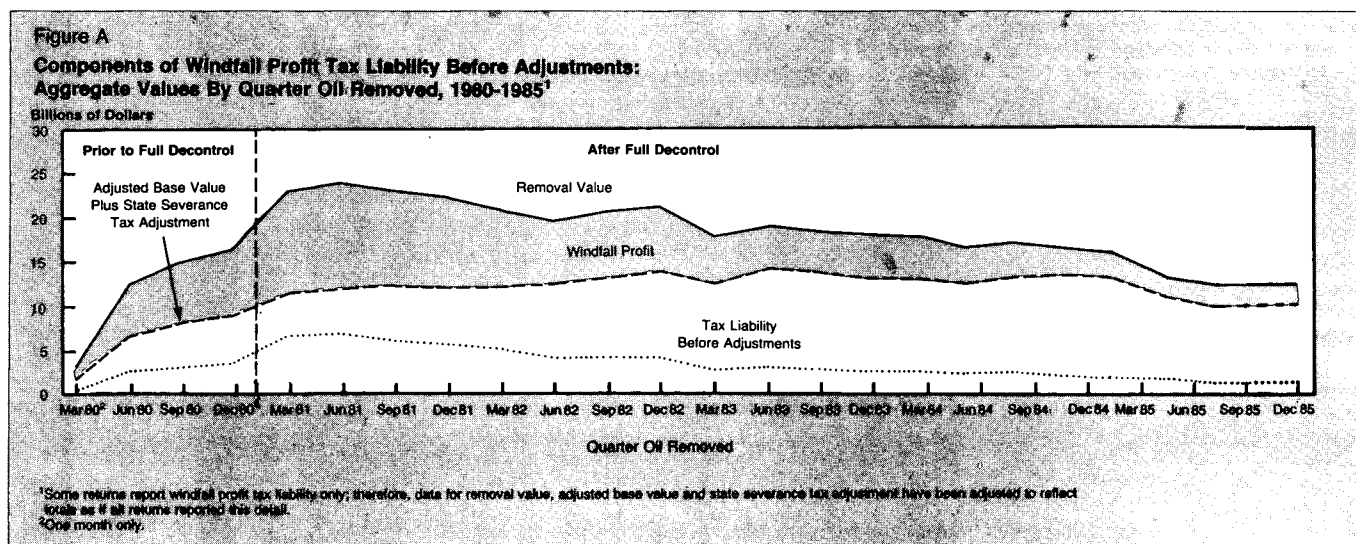
The formula to calculate the "windfall profit" (WP) is:

$$WP = RP - (ABP + SST)$$

where:

RP = Removal Price
ABP = Adjusted Base Price
SST = State Severance Tax Adjustment

The windfall profit declined from a high of \$11.9 billion for the quarter ending June 1981 to \$1.6 billion for the quarter ending December 1985 (Figure A) [2]. This decrease was a result of declines in the "removal price" (generally the price for which oil is sold) and rises in the "adjusted base price" and State severance tax adjustment (see the Definitions at the end of this article).



*Foreign Special Projects Section. Prepared with the assistance of Patricia Slaughter under the direction of Michael Alexander, Chief.

Since June 1981, when the average removal price for domestic crude oil was at its height, the removal price had fallen by almost 23 percent, from \$33.09 to \$25.43 per barrel for the quarter ending December 1985 (Figure B).

The total windfall tax liability reported (after adjustments) for Calendar Years 1980-1985 totalled \$77.8 billion. Of the total tax, 1981 accounted for the largest proportion (33 percent) and 1985 the lowest (7 percent)--a decline from 1981 to 1985 of 78 percent (Figure C). Some returns report windfall profit tax only; therefore, data for removal value, adjusted base value, State severance tax, and the resulting windfall profit have been adjusted to account for the missing detail. Concomitant with this decline in tax liabilities was a decrease in reported windfall profit of 78 percent from 1981 to 1985.

The immediate cause for falling profits was the combined effect of declining removal price (down by 36 percent from 1981) accompanied by a 1 percent growth in the sum of the adjusted base value and State severance tax (Figure D). The adjusted base price increased chiefly as a result of a required inflation adjustment derived from the Gross National Product (GNP) implicit price deflator [3].

Figure C
Windfall Profit Tax Liability After Adjustments by Year, 1980-1985

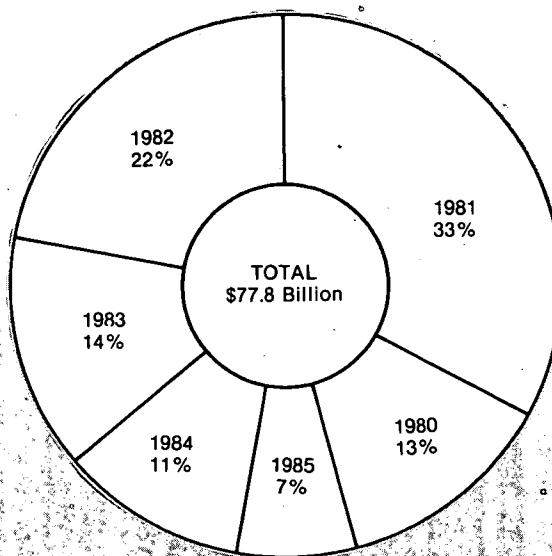
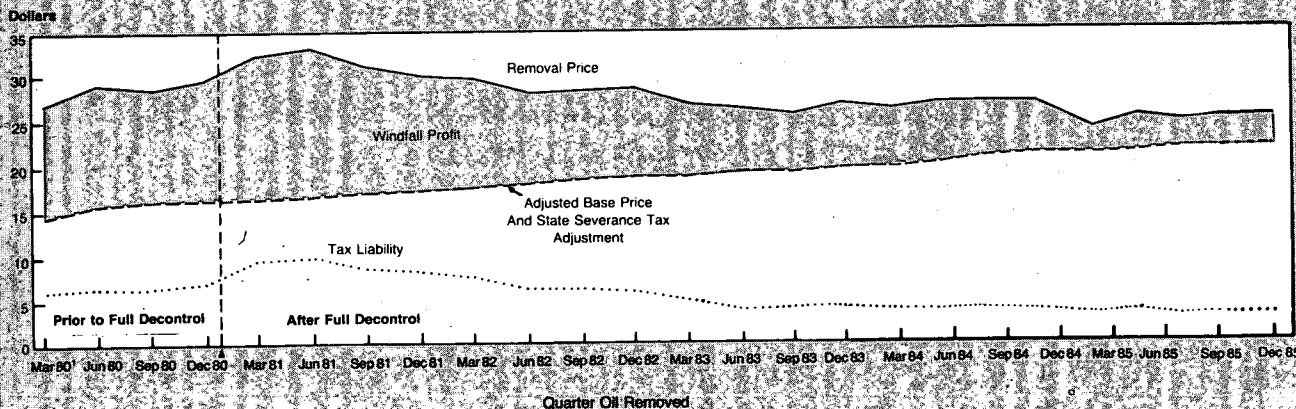


Figure B
**Components of Windfall Profit Tax Liability:
Averages per Barrel by Quarter Oil Removed, 1980-1985**

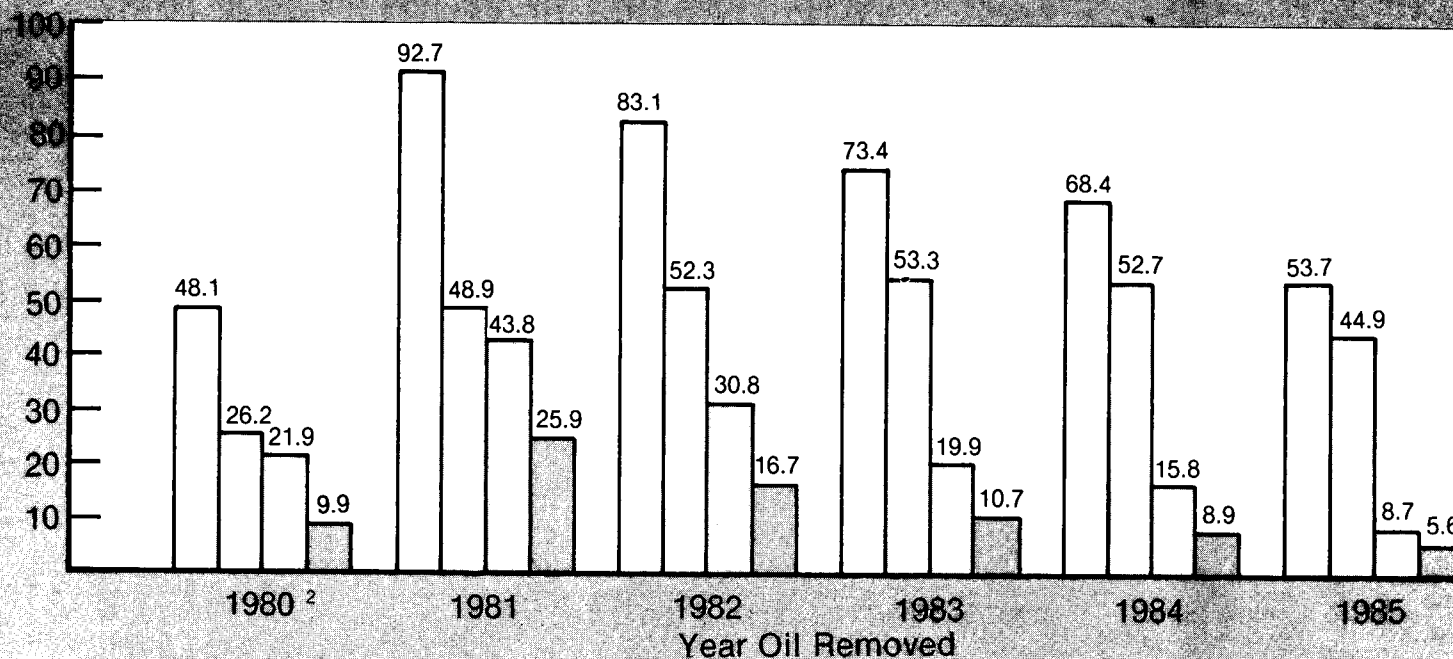


NOTE: Because of price controls during 1980, there were cases where the removal price was less than the adjusted base price and no Form 6047 was filed. The data in the figure are based on information reported.

*One month only.

Figure D
Components of Windfall Profit Tax Liability After Adjustments, 1980-1985¹

Billions of Dollars



¹ Some returns report windfall profit tax liability only; therefore, data for removal value, adjusted base value and state severance tax adjustment have been adjusted to reflect totals as if all returns reported this detail.

² Represents only 10 months.



Figure E is a summary, by quarter, of tax liability before and after adjustments since the tax went into effect in 1980, as shown on windfall profit tax returns. The adjustments were necessary because of errors by withholding agents during previous quarters or, more frequently, because of application of the net income limitation.

Figure E--Windfall Profit Tax Before and After Adjustments
(Millions of dollars)

Quarter Ending	Tax Before Adjustments	Total Adjustments	Tax After Adjustments
Total	\$83,668	-\$5,911	\$77,757
Mar. 1980 ¹ ...	788	-	788
June 1980 ...	2,842	-21	2,821
Sept. 1980 ...	3,413	-88	3,325
Dec. 1980 ...	3,918	-927	2,991
Mar. 1981 ...	6,953	+242	7,195
June 1981 ...	7,253	-107	7,146
Sept. 1981 ...	6,344	-251	6,093
Dec. 1981 ...	6,007	-497	5,510
Mar. 1982 ...	5,222	-221	5,001
June 1982 ...	4,283	-295	3,988
Sept. 1982 ...	4,404	-445	3,959
Dec. 1982 ...	4,440	-634	3,806
Mar. 1983 ...	3,320	-193	3,127
June 1983 ...	2,951	-203	2,748
Sept. 1983 ...	2,822	-300	2,522
Dec. 1983 ...	2,736	-465	2,271
Mar. 1984 ...	2,622	-228	2,394
June 1984 ...	2,468	-218	2,250
Sept. 1984 ...	2,447	-200	2,247
Dec. 1984 ...	2,236	-256	1,980
Mar. 1985 ...	1,850	-117	1,733
June 1985 ...	1,653	-132	1,521
Sept. 1985 ...	1,442	-146	1,296
Dec. 1985 ...	1,254	-209	1,045

¹One month only.

The net income limitation generated an adjustment because it limits the windfall profit to 90 percent of the net income per barrel of oil and was estimated by certain taxpayers for the current quarter ending December 1985. The adjustments to the previous quarter were for under- or over-withholding from previous quarters that the depositing or withholding agent (usually the first purchaser) corrected by adjusting the amounts withheld in succeeding quarters. Producers claimed as a refund or a credit on their income tax returns additional over-withholding of windfall profit tax, due to error or the net income limitation, that was not corrected by the withholding agent. The amount of the two types of tax adjustments for the fourth quarter of 1985 is shown below:

Adjustments to tax, fourth quarter 1985
(Millions)

Net income limitation	-\$190
Prior quarters	-19
Total Adjustments	-\$209

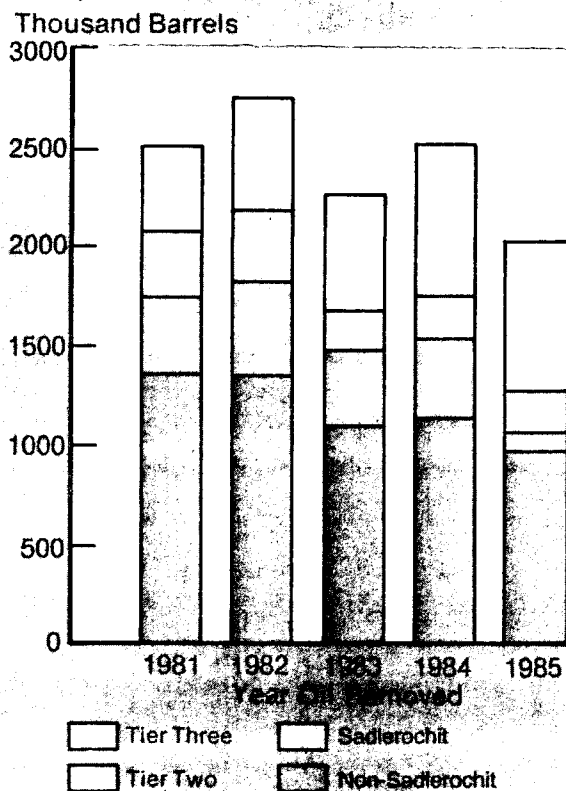
Based on returns of taxpayers that provided complete detail on the windfall profit tax computation [4], "tier one oil" continued to dominate production for the quarter ending December 1985. Tier one oil (all domestically produced crude oil other than oil specifically classified as tier two or tier three, or oil explicitly exempted from the tax) represented 46 percent of total production. "Tier two oil," which represented 11 percent of total production, is oil produced from stripper well property not qualifying for the stripper exemption and oil from economic interests in a Naval Petroleum Reserve held by the United States. "Tier three oil," which is heavy oil, incremental tertiary oil and newly discovered oil (the latter represented 53 percent of tier three oil), accounted for 43 percent of total production (Figure F). Since the inception of the tax, tier three oil, which is generally taxed at a rate lower than tier one oil, has accounted for a steadily increasing percentage of total production.

DATA SOURCES AND LIMITATIONS

The windfall profit tax is reported on the Quarterly Federal Excise Tax Return, Form 720. Form 6047, Windfall Profit Tax, shows how the tax is computed and is filed as an attachment to Form 720. Tabulations in this article are based on the Forms 6047 reporting a tax liability. Therefore, total domestic taxable production will be somewhat understated. Returns are due 2 months after the end of the quarter in which the oil is removed. Data are based on all returns with a tax liability of \$1 million or more before adjustments and a 10-percent sample of all other returns.

Sampling and nonsampling error was controlled by a variety of methods. Although efforts were made to secure missing returns, some returns may have been omitted because of time and other statistical processing constraints. Attempts were made to correct imbalances in taxpayer entries for the components of windfall profit. If this proved impossible, an out-of-balance return was treated as a return on which the components were not reported, and therefore only the tax liability for each tier was tabulated from it. However, for returns that did not report the tax computation detail (for Figures A and D only), the components were estimated using a factor derived from the relationship of the tax liability for those reporting all of the tax computation detail to the total reported tax liability. A number of

Figure F
Components of Oil Reported for
Windfall Profit Tax Purposes by
Year, 1981-1985



verification checks were performed at all stages of manual data abstraction and computer compilation.

The Statistics of Income Bulletin also includes data on excise tax collections. The excise tax collection figures show the liability after adjustments, as reported on Form 720, from returns entered into the Internal Revenue Service (IRS) computerized Business Master File (BMF) each quarter. A number of considerations affect comparisons of data from these two sources. Returns are not due until 2 months after the close of the taxable quarter; however, the interval between the close of the taxable period and the final recording of the return often varies, so that the quarterly BMF totals may represent more than one taxable period. On the other hand, the data presented here have been tabulated for specific taxable periods. As a result, the two sets of statistics are not directly comparable.

DEFINITIONS

The following are brief definitions of the terms used in the tables.

Adjusted Base Price.--The base price multiplied by the "inflation adjustment," which was derived from the Gross National Product (GNP) "implicit price deflator."

Adjustments to Tax Liability.--Corrections applied to the current quarter's tax liability to correct for the "net income limitation" and over- and under-withholding in previous quarters.

Base Price.--For tier one oil, the upper tier ceiling price, as defined by Department of Energy price control regulations, which would have applied to the oil had it been produced and sold in May 1979, reduced by \$0.21. For tiers two and three oil, the base prices were \$15.20 and \$16.55, respectively, adjusted for grade and quality.

Crude Oil.--The term applied only to natural crude petroleum and did not include synthetic petroleum, such as oil from shale or tar sands. It did, however, include natural gas liquids treated as crude oil under the June 1979 energy pricing regulations issued by the Department of Energy.

Deposit Requirements.--The timing of any first purchaser to deposit amounts withheld depended on the identity of the first purchaser. Major refiners, other than independent refiners, were required to make semi-monthly deposits of the withholding tax. All other first purchasers were required to make withholding deposits no later than 45 days after the oil was removed from the premises, except independent refiners that purchased oil under delayed payments contracts. The latter were required to make deposits by the first day of the third month beginning after the month of removal.

Exempt Alaskan Oil.--Oil from a reservoir other than the Sadlerochit reservoir that had been commercially exploited by any well north of the Arctic Circle and oil produced north of the divides of the Alaska and Aleutian Ranges, and at least 75 miles from the nearest point of the Trans-Alaskan Pipeline System.

Exempt Charitable Oil.--Oil produced from economic interests held by qualified charitable medical facilities, educational institutions, and child care organizations (as defined in Internal Revenue Code section 170), if such interests were held on January 21, 1980, and at all times thereafter; and oil produced from interests held by a church on January 21, 1980, if, before January 22, 1980, the net proceeds

from such oil were dedicated to the support of a medical facility, educational institution, or child care facility.

Exempt Governmental Oil.--Oil produced from an economic interest held by a State or a political subdivision (including agencies and instrumentalities), the net income from which was used for public purposes.

Exempt Indian Oil.--Oil produced from mineral interests held by or on behalf of Indian tribes or individuals on January 21, 1980, which was one of the following: (a) production received by Indian tribes and individuals from Tribal Trust Lands (the title to such land was held by the United States in trust for the tribes); (b) production from land or mineral interests held by an Indian tribe eligible for services provided to Indians by the Secretary of the Interior; or (c) oil, the proceeds from which were paid into the U.S. Treasury to the credit of tribal or native trust funds pursuant to law. This exemption also applied to production by any Alaskan Native Corporation prior to 1991, including wholly-owned subsidiaries of such corporations.

Exempt Royalty Oil.--Qualified royalty owners were exempt from the windfall profit tax on two barrels of oil per day for each day of the calendar quarter for oil removed after December 31, 1981. For 1985 and thereafter, three barrels per day were to be exempt.

Exempt Stripper Oil.--Oil removed from stripper wells could qualify for exemption from the windfall profit tax if the following conditions were met:

- (1) The oil had to be removed from a stripper well property after 1982;
- (2) The oil had to be extracted by an independent producer;
- (3) The oil had to be attributable to the independent producer's working interest in the property; and
- (4) The stripper well property could not be a property transferred by a nonindependent producer on or after July 23, 1981.

Net Income Limitation.--The windfall profit on a barrel of oil could not exceed 90 percent of the net income attributable to the barrel.

Net Revenue.--This equaled the gross revenue from the windfall profit tax or excise tax (excluding that amount attributable to U.S. Government interests), less the reduction of income tax resulting from taxpayers claiming income tax deductions for windfall profit tax paid. Figures presented in this report are the gross tax liabilities reported by the withholding agents on Form 6047 and are before the reductions mentioned above.

Removal Price.--Generally, the price for which a barrel of oil was sold. In some instances, a constructive sales price was used.

Sadlerochit Oil.--Crude oil production from the Sadlerochit reservoir in the Prudhoe Bay oil field in Alaska.

State Severance Tax Adjustment.--A tax imposed by a State with respect to the extraction of oil. The windfall profit was reduced by the amount by which the severance tax exceeded that which would have been imposed had the oil been valued at its adjusted base price.

Stripper Oil.--In general, oil from a property for which the average daily production per well was 10 barrels or less for any consecutive 12-month period after 1972.

Tier One Oil.--All domestically-produced crude oil other than any oil classified in tier two or three, or explicitly exempted by law from the tax. This included the bulk of domestic oil from reservoirs proven to be productive before 1979.

Tier Two Oil.--Any oil from a stripper well property within the meaning of the June 1979 Department of Energy pricing regulations and oil from a U.S. economic interest in a Naval Petroleum Reserve. Note that the Crude Oil Windfall Profit Tax Act of 1980 defined tier two oil as from a "National" Petroleum Reserve. This was amended to read "Naval" Petroleum Reserve by the Technical Corrections Act of 1982.

Tier Three Oil, Heavy Oil.--All crude oil (1) produced from property that had a weighted average gravity of 16.0 degrees or less on the American Petroleum Institute (API) scale, corrected to 60 degrees Fahrenheit, for the last month of production before July 1979, or (2) oil from a property with a weighted average gravity of 16.0 degrees API or less, corrected to 60 degrees Fahrenheit, for the taxable period.

Tier Three Oil, Incremental Tertiary Oil.--Production in excess of a base level on a property on which a qualified tertiary recovery project (one using one of several specific chemical, fluid or gaseous recovery methods to extract oil not recoverable using standard techniques) had been undertaken. The non-incremental oil (i.e., the amount of production up to the base level) remained in the otherwise applicable tier.

Tier Three Oil, Newly Discovered Oil.--Crude oil sold after May 31, 1979, and produced from (1) an outer continental shelf area for which the lease was entered into on or after January 1, 1979, and from which there was no production

in Calendar Year 1978 or (2) an on-shore property developed after Calendar Year 1978.

Windfall Profit.--The excess of the removal price of the barrel of oil over the sum of the adjusted base price and the State severance tax adjustment.

NOTES AND REFERENCES

[1] Staff of the Joint Committee on Taxation, General Explanation of the Crude Oil Windfall Profit Tax Act of 1980, U.S. Government Printing Office, 1981.

[2] Since the windfall profit tax has fallen to such a low level, statistics will no longer be published each quarter. However, the tables will be published annually in the

Fall issue of the Statistics of Income Bulletin.

The table showing annual fiscal year receipts was not produced due to the data not being available at time of publication.

[3] The inflation adjustment, calculated by the Internal Revenue Service, Research Division, is published quarterly in the Internal Revenue Bulletin. (See Internal Revenue Bulletin 1985-37, September 16, 1985.)

[4] At the inception of the windfall profit tax (March 1980), taxpayers were not required to complete the detail called for on the Form 6047, which shows how the tax was computed. However, taxpayers were required to provide full information as of January 1981.

Crude Oil Windfall Profit Tax, 1985

Table 1.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit, Quarter Ending December 1985

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	466,675	11,874	10,160	81	1,634	1,248
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	197,913	5,133	3,631	61	1,440	1,050
Taxed at 50 percent	17,535	477	329	8	140	67
Tier one, Sadlerochit oil:				(1)	(1)	(1)
Taxed at 70 percent	1,333	24	24	-	-	-
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	47,945	1,261	1,040	8	212	121
Taxed at 30 percent	2,092	44	37	(1)	7	3
Tier three oil (taxed at 30 percent):						
Newly discovered oil ¹	105,634	2,684	2,820	2	-139	4
Incremental tertiary oil	55,275	1,452	1,436	(1)	16	2
Heavy oil	38,948	799	842	(1)	-43	1
Returns with total tax liability only	-	-	-	-	-	6

¹Amount is less than \$500,000.²Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.

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

Table 2.--Average Windfall Profit Tax Liability for Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate, Quarter Ending December 1985

Oil tier and tax rate	Average daily production (000's) (barrels)	Average per barrel (in dollars)				
		Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	5,073	25.44	21.77	.17	3.50	2.67
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	2,151	25.93	18.34	.30	7.29	5.30
Taxed at 50 percent	191	27.20	18.76	.43	8.01	3.84
Tier one, Sadlerochit oil:						
Taxed at 70 percent	14	18.24	18.08	.01	.15	.12
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	521	26.30	21.70	.17	4.43	2.51
Taxed at 30 percent	23	21.13	17.78	.17	3.18	1.64
Tier three oil (taxed at 30 percent):						
Newly discovered oil ¹	1,148	25.40	26.69	.02	-1.31	.03
Incremental tertiary oil	601	26.27	25.97	(²)	-.30	.03
Heavy oil	423	20.51	21.61	(²)	-1.10	.01

¹Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.²Amount under \$.005.

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

Table 3.--Exempt Oil Volume by Tier and Category, Quarter Ending December 1985

[Thousands of barrels]

Exempt oil	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	75,116	10,809	45,002	17,107	1,582	615
Exempt governmental interest	11,461	7,251	730	2,059	947	473
Exempt charitable interest	796	312	302	89	80	13
Exempt Indian oil	931	316	158	304	144	9
Exempt Alaskan oil	11,473	114	-	11,359	-	-
Exempt royalty oil	10,114	2,817	3,470	3,296	411	120
Exempt stripper oil	40,342	-	40,342	-	-	-

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

Table 4.--Windfall Profit Tax Liability by Oil Tier, Tax Rate and Aggregate Components of Windfall Profit, January through December 1985

[Money amounts are in millions of dollars]

Oil tier and tax rate	Number of barrels of oil (000's)	Removal value	Adjusted base value	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	2,035,908	51,080	42,399	381	8,300	5,901
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	907,689	23,800	16,279	282	7,239	4,984
Taxed at 50 percent	78,467	2,068	1,430	38	601	301
Tier one, Sadlerochit oil:						
Taxed at 70 percent	94,651	1,659	1,657	5	-4	18
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	197,701	5,098	4,151	36	911	517
Taxed at 30 percent	9,964	160	136	1	23	20
Tier three oil (taxed at 30 percent):						
Newly discovered oil ¹	428,153	10,682	11,143	14	-474	27
Incremental tertiary oil	192,280	4,948	4,864	5	79	27
Heavy oil	127,004	2,664	2,739	(²)	-75	6
Returns with total tax liability only	-	-	-	-	-	299

¹Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.²Amount is less than \$500,000.

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

Crude Oil Windfall Profit Tax, 1985

Table 5.--Average Windfall Profit Tax Liability for Returns Reporting Components of Windfall Profit by Oil Tier and Tax Rate, January through December 1985

Oil tier and tax rate	Average daily production (000's) (barrels)	Average per barrel (in dollars)				
		Removal price	Adjusted base price	State severance tax adjustment	Windfall profit	Tax liability before adjustments
	(1)	(2)	(3)	(4)	(5)	(6)
Returns with tax liability shown by oil tier and tax rate, total	5,578	24.98	20.54	.19	4.25	2.97
Tier one, other than Sadlerochit oil:						
Taxed at 70 percent	2,487	26.30	17.82	.31	8.17	5.54
Taxed at 50 percent	215	26.11	18.06	.49	7.56	3.83
Tier one, Sadlerochit oil:						
Taxed at 70 percent	259	17.51	17.50	.06	-.04	.19
Taxed at 50 percent	-	-	-	-	-	-
Tier two oil:						
Taxed at 60 percent	542	25.62	20.77	.19	4.67	2.64
Taxed at 30 percent	27	14.76	12.60	.13	2.03	2.15
Tier three oil (taxed at 30 percent):						
Newly discovered oil ¹	1,173	24.80	25.81	.03	-1.04	.07
Incremental tertiary oil	527	25.52	25.02	.03	.46	.18
Heavy oil	348	21.18	21.54	(²)	-.36	.06

¹Newly discovered oil is taxed at 22.5 percent from 1984 to 1987.²Amount is less than \$0.005.

NOTE:--Detail may not add to total because of rounding.

Table 6.--Exempt Oil Volume by Tier and Category, January through December 1985

[Thousands of barrels]

Exempt oil	Total	Tier one	Tier two	Tier three		
				Newly discovered oil	Incremental tertiary oil	Heavy oil
	(1)	(2)	(3)	(4)	(5)	(6)
Total	292,944	60,844	165,123	59,235	5,395	2,347
Exempt governmental interest	61,647	45,618	3,076	7,978	3,130	1,845
Exempt charitable interest	3,399	1,515	1,125	366	357	36
Exempt Indian oil	4,055	1,590	686	1,413	348	19
Exempt Alaskan oil	36,080	457	-	35,623	-	-
Exempt royalty oil	40,666	11,664	13,139	13,856	1,560	447
Exempt stripper oil	147,097	-	147,097	-	-	-

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

Selected Statistical Series, 1970-1986

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NOTICE

The data on the following pages are the latest and most accurate available at time of publication. However, they are subject to continuous revision as more information becomes available. Data labeled as preliminary should be used with caution.

Table 1. — Individual income Tax Returns: Selected Income and Tax Items for Selected Years, 1970-1984
 [All figures are estimates based on samples — money amounts are in thousands of dollars]

Item	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns:						
All returns	74,279,831	82,229,332	93,902,469	95,337,432	96,321,310	99,438,708
Joint returns	42,376,365	44,140,085	45,243,211	46,697,648	46,363,787	47,484,266
Total gross income, amount	639,357,791	962,886,872	1,642,345,558	1,917,022,530	2,023,982,876	2,229,649,431
Salaries and wages:						
Number of returns	66,965,659	73,520,046	83,802,109	83,106,842	83,120,588	85,925,617
Amount	531,883,892	795,399,462	1,349,842,802	1,564,995,190	1,644,572,655	1,807,137,587
Interest received:						
Number of returns	32,630,355	40,378,240	49,019,575	52,841,721	57,076,334	62,059,703
Amount	22,021,267	43,433,554	102,009,444	157,021,475	153,805,163	176,369,305
Taxable pensions and annuities:						
Number of returns	3,249,558	5,088,937	7,373,704	8,824,885	10,120,721	11,551,051
Amount	7,878,808	20,886,871	43,339,736	60,123,166	69,813,961	80,447,934
Dividends:						
No. of returns before exclusion ..	12,452,227	13,370,427	14,640,139	17,186,673	17,620,109	18,665,034
Amount	17,018,148	23,270,182	43,567,241	54,044,825	50,411,519	50,554,837
No. of returns after exclusion ...	7,729,939	8,853,491	10,738,982	13,172,360	13,326,556	14,259,407
Amount	15,806,924	21,892,126	38,761,253	52,142,410	48,556,703	48,640,734
Net capital gain less loss:						
Number of returns	7,962,663	7,574,823	8,929,474	9,636,414	10,917,709	12,558,688
Amount	9,006,683	14,071,893	29,659,600	34,403,728	49,407,678	54,519,368
Business net income (less loss):						
Number of returns	6,159,985	7,242,542	8,881,119	10,092,322	10,682,124	11,237,218
Amount	30,554,201	39,421,478	55,129,154	50,573,164	60,359,154	70,766,610
Total adjustments:						
Number of returns	6,370,552	9,024,255	13,148,919	33,421,412	34,837,711	37,025,796
Amount	7,665,251	15,101,999	28,614,061	64,887,065	81,393,011	89,745,075
Married-couple-who-both-work:						
Number of returns	N/A	N/A	N/A	21,690,558	22,557,433	24,126,180
Amount	N/A	N/A	N/A	9,048,263	19,762,365	22,407,621
Individual Retirement Arrangement:						
Number of returns	N/A	1,211,794	2,564,421	12,010,038	13,613,167	15,232,856
Amount	N/A	1,436,443	3,430,894	28,273,852	32,060,627	35,374,424
Self-Employed Retirement (Keogh):						
Number of returns	591,655	595,892	568,936	559,011	656,038	648,958
Amount	847,692	1,603,788	2,007,666	2,482,594	2,937,980	4,072,409
Adjusted gross income	631,692,540	947,784,873	1,613,731,497	1,852,135,465	1,942,589,865	2,139,904,356
Exemptions:						
Total number	204,126,402	212,202,596	227,925,098	232,191,565	234,390,944	240,886,327
Number, age 65 or over	8,904,331	9,937,208	11,847,168	13,955,570	14,819,860	15,890,548
Total amount	127,531,204	159,140,845	227,569,280	232,142,140	234,390,944	240,886,327
Total deductions:						
Number of returns	73,862,448	81,585,541	88,491,251	90,283,236	90,816,724	94,855,579
Amount	120,549,755	233,181,778	346,000,155	425,157,106	448,667,194 ¹	499,585,197 ¹
Total itemized deductions:						
Number of returns	35,430,047	26,074,061	28,950,282	33,432,809	35,230,292	38,203,092
Amount	88,178,487	122,260,601	218,028,139	284,506,318	309,633,773	358,876,015
Medical and dental expense	10,585,749	11,422,312	14,972,082	21,705,262	18,074,335	21,450,276
Taxes paid	32,014,673	44,141,289	69,404,275	88,037,196	99,750,645	115,245,288
Interest paid	23,929,477	38,885,282	91,187,006	121,852,419	134,691,655	158,176,338
Contributions	12,892,732	15,393,331	25,809,608	33,471,694	37,677,955	42,119,812
Taxable income:						
Number of returns	59,593,598	65,852,602	88,104,696	89,717,836	90,816,724	94,178,183
Amount	401,154,285	595,492,866	1,279,985,360	1,473,348,899	1,544,872,497	1,701,365,731
Income tax before credits:						
Number of returns	59,596,755	65,854,734	76,135,819	78,349,842	80,610,882	84,440,481
Amount	84,156,695 ²	132,452,044	256,294,315	283,931,862	279,841,890	306,686,024
Total tax credits	369,610	8,069,846	7,215,839	7,854,493	8,190,737 ³	9,263,308 ³
General tax credit	N/A	5,020,477	N/A	N/A	N/A	N/A
Investment credit	30,554	1,593,150	3,288,415	4,139,897	4,161,453	6,347,422
Foreign tax credit	169,623	381,985	1,341,645	757,326	617,749	738,014
Child care credit	N/A	N/A	956,439	1,501,453	2,051,462	2,648,834
Credit for the elderly	167,656	128,968	134,993	131,074	116,324	107,002
Residential energy credit	N/A	N/A	562,141	582,857	549,024	645,093
Earned income credit used to offset income tax before credits ..	N/A	252,141	451,366	359,717	314,499	280,783
Income tax after credits	83,787,323	124,382,197	249,078,475	276,077,369	271,651,153	297,703,498
Additional tax for tax preferences ...	121,988	144,100	1,262,964	1,519,921	2,530,170 ⁴	4,500,342
Total income tax:						
Number of returns	59,317,371	61,490,737	73,906,244	77,035,300	78,016,323	81,639,509
Amount	83,909,311	124,526,297	250,341,440	277,597,290	274,181,323	301,923,057
Payment status:						
Returns with payment due	16,478,813	15,842,400	21,755,516	20,326,807	18,467,829	21,157,790
Returns with refund or credit due ..	55,273,385	63,825,188	69,868,451	72,425,701	74,993,969	75,563,505

See notes following Table 13.

Table 2. — Individual Income and Tax by State, 1984
[Money amounts are in thousands of dollars]

State	Number of returns	Number of exemptions ¹	Adjusted gross income (AGI)	Salaries and wages		Dividends after exclusion	
				Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
United States, total ²	99,752,249	239,616,963	2,134,035,012	85,071,114	1,781,778,658	14,128,770	51,039,143
Alabama.....	1,466,037	3,729,138	27,510,149	1,289,812	23,629,019	127,636	403,651
Alaska.....	235,342	541,176	6,521,339	209,237	5,935,380	55,035	61,434
Arizona.....	1,276,456	3,148,503	26,266,331	1,065,927	21,281,793	184,515	737,987
Arkansas.....	844,657	2,183,289	14,591,720	709,625	12,027,646	67,634	210,964
California.....	11,360,495	27,319,945	261,437,661	9,659,268	218,707,697	1,602,037	6,106,276
Colorado.....	1,410,396	3,252,922	31,260,319	1,216,918	26,693,694	208,977	635,461
Connecticut.....	1,539,588	3,408,010	39,026,841	1,324,526	32,524,805	311,475	1,335,259
Delaware.....	273,752	639,345	6,148,020	237,402	5,097,036	48,361	230,035
District of Columbia	316,428	648,554	7,142,767	273,781	5,550,460	44,738	268,233
Florida.....	4,905,553	11,594,614	101,264,658	3,914,520	72,842,092	857,128	4,558,531
Georgia.....	2,375,875	5,719,184	48,000,006	2,133,144	42,177,150	226,153	794,469
Hawaii.....	461,424	1,055,297	9,322,406	400,452	7,765,670	68,520	193,874
Idaho.....	368,546	990,884	6,577,681	304,436	5,480,486	44,599	123,598
Illinois.....	4,833,380	11,681,835	108,791,989	4,102,975	91,106,811	787,363	2,738,103
Indiana.....	2,237,755	5,525,994	45,223,206	1,906,784	38,501,781	255,626	723,368
Iowa.....	1,165,334	2,922,123	21,295,026	915,219	17,030,232	171,997	420,979
Kansas.....	1,010,998	2,496,801	21,020,130	834,098	17,088,564	140,992	415,424
Kentucky.....	1,342,328	3,354,595	24,936,186	1,136,154	20,881,422	126,511	453,931
Louisiana.....	1,644,979	4,229,245	33,071,191	1,449,850	28,111,751	151,982	529,954
Maine.....	488,025	1,155,368	8,698,656	418,654	7,084,108	65,093	249,268
Maryland.....	1,995,849	4,555,799	47,558,988	1,750,954	40,335,140	305,238	1,009,167
Massachusetts.....	2,722,247	5,953,060	61,671,995	2,356,725	51,139,848	464,420	1,702,087
Michigan.....	3,687,450	8,846,027	82,622,589	3,150,910	71,118,527	563,470	1,652,243
Minnesota.....	1,779,381	4,262,333	37,501,184	1,494,178	31,956,812	277,593	741,500
Mississippi.....	892,402	2,381,390	14,851,519	788,880	12,809,719	65,951	185,326
Missouri.....	2,053,771	4,983,834	41,834,149	1,718,416	34,660,520	267,990	1,003,425
Montana.....	339,743	842,948	5,758,469	270,198	4,626,452	51,468	133,706
Nebraska.....	674,745	1,671,184	12,147,832	543,807	10,069,618	93,451	241,259
Nevada.....	430,802	971,274	9,085,434	376,407	7,584,574	45,460	195,355
New Hampshire.....	462,335	1,052,678	9,988,865	405,530	8,344,754	70,454	265,783
New Jersey.....	3,675,451	8,555,020	89,340,546	3,201,037	75,690,379	689,227	2,269,956
New Mexico.....	571,773	1,455,538	10,432,983	493,780	8,834,702	64,001	203,293
New York.....	7,464,439	17,538,439	177,651,309	6,383,915	143,111,112	1,329,571	5,772,435
North Carolina.....	2,565,678	6,080,635	48,412,116	2,291,376	41,196,139	267,179	956,310
North Dakota.....	279,934	704,591	4,947,038	217,194	3,791,683	30,489	56,096
Ohio.....	4,446,458	10,681,804	93,270,160	3,794,796	79,290,060	631,406	2,035,990
Oklahoma.....	1,263,553	3,174,432	26,210,357	1,057,336	21,351,082	116,711	419,362
Oregon.....	1,109,872	2,687,189	21,581,695	908,679	17,488,438	160,883	487,132
Pennsylvania.....	4,982,979	11,698,481	101,855,139	4,171,500	83,578,761	803,045	2,690,682
Rhode Island.....	429,433	960,463	8,568,791	372,257	7,041,410	61,557	216,796
South Carolina.....	1,277,317	3,134,519	23,656,350	1,146,993	20,302,958	114,771	399,709
South Dakota.....	283,972	718,880	4,257,329	220,589	3,443,240	34,962	74,311
Tennessee.....	1,872,850	4,560,547	35,085,784	1,644,485	30,296,908	161,731	511,817
Texas.....	6,496,390	16,312,584	145,168,114	5,697,488	122,350,345	690,999	2,783,739
Utah.....	581,082	1,643,780	11,789,485	506,856	10,264,958	66,679	196,383
Vermont.....	225,343	523,894	4,126,972	192,524	3,353,959	39,506	150,819
Virginia.....	2,424,622	5,616,057	54,403,915	2,137,841	46,163,560	352,374	1,117,665
Washington.....	1,864,365	4,418,897	40,225,585	1,567,647	33,236,211	281,359	825,597
West Virginia.....	664,129	1,694,690	12,681,869	561,978	10,552,624	70,470	228,527
Wisconsin.....	1,999,972	4,789,147	39,810,558	1,693,936	33,752,634	298,598	861,136
Wyoming.....	207,546	521,993	4,372,968	178,774	3,777,118	26,153	92,381
Other areas ³	469,018	1,028,034	5,058,643	271,346	10,746,816	85,232	368,357

Table 2. (Continued) — Individual Income and Tax by State, 1984
[Money amounts are in thousands of dollars]

State	Interest		Unemployment compensation in AGI		Itemized Deductions		
	Number of returns	Amount	Number of returns	Amount	Number of returns	Total Deductions	Average amount
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
United States, total ²	61,764,997	176,077,712	4,433,578	5,941,097	38,803,369	357,953,970	9,225
Alabama.....	734,673	1,690,765	74,868	67,077	554,890	4,225,055	7,614
Alaska.....	149,113	283,085	25,136	46,049	93,000	1,051,437	11,306
Arizona.....	764,274	2,535,925	31,619	33,965	575,399	5,334,988	9,272
Arkansas.....	439,409	1,346,519	35,122	33,854	263,815	2,046,016	7,755
California.....	6,932,440	22,990,669	498,303	696,556	4,900,602	57,669,065	11,768
Colorado.....	917,793	2,415,561	49,442	67,974	660,809	6,583,216	9,962
Connecticut.....	1,122,224	2,974,001	70,970	78,958	590,781	5,864,975	9,927
Delaware.....	166,224	388,021	13,203	16,701	112,369	992,000	8,828
District of Columbia	152,386	429,500	6,159	10,147	125,205	1,337,924	10,686
Florida.....	2,877,667	12,514,788	86,162	107,238	1,645,345	15,198,557	9,237
Georgia.....	1,154,971	2,835,725	90,495	68,200	847,039	7,810,394	9,221
Hawaii.....	336,810	722,525	19,483	30,925	189,399	1,852,314	9,780
Idaho.....	232,642	653,898	22,346	28,600	148,914	1,228,345	8,249
Illinois.....	3,238,496	9,664,419	239,861	397,697	1,880,875	16,186,085	8,606
Indiana.....	1,396,756	3,519,319	104,306	102,314	754,052	5,731,069	7,600
Iowa.....	858,859	2,755,526	56,801	67,475	481,774	3,537,273	7,342
Kansas.....	666,179	2,090,323	39,208	45,791	405,123	3,379,652	8,342
Kentucky.....	729,630	1,950,357	73,897	76,275	490,420	3,624,231	7,390
Louisiana.....	833,107	2,369,123	85,416	145,280	535,576	4,615,720	8,618
Maine.....	306,169	623,087	20,541	20,920	144,804	1,098,377	7,585
Maryland.....	1,272,504	2,951,296	69,046	92,992	938,285	9,261,934	9,871
Massachusetts.....	1,952,674	4,489,950	114,388	164,808	1,071,732	9,386,369	8,758
Michigan.....	2,475,017	5,619,090	270,855	375,626	1,737,787	14,488,031	8,337
Minnesota.....	1,292,880	3,214,151	84,973	134,641	889,916	8,111,663	9,115
Mississippi.....	379,014	1,041,341	33,800	31,986	259,001	2,065,620	7,975
Missouri.....	1,294,489	3,866,987	85,183	71,027	730,339	5,754,817	7,880
Montana.....	227,268	705,501	18,718	25,003	128,060	957,008	7,473
Nebraska.....	464,074	1,463,991	19,892	20,622	232,763	1,913,057	8,219
Nevada.....	231,857	780,392	21,331	27,165	152,867	1,494,879	9,779
New Hampshire.....	315,819	684,510	17,650	17,141	148,399	1,243,640	8,380
New Jersey.....	2,450,145	6,573,756	166,338	260,509	1,434,792	13,713,251	9,558
New Mexico.....	302,271	821,022	15,463	18,815	186,565	1,538,830	8,248
New York.....	5,076,747	15,594,028	303,523	458,622	3,471,167	34,788,324	10,022
North Carolina.....	1,342,650	2,969,664	116,104	86,124	949,983	7,581,697	7,981
North Dakota.....	197,554	623,657	12,352	18,578	85,253	650,117	7,626
Ohio.....	2,860,906	7,082,159	230,337	349,611	1,611,069	13,455,573	8,352
Oklahoma.....	702,219	2,309,429	40,926	51,672	509,140	4,658,308	9,149
Oregon.....	731,949	2,142,371	67,234	92,619	497,492	4,335,801	8,715
Pennsylvania.....	3,375,360	8,256,718	337,134	523,718	1,748,152	13,671,387	7,820
Rhode Island.....	279,628	708,202	26,733	30,528	152,433	1,263,209	8,287
South Carolina.....	625,438	1,357,682	53,834	41,724	502,822	3,928,001	7,812
South Dakota.....	187,514	601,007	5,015	5,118	72,621	526,176	7,246
Tennessee.....	943,603	2,443,557	71,379	62,090	524,811	4,215,953	8,033
Texas.....	3,376,772	11,412,430	158,929	231,376	2,086,406	20,564,440	9,856
Utah.....	371,722	742,977	23,695	30,949	292,239	2,678,298	9,165
Vermont.....	150,513	329,092	9,237	10,038	73,808	572,055	7,751
Virginia.....	1,423,743	3,372,886	71,358	64,675	973,200	9,355,648	9,613
Washington.....	1,228,399	3,542,553	126,536	197,926	715,742	6,344,082	8,864
West Virginia.....	394,420	902,224	51,829	80,102	173,160	1,317,079	7,606
Wisconsin.....	1,468,345	3,441,301	152,285	203,424	869,584	7,248,391	8,335
Wyoming.....	133,674	379,770	10,070	12,603	75,523	630,797	8,352
Other areas ³	226,007	900,882	4,093	7,269	108,067	872,842	8,077

Table 2. (Continued) — Individual Income and Tax by State, 1984
[Money amounts are in thousands of dollars]

State	Tax liability			Earned income credit			
	Total tax		Average tax	Number of returns	Amount	Excess of tax liability	
	Number of Returns	Amount				Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
United States, total ²	84,792,349	314,228,708	3,706	5,817,056	-1,653,907	4,244,270	-1,184,854
Alabama.....	1,213,417	3,624,991	2,987	152,493	-44,295	114,110	-32,434
Alaska.....	206,301	1,119,117	5,425	7,633	-2,012	5,069	-1,293
Arizona.....	1,077,849	3,546,875	3,291	76,747	-22,025	58,035	-16,521
Arkansas.....	694,900	1,890,354	2,720	86,961	-25,200	62,782	-17,717
California.....	9,641,659	37,923,424	3,933	680,605	-197,631	536,874	-154,380
Colorado.....	1,217,322	4,530,134	3,721	59,483	-16,839	42,167	-11,611
Connecticut.....	1,359,611	6,571,126	4,833	36,832	-10,041	25,545	-6,899
Delaware.....	236,306	893,486	3,781	14,158	-3,944	10,230	-2,838
District of Columbia	269,308	1,211,412	4,498	23,345	-6,734	18,250	-5,178
Florida.....	4,164,592	15,842,190	3,804	317,994	-91,648	228,383	-64,440
Georgia.....	2,009,150	6,637,944	3,304	200,529	-57,686	147,214	-41,547
Hawaii.....	392,619	1,224,322	3,118	17,085	-4,464	11,188	-2,940
Idaho.....	306,508	831,955	2,714	25,969	-7,431	17,847	-4,922
Illinois.....	4,115,059	16,921,715	4,112	236,719	-66,282	177,863	-49,119
Indiana.....	1,879,545	6,451,411	3,432	119,455	-33,527	85,495	-23,562
Iowa.....	975,559	2,955,652	3,030	59,511	-16,080	37,324	-9,528
Kansas.....	866,725	3,101,764	3,579	45,466	-12,557	30,491	-8,202
Kentucky.....	1,115,961	3,401,332	3,048	112,879	-32,372	78,702	-21,871
Louisiana.....	1,349,395	4,940,774	3,661	171,674	-49,246	131,653	-36,976
Maine.....	411,639	1,115,650	2,710	28,404	-7,968	19,011	-5,137
Maryland.....	1,742,179	7,498,313	4,304	84,822	-23,692	60,739	-16,749
Massachusetts.....	2,392,328	9,493,934	3,968	81,529	-22,853	57,245	-15,809
Michigan.....	3,131,703	11,765,561	3,757	151,138	-42,106	109,607	-29,869
Minnesota.....	1,528,293	4,948,611	3,238	70,342	-19,413	45,475	-11,637
Mississippi.....	709,395	1,908,928	2,691	137,867	-40,195	107,879	-30,617
Missouri.....	1,740,013	6,143,123	3,531	121,944	-34,177	84,917	-23,098
Montana.....	275,224	792,900	2,881	22,803	-6,335	15,490	-4,122
Nebraska.....	566,719	1,726,049	3,046	34,957	-9,572	22,117	-5,706
Nevada.....	368,593	1,417,961	3,847	20,928	-5,894	15,187	4,226
New Hampshire.....	403,276	1,496,998	3,712	14,929	-4,092	9,710	-2,612
New Jersey.....	3,254,296	14,139,138	4,345	148,258	-41,352	106,635	-29,837
New Mexico.....	460,255	1,401,155	3,044	53,458	-14,952	41,170	-11,337
New York.....	6,518,246	26,999,427	4,142	419,762	-120,170	308,521	-86,704
North Carolina.....	2,172,911	6,331,115	2,914	196,299	-55,328	134,970	37,634
North Dakota.....	236,393	702,361	2,971	15,592	-4,213	9,270	-2,330
Ohio.....	3,791,923	13,066,043	3,446	208,330	-57,937	149,950	-40,874
Oklahoma.....	1,061,346	3,912,753	3,687	88,340	-25,668	62,964	-17,702
Oregon.....	930,945	2,792,315	2,999	60,188	-17,227	43,272	-12,019
Pennsylvania.....	4,246,134	15,100,412	3,556	227,307	-63,280	160,290	-43,912
Rhode Island.....	370,423	1,176,704	3,177	18,284	-5,106	13,131	-3,643
South Carolina.....	1,066,420	2,973,792	2,789	112,554	-32,293	82,146	-23,302
South Dakota.....	229,962	593,135	2,579	21,378	-5,824	13,203	-3,312
Tennessee.....	1,563,224	4,925,824	3,151	164,358	-47,062	118,213	-33,105
Texas.....	5,462,932	24,076,502	4,407	486,404	-141,089	367,373	-104,976
Utah.....	487,233	1,400,287	2,874	28,291	-8,011	20,193	-5,561
Vermont.....	192,569	542,700	2,818	11,977	-3,275	7,780	-2,034
Virginia.....	2,103,563	7,763,991	3,691	116,596	-32,684	80,215	-22,352
Washington.....	1,594,103	5,887,949	3,694	80,909	-22,576	58,232	-15,896
West Virginia.....	556,564	1,697,656	3,050	52,349	-14,485	38,177	-10,522
Wisconsin.....	1,690,730	5,193,758	3,072	79,776	-21,825	53,823	-14,014
Wyoming.....	175,503	671,805	3,828	10,011	-2,838	6,973	-1,889
Other areas ³	265,526	951,880	3,585	1,434	-401	1,170	-340

See notes following Table 13.

Table 3. — Number of Individual Returns, Income, Tax and Average Tax by Size of Adjusted Gross Income, Tax Years 1981-1984
 [All figures are estimates based on samples — money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns for -		Total adjusted gross income		Taxable income	
	1981	1982	1981	1982	1981	1982
	(1)	(2)	(3)	(4)	(5)	(6)
Total	95,396,123	95,337,432	1,772,604,303	1,852,135,465	1,410,880,665	1,473,348,899
Less than \$1000	3,484,734	3,412,105	-16,952,842	-22,324,833	7,084	29,646
\$1,000 under \$3,000	7,855,771	7,573,825	15,691,845	15,122,101	7,064,102	6,717,217
\$3,000 under \$5,000	7,405,871	6,966,104	29,580,649	27,925,256	17,994,684	17,168,389
\$5,000 under \$7,000	7,251,941	6,682,490	43,446,800	39,885,078	29,153,117	26,709,472
\$7,000 under \$9,000	7,066,520	7,176,962	56,341,030	57,512,193	40,597,471	40,904,714
\$9,000 under \$11,000	6,514,144	6,421,665	65,051,373	64,229,520	49,147,621	47,995,843
\$11,000 under \$13,000	5,821,233	5,651,414	69,702,815	67,793,416	54,207,411	52,526,932
\$13,000 under \$15,000	5,190,200	5,414,103	72,548,282	75,702,223	57,705,230	59,652,891
\$15,000 under \$17,000	4,648,986	4,734,479	74,256,678	75,594,637	59,486,499	60,951,455
\$17,000 under \$19,000	4,291,557	3,964,008	77,161,287	71,295,728	62,056,343	57,689,594
\$19,000 under \$22,000	5,967,094	5,365,925	122,157,450	109,806,080	98,703,455	88,855,846
\$22,000 under \$25,000	5,207,693	5,273,703	122,181,884	123,853,268	98,956,187	100,054,304
\$25,000 under \$30,000	7,205,282	7,621,965	197,424,953	209,572,367	159,682,521	169,726,189
\$30,000 under \$35,000	5,294,687	5,646,966	171,601,299	182,644,120	138,893,019	146,947,632
\$35,000 under \$40,000	3,910,649	4,215,650	145,814,841	157,391,914	118,288,891	126,471,828
\$40,000 under \$50,000	4,182,389	4,716,532	185,322,655	208,952,374	149,273,745	166,018,176
\$50,000 under \$75,000	2,796,836	3,057,266	164,256,670	179,566,469	131,174,316	141,376,967
\$75,000 under \$100,000	645,884	702,064	55,099,048	59,748,095	43,524,621	46,720,423
\$100,000 under \$150,000	398,479	432,757	47,552,689	51,674,638	37,518,693	40,228,978
\$150,000 under \$200,000	118,037	138,082	20,164,437	23,616,649	15,842,213	18,710,797
\$200,000 under \$300,000	80,945	93,033	19,350,168	22,323,087	15,230,276	17,807,227
\$300,000 under \$500,000	37,147	47,245	13,906,555	17,650,665	10,788,043	14,153,358
\$500,000 under \$1,000,000	14,758	20,681	9,815,188	13,830,843	7,416,993	11,042,159
\$1,000,000 or more	5,286	8,408	11,128,551	18,769,578	8,168,130	14,888,860

Size of adjusted gross income	Total income tax ¹		Percent of filers with no income tax liability		Filers with income tax liability			
					Average tax (whole dollars)		Tax as percent of adj. gross inc.	
	1981	1982	1981	1982	1981	1982	1981	1982
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	284,128,989	277,597,301	19.6	19.2	3,703	3,604	16.5	15.4
Less than \$1,000	137,840	130,288	99.5	99.6	8,626 ²	9,298 ²	-	-
\$1,000 under \$3,000	43,465	35,182	95.5	95.0	123	92	6.0	5.0
\$3,000 under \$5,000	516,050	475,448	41.7	41.9	120	117	2.9	2.8
\$5,000 under \$7,000	1,761,464	1,473,139	32.0	31.4	357	321	5.9	5.4
\$7,000 under \$9,000	3,306,387	2,967,854	18.1	20.7	571	521	7.1	6.5
\$9,000 under \$11,000	5,150,823	4,462,848	5.2	6.8	834	746	8.3	7.4
\$11,000 under \$13,000	6,531,708	5,566,452	3.2	4.0	1,160	1,026	9.7	8.6
\$13,000 under \$15,000	7,601,053	7,002,695	2.2	2.3	1,498	1,324	10.7	9.5
\$15,000 under \$17,000	8,355,068	7,766,398	1.8	1.5	1,830	1,665	11.5	10.4
\$17,000 under \$19,000	9,226,778	7,786,372	1.3	1.8	2,179	2,001	12.1	11.1
\$19,000 under \$22,000	15,609,261	12,725,118	1.1	1.2	2,645	2,399	12.9	11.7
\$22,000 under \$25,000	16,563,264	15,378,094	.9	1.3	3,209	2,956	13.7	12.6
\$25,000 under \$30,000	28,474,945	27,852,640	.6	.6	3,976	3,676	4.5	13.4
\$30,000 under \$35,000	26,910,961	25,867,035	.4	.5	5,103	4,605	15.7	14.2
\$35,000 under \$40,000	24,834,220	24,098,091	.3	.5	6,370	5,743	17.1	15.4
\$40,000 under \$50,000	34,847,163	35,029,801	.6	.5	8,379	7,468	18.9	16.9
\$50,000 under \$75,000	36,299,454	35,892,383	.5	.5	13,050	11,803	22.2	20.1
\$75,000 under \$100,000	14,715,265	14,594,818	.4	.4	22,867	20,865	26.8	24.5
\$100,000 under \$150,000	14,619,378	14,385,740	.4	.2	36,828	33,321	30.9	27.9
\$150,000 under \$200,000	6,886,418	7,483,155	.2	.5	58,439	54,447	34.2	31.8
\$200,000 under \$300,000	7,183,611	7,651,434	.2	.2	88,930	82,400	37.2	34.3
\$300,000 under \$500,000	5,566,282	6,380,687	.1	.1	149,990	135,233	40.1	36.2
\$500,000 under \$1,000,000	4,100,676	5,222,845	.1	.1	278,182	252,751	41.8	37.7
\$1,000,000 or more	4,887,456	7,368,787	.1	.1	925,655	877,132	44.0	39.8

See notes following Table 13.

Table 3. (Continued) — Number of Individual Returns, Income, Tax and Average Tax by Size of Adjusted Gross Income, Tax Years 1981-1984
 [All figures are estimates based on samples — money amounts are in thousands of dollars]

Size of adjusted gross income	Number of returns for -		Total adjusted gross income		Taxable income	
	1983	1984	1983	1984	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
Total	96,321,310	99,438,708	1,942,589,865	2,139,904,356	1,544,872,497	1,701,365,731
Less than \$1000	3,415,113	3,329,148	-25,592,802	-31,984,443	75,549	63,799
\$1,000 under \$3,000	7,253,408	6,883,760	14,482,816	13,732,880	6,757,833	6,504,129
\$3,000 under \$5,000	7,167,924	7,030,537	28,679,137	28,151,199	17,374,119	17,251,761
\$5,000 under \$7,000	6,734,360	6,584,434	40,321,353	39,617,706	26,472,290	26,095,663
\$7,000 under \$9,000	6,879,931	6,792,931	55,039,361	54,388,545	39,153,168	38,888,493
\$9,000 under \$11,000	6,205,165	6,051,873	61,927,394	60,390,249	46,314,016	45,303,739
\$11,000 under \$13,000	5,724,798	5,877,979	68,522,507	70,439,379	52,529,347	54,708,664
\$13,000 under \$15,000	5,161,674	5,202,547	72,217,107	72,660,372	57,062,111	57,397,788
\$15,000 under \$17,000	4,593,795	4,893,833	73,350,227	78,195,614	58,956,588	62,489,602
\$17,000 under \$19,000	4,291,218	4,561,541	77,093,374	82,012,673	62,209,794	66,307,248
\$19,000 under \$22,000	5,617,176	5,645,759	115,071,603	115,466,828	93,320,322	93,889,175
\$22,000 under \$25,000	5,115,957	5,198,716	120,238,524	122,123,861	97,650,110	99,375,159
\$25,000 under \$30,000	7,357,487	7,635,404	201,763,983	209,274,643	163,111,031	168,006,165
\$30,000 under \$35,000	6,011,290	6,020,636	194,666,035	195,263,778	156,601,086	155,819,230
\$35,000 under \$40,000	4,409,645	5,054,470	164,664,066	188,944,011	131,804,272	149,423,027
\$40,000 under \$50,000	5,147,782	5,963,041	228,225,122	264,922,227	181,289,066	210,324,094
\$50,000 under \$75,000	3,591,188	4,657,702	211,838,450	275,046,849	166,095,719	214,921,141
\$75,000 under \$100,000	822,840	1,049,444	70,011,841	89,289,787	54,345,021	69,194,901
\$100,000 under \$150,000	469,391	581,498	56,206,333	69,273,546	43,403,109	53,604,014
\$150,000 under \$200,000	152,560	179,695	26,170,484	30,767,972	20,312,767	23,865,523
\$200,000 under \$300,000	108,379	132,306	26,016,239	31,729,787	20,642,936	24,405,339
\$300,000 under \$500,000	53,960	67,405	20,144,746	25,780,158	15,959,347	19,789,383
\$500,000 under \$1,000,000	25,469	29,215	17,173,250	19,729,296	13,706,293	15,798,723
\$1,000,000 or more	10,800	14,834	24,358,715	34,687,437	19,726,601	27,938,970

Size of adjusted gross income	Total income tax ¹		Percent of filers with no income tax liability		Filers with income tax liability			
					Average tax (whole dollars)		Tax as percent of adj. gross inc.	
	1983	1984	1983	1984	1983	1984	1983	1984
	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
Total	274,181,323	301,923,057	19.0	17.9	3,514	3,698	14.5	14.4
Less than \$1,000	127,789	419,790	99.7	99.2	13,249	16,783	-	-
\$1,000 under \$3,000	51,414	44,652	93.4	93.8	108	104	5.7	5.4
\$3,000 under \$5,000	409,533	430,167	42.0	40.8	99	103	2.4	2.5
\$5,000 under \$7,000	1,310,055	1,233,034	33.7	33.7	293	282	4.9	4.7
\$7,000 under \$9,000	2,603,057	2,483,282	21.2	21.3	480	465	6.0	5.8
\$9,000 under \$11,000	3,888,167	3,617,920	8.3	8.2	684	651	6.8	6.5
\$11,000 under \$13,000	5,012,113	5,013,506	4.2	5.2	914	899	7.6	7.5
\$13,000 under \$15,000	6,066,527	5,831,903	2.7	3.6	1,208	1,163	8.6	8.3
\$15,000 under \$17,000	6,809,411	6,785,324	2.4	2.0	1,518	1,415	9.5	8.9
\$17,000 under \$19,000	7,664,811	7,775,189	1.6	1.8	1,816	1,736	10.1	9.7
\$19,000 under \$22,000	12,163,958	11,677,768	1.2	1.5	2,192	2,100	10.7	10.3
\$22,000 under \$25,000	13,595,791	13,237,769	1.3	1.0	2,692	2,573	11.5	11.0
\$25,000 under \$30,000	24,354,551	23,793,004	.8	1.2	3,338	3,152	12.2	11.5
\$30,000 under \$35,000	25,156,554	23,926,881	.6	.7	4,208	4,004	13.0	12.3
\$35,000 under \$40,000	22,673,889	24,678,348	.8	.5	5,182	4,907	13.9	13.1
\$40,000 under \$50,000	34,798,186	38,675,241	.4	.3	6,787	6,504	15.3	14.6
\$50,000 under \$75,000	38,352,897	47,355,174	.4	.4	10,725	10,211	18.2	17.3
\$75,000 under \$100,000	15,392,973	18,759,377	.3	.4	18,770	17,944	22.1	21.1
\$100,000 under \$150,000	14,351,743	17,117,874	.4	.2	30,690	29,502	25.6	24.8
\$150,000 under \$200,000	7,662,455	8,644,645	.3	.2	50,365	48,205	29.4	28.2
\$200,000 under \$300,000	8,488,945	10,013,524	.2	.2	78,513	75,844	32.7	31.6
\$300,000 under \$500,000	7,124,258	8,761,557	.2	.2	132,313	130,272	35.4	34.1
\$500,000 under \$1,000,000	6,463,482	7,526,585	.2	.2	254,228	258,255	37.7	38.2
\$1,000,000 or more	9,658,764	14,120,545	.3	.2	896,655	954,091	39.8	40.8

See notes following Table 13.

Table 4.—Nonfarm Sole Proprietorship Returns: Selected Income and Deduction Items for Selected Years, 1970-1984
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	5,769,741	7,221,346	8,931,712 ¹	10,105,515 ¹	10,703,921 ¹	11,262,390 ¹
Number with net income	n.a.	n.a.	n.a.	6,761,405	7,390,395	8,002,865
Inventory, end of year	11,060,775	15,578,040	21,996,236	21,804,915	n.a.	23,232,929
Business receipts, total	198,582,172	273,954,741	411,205,713	433,664,897	465,168,637	516,036,944
Income from sales and operations ...	n.a.	272,342,560	407,169,299	428,311,840	455,382,492	507,234,292
Total deductions	168,044,746	234,318,288	356,258,495	383,091,734	404,808,647	445,270,334
Cost of goods sold/operations	109,148,811	146,261,435	209,889,809	205,471,499	212,631,063	229,905,960
Purchases	88,585,913	117,722,352	168,301,517	161,295,256	n.a.	n.a.
Cost of labor	7,704,285	8,791,083	10,922,221	11,424,639	9,870,673	13,008,803
Materials and supplies	6,216,057	9,090,638	12,909,222	12,735,789	n.a.	n.a.
Commissions	1,274,016	2,225,830	3,333,345	4,464,026	n.a.	n.a.
Net salaries and wages	15,107,047	20,227,859	26,560,821	30,403,121	31,665,698	34,686,204
Car and truck expenses	n.a.	n.a.	13,378,289	n.a.	14,758,472	17,523,807
Rent paid	4,636,528	6,676,314	9,636,290	11,797,053	11,830,835	14,278,260
Repairs	2,444,607	3,044,175	5,031,573	6,006,403	n.a.	n.a.
Taxes paid	3,775,502	5,423,961	7,672,459	7,747,540	n.a.	n.a.
Utilities	n.a.	n.a.	4,790,337	n.a.	n.a.	n.a.
Insurance	2,309,608	3,503,812	6,003,126	6,448,494	n.a.	n.a.
Interest paid	1,784,276	3,390,845	7,190,257	10,143,489	9,925,746	11,025,276
Depreciation	5,451,525	7,958,143	13,952,703	19,121,559	22,069,530	23,900,034
Pension and profit sharing plans ...	72,741	125,296	141,463	136,359	122,915	258,070
Net income (less loss)	30,537,426	36,636,453	54,947,219	50,573,164	60,359,153	70,766,610
Net income, businesses w/profit	33,735,732	45,624,890	68,010,051	68,647,384	78,618,410	89,849,570
Net loss, businesses w/o profit	3,198,306	5,988,437	13,062,832	18,094,220	18,259,256	19,082,960

See notes following Table 13.

Table 5.—Partnership Returns: Selected Income Statement and Balance Sheet Items for Selected Years, 1970-1984
 [All figures are estimates based on samples—money amounts are in thousands of dollars]

Item	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
Total number of active partnerships ..	936,133	1,073,094	1,379,654	1,514,212	1,541,539	1,643,581
Number with net income	639,795	661,134	774,173	791,117	783,968	844,738
Number with balance sheets	555,741	783,271	1,194,236	1,217,386	1,190,696	1,201,320
Number of partners	3,697,818	4,950,634	8,419,899	9,764,667	10,589,338	12,426,721
Total assets ¹	116,752,751	235,468,301	597,503,923	845,281,449	886,992,767	1,030,848,519
Buildings/depreciable assets (net) ..	n.a.	113,124,969	239,139,823	310,846,376	485,402,717	581,643,219
Inventories, end of year	n.a.	11,985,431	33,218,272	100,728,688	n.a.	39,446,014
Land	n.a.	36,731,958	70,241,248	84,820,308	98,427,459	122,036,819
Total liabilities	n.a.	193,875,629	488,734,023	701,630,766	886,992,774	1,030,848,464
Accounts payable	n.a.	12,302,055	33,899,048	37,254,748	34,724,772	32,780,197
Short-term debt ²	n.a.	22,709,476	48,001,839	73,277,805	67,294,519	68,625,844
Long-term debt ³	n.a.	136,296,764	178,044,406	236,218,378	268,268,458	322,327,016
Nonrecourse loans	n.a.	n.a.	118,910,380	154,508,961	194,828,542	260,167,109
Partners' capital accounts	n.a.	41,592,672	108,769,900	143,650,646	141,839,683	175,475,922
Total receipts ⁴	93,348,080	148,417,529	291,998,115	296,690,303	291,318,703	375,192,511
Business receipts ⁴	90,208,834	142,505,781	271,108,832	251,608,987	243,248,370	318,342,380
Interest received	942,304	2,477,173	10,869,323	15,259,801	15,006,055	16,651,205
Total deductions ⁴	83,557,684	140,679,959	283,749,460	304,004,833	293,928,744	378,692,535
Cost of goods sold/operations	46,040,874	64,672,843	113,885,668	144,595,111	125,330,745	180,857,822
Purchases	31,820,581	42,608,734	70,439,607	96,111,197	n.a.	100,358,781
Cost of labor	4,146,927	4,585,836	7,015,547	7,183,865	n.a.	7,826,231
Salaries and wages ⁴	8,129,233	12,489,039	22,336,337	23,204,883	24,733,780	28,522,626
Taxes paid	3,159,258	5,770,918	9,553,145	5,288,971	5,909,545	6,673,186
Interest paid ⁴	4,470,206	12,097,100	28,362,385	21,517,044	22,364,264	25,437,588
Depreciation ⁴	4,578,820	10,108,834	21,576,189	32,361,640	37,340,062	46,939,395
Net income (less loss)	9,790,396	7,737,570	8,248,655	-7,314,587	-2,610,041	-3,500,024
Net income, businesses w/profit	14,419,124	22,431,931	45,061,756	53,556,856	60,308,114	69,696,922
Net loss, businesses w/o profit	4,628,728	14,694,361	36,813,100	60,871,442	62,918,155	73,196,946

See notes following Table 13.

Table 6. — Number of Business Income Tax Returns, by Size of Receipts and Assets, for Selected Years, 1970-1984
[All figures are estimates based on samples — number of businesses are in thousands]

Size of business	Number of businesses reporting					
	1970	1975	1980	1982	1983	1984
	(1)	(2)	(3)	(4)	(5)	(6)
CORPORATIONS						
Receipt size ¹						
Under \$25,000 ²	451.9	468.9	557.0	620.0	629.2	n.a.
\$25,000 - \$49,999	170.7	186.4	207.7	217.5	212.9	n.a.
\$50,000 - \$99,999	219.8	260.7	322.7	324.7	330.0	n.a.
\$100,000 - \$249,999	516.9	673.9	558.4	593.4	597.8	n.a.
\$250,000 - \$499,999			367.3	427.9	444.9	n.a.
\$500,000 - \$999,999			279.8	296.0	315.9	n.a.
\$1,000,000 or more	165.0	249.5	417.7	446.4	468.3	n.a.
Asset size						
Under \$100,000 ³	961.0	1,177.7	1,514.6	1,646.6	1,665.5	n.a.
\$100,000 - \$1 million	599.1	704.6	968.9	1,033.5	1,074.7	n.a.
\$1 million - \$10 million	87.0	116.4	191.8	206.5	218.3	n.a.
\$10 million - \$25 million	9.8	12.2	16.6	18.3	18.8	n.a.
\$25 million - \$50 million	3.9	5.6	7.8	8.9	8.9	n.a.
\$50 million - \$100 million	2.1	3.1	4.8	5.5	5.7	n.a.
\$100 million - \$250 million	1.4	2.1	3.2	3.5	3.6	n.a.
\$250 million and over	1.2	1.9	2.9	3.2	3.4	n.a.
PARTNERSHIPS						
Receipt size ¹						
Under \$25,000	501.7	549.7	638.0	758.8 ⁴	763.4 ⁴	801.6
\$25,000 - \$49,999	125.2	141.0	181.8	178.1	173.4	190.9
\$50,000 - \$99,999	119.6	133.7	183.6	190.6	203.7	205.6
\$100,000 - \$199,999	97.2	114.0	155.2	155.0	154.2	169.8
\$200,000 - \$499,999	65.2	90.6	135.6	137.8	143.7	156.7
\$500,000 - \$999,999	17.0	25.5	48.1	52.1	56.0	63.9
\$1,000,000 or more	10.3	18.6	37.4	41.9	46.4	55.1
Asset size ⁵						
Under \$25,000	635.7	611.0	541.9	r642.1	r711.1	773.8
\$25,000 - \$49,999	80.8	105.9	156.3	143.8	115.5	118.6
\$50,000 - \$99,999	73.5	106.8	180.2	186.9	164.6	170.5
\$100,000 - \$249,999	74.7	116.0	219.1	209.6	207.0	208.5
\$250,000 - \$499,999	33.8	56.9	117.9	132.2	131.2	129.0
\$500,000 - \$999,999	19.3	35.3	72.1	83.7	86.3	93.8
\$1,000,000 or more	18.3	41.2	92.2	115.9	125.8	149.4
NONFARM SOLE PROPRIETORSHIPS						
Receipt size						
Under \$2,500	1,894.3	2,299.9	2,783.1	2,882.0	2,908.5	2,988.9
\$2,500 under \$5,000	815.1	959.4	1,158.6	1,220.9	1,313.9	1,324.4
\$5,000 under \$10,000	891.5	1,041.7	1,262.9	1,361.4	1,452.3	1,482.4
\$10,000 under \$25,000	1,137.4	1,325.7	1,711.8	1,738.5	1,916.6	2,036.4
\$25,000 under \$50,000	746.4	849.5	1,079.1	1,117.1	1,187.0	1,261.3
\$50,000 under \$100,000	562.0	644.5	835.6	843.6	919.3	1,061.3
\$100,000 under 200,000	297.4	380.9	795.8	838.3	888.7	984.4
\$200,000 under \$500,000	122.3	209.2				
\$500,000 under \$1,000,000	20.8	35.3	73.9	68.1	82.9	86.1
\$1,000,000 or more	6.6	13.5	29.2	35.6	34.9	36.8

See notes following Table 13.

Table 7. —Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1983
 (All figures are estimates based on samples—money amounts are in thousands of dollars)

Items	1970	1975	1980	1981	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	1,665,477	2,023,647	2,710,538	2,812,420	2,925,933	2,999,071
Number with net income	1,008,337	1,226,208	1,596,632	1,597,298	1,608,363	1,676,288
Consolidated returns ¹	19,871	38,307	57,890	62,490	73,029	73,645
Small Business Corporation returns ^{1,2}	257,475	358,413	545,389	541,489	564,219	648,267
DISC returns ^{1,3}	N/A	6,431	8,665	9,408	9,663	9,898
Total assets	2,634,706,564	4,286,556,273	7,617,238,403	8,547,161,872	9,354,138,695	10,201,084,144
Cash	176,924,573	290,426,439	528,914,747	533,472,168	540,079,588	590,386,817
Notes and accounts receivable ..	614,667,367	1,051,542,806	1,984,601,790	2,239,832,960	2,420,475,398	2,677,367,962
Less: Allowance for bad debts	20,030,327	31,032,998	50,057,307	44,840,794	46,645,987	51,162,613
Inventories	190,401,642	317,718,545	534,806,547	588,219,956	581,241,455	599,445,162
Investments in Government obligations	196,625,390	316,131,699	472,059,737	514,837,697	605,513,662	685,146,228
Other current assets	73,058,482	145,101,716	310,177,160	320,511,852	436,507,859	433,594,597
Loans to stockholders	4,774,082	9,355,636	29,873,250	32,042,366	38,304,326	47,836,294
Mortgage and real estate loans	327,593,354	548,054,483	894,323,489	933,673,294	940,604,903	982,415,018
Other investments	401,389,022	626,266,074	1,213,986,210	1,388,244,142	1,604,730,616	1,798,295,351
Depreciable assets	868,908,018	1,276,564,500	2,107,027,914	2,352,655,342	2,583,060,326	2,730,371,698
Less: Accumulated depreciation	334,646,086	483,798,526	767,841,763	857,772,979	942,704,683	1,024,756,282
Depletable assets	18,517,264	38,511,396	71,901,490	84,098,891	94,149,731	107,958,232
Less: Accumulated depletion ..	6,774,796	14,501,561	19,569,556	21,816,569	29,442,570	32,682,172
Land	46,626,157	66,819,206	92,931,935	101,946,016	110,318,941	119,350,378
Intangible assets (amortizable)	12,818,168	12,823,183	45,480,694	55,131,152	81,178,989	87,852,590
Less: Accumulated amortization	5,984,184	4,491,990	18,393,037	20,451,969	24,869,273	25,062,592
Other assets	69,838,438	121,065,665	187,015,106	347,378,352	361,635,417	474,727,482
Total liabilities	2,634,706,564	4,286,556,273	7,617,238,403	8,547,161,872	9,354,138,695	10,201,084,144
Accounts payable	148,812,597	263,417,584	542,172,368	619,969,292	678,630,282	671,495,438
Mortgages, notes, and bonds payable in less than 1 year ..	170,884,261	272,123,551	504,802,288	585,947,678	667,060,956	759,536,076
Other current liabilities	892,218,397	1,577,425,991	2,706,796,360	2,859,839,215	3,220,099,515	3,513,512,199
Loans from stockholders	24,573,814	38,143,936	85,718,510	107,229,417	117,424,462	131,025,956
Mortgages, notes, and bonds payable in 1 year or more ...	362,700,303	586,703,526	986,663,932	1,058,070,877	1,224,277,725	1,323,209,421
Other liabilities	283,106,029	451,676,880	846,696,691	1,072,164,634	977,072,770	1,156,873,507
Capital stock	201,213,719	251,715,862	417,153,783	532,560,826	658,259,634	787,278,549
Paid-in or capital surplus	196,642,421	298,534,854	532,039,407	670,619,223	782,269,156	873,620,667
Retained earnings, appropriated	16,657,051	29,955,676	41,461,644	45,939,734	54,727,615	52,538,370
Retained earnings, unappropriated	349,225,750	537,631,026	1,027,902,049	1,124,012,345	1,173,094,293	1,221,793,087
Less: Cost of treasury stock ..	11,327,778	20,772,613	74,168,627	129,191,347	198,777,714	289,799,122
Total receipts	1,750,776,503	3,198,627,860	6,361,284,012	7,026,351,839	7,024,097,766	7,135,494,059
Business receipts	1,620,886,576	2,961,729,640	5,731,616,337	6,244,678,064	6,156,994,009	6,334,602,711
Interest on State and local Government obligations	3,775,917	6,711,606	12,620,876	13,881,460	14,124,877	16,667,263
Other interest	67,794,508	136,587,304	354,243,674	479,556,286	515,628,874	496,648,009
Dividends received from domestic corporations	5,238,421	8,818,282	18,654,800	17,442,112	18,155,559	19,696,776
Dividends received from foreign corporations	3,466,515	5,467,726	14,563,353	13,790,320	13,950,908	13,892,070
Rents	13,938,502	21,765,130	41,371,141	53,805,764	69,614,109	69,580,411
Royalties	2,586,387	5,167,141	12,450,250	13,716,872	13,437,404	13,876,095
Net short-term capital gain reduced by net long-term capital loss	190,439	301,601	2,013,510	2,178,572	2,882,207	5,048,854
Net long-term capital gain reduced by net short-term capital loss	5,481,580	8,364,523	24,910,957	29,064,630	26,318,184	33,924,549
Net gain, noncapital assets ...	5,315,562	7,757,287	20,117,615	16,639,271	20,992,023	26,134,711
Other receipts	22,102,096	35,957,620	128,721,498	141,598,493	171,999,616	105,422,613

Table 7. (Continued)—Corporation Income Tax Returns: Balance Sheet, Income Statement, and Tax Items for Selected Years, 1970-1983

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

Items	1970	1975	1980	1981	1982	1983
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions	1,682,778,847	3,052,674,597	6,125,365,155	6,813,841,356	r6,869,226,020	6,945,457,358
Cost of sales and operations ..	1,146,263,273	2,129,928,467	4,204,905,905	4,509,198,199	4,270,850,310	4,308,238,989
Compensation of officers	32,846,381	57,832,552	108,973,751	120,324,784	129,481,025	141,193,212
Repairs	13,986,819	23,422,171	42,407,967	70,289,424	72,524,061	74,652,495
Bad debts	6,479,814	13,781,147	18,769,771	22,286,815	r26,639,271	30,543,184
Rent paid on business property	23,842,355	40,769,829	71,990,832	82,412,276	94,917,540	104,717,965
Taxes paid	49,523,243	81,530,302	163,003,622	170,470,926	165,888,353	173,420,116
Interest paid	62,055,010	129,307,921	344,612,542	476,964,684	515,032,667	475,060,444
Contributions or gifts	797,029	1,202,130	2,358,554	2,514,425	2,906,476	3,626,605
Amortization	745,005	717,398	1,374,658	4,712,864	r3,774,896	4,309,952
Depreciation	52,941,266	86,295,664	157,345,828	166,195,048	213,179,160	241,491,819
Depletion	5,623,339	5,341,489	8,871,993	7,929,396	7,021,176	7,574,216
Advertising	18,089,097	26,605,786	52,266,004	60,094,601	64,987,632	72,393,870
Pension, profit-sharing, stock bonus, and annuity plans	12,225,912	26,526,129	51,529,310	52,952,583	54,232,011	54,355,062
Employee benefit programs	7,398,283	15,690,563	40,179,104	45,795,892	51,838,884	59,115,141
Net loss, noncapital assets ..	1,289,305	1,804,079	5,903,104	7,943,607	10,367,020	7,615,697
Other deductions	248,672,716	411,918,970	850,872,216	993,755,841	1,185,585,538	1,187,148,601
Total receipts less total deductions	67,997,656	145,953,263	235,918,858	212,510,484	r154,768,854	190,036,702
Constructive taxable income from related foreign corporations ..	1,679,875	3,395,169	15,708,560	15,019,938	13,628,716	14,944,490
Net income (less deficit)	65,901,614	142,636,826	239,006,542	213,648,962	r154,272,693	188,313,928
Net income	83,710,924	169,483,336	296,787,201	301,440,778	r274,291,492	296,932,146
Deficit	17,809,310	26,846,510	57,780,659	87,797,816	120,018,799	108,618,218
Income subject to tax	72,374,437	146,589,287	246,598,486	241,496,368	205,175,407	218,686,396
Income tax, total	33,293,018	66,144,308	105,142,436	102,257,851	86,766,154	92,218,567
Regular and alternative tax ...	32,949,937	65,769,822	103,831,172	100,644,417	85,077,493	90,461,858
Tax from recomputing prior-year investment credit	77,832	217,138	867,571	1,083,547	1,181,074	1,175,071
Tax from recomputing prior-year work incentive (WIN) credit	N/A	608	4,873	N/A	N/A	N/A
Additional tax for tax preferences	265,249	156,740	438,820	524,851	478,457	561,505
Foreign tax credit	4,548,986	19,987,724	r24,879,737	21,828,686	r18,932,390	19,951,165
U.S. possessions tax credit	N/A	N/A	1,565,681	1,945,637	2,026,980	1,583,007
Investment credit	865,954	6,459,746	15,102,812	18,887,286	17,342,890	16,145,173
Work incentive (WIN) credit	N/A	5,321	36,483	38,223	29,020	N/A
Jobs credit	N/A	N/A	601,444	472,895	r321,863	449,224
Nonconventional source fuel credit	N/A	N/A	2	*622	6,787	33,012
Alcohol fuel credit	N/A	N/A	4	*480	600	7,178
Research activities credit	N/A	N/A	N/A	639,302	839,220	1,277,474
Employees stock ownership credit	N/A	N/A	N/A	N/A	14,450	909,880
Orphan drug credit	N/A	N/A	N/A	N/A	N/A	*236
Distributions to stockholders:						
Cash and property except in own stock	32,012,677	45,224,392	97,378,617	120,295,338	r131,499,537	128,298,545
Corporation's own stock	1,922,810	2,066,559	3,525,549	3,634,323	3,642,024	4,810,283

See notes following Table 13.

Table 8. — Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Years, 1970-1983
[All figures are estimates based on samples — money amounts are in thousands of dollars]

Industrial division and items	1970	1975	1980	1981	1982 ¹	1983
	(1)	(2)	(3)	(4)	(5)	(6)
AGRICULTURE, FORESTRY AND FISHING						
Number of returns, total	37,283	56,280	80,883	85,370	91,320	92,125
Number with net income	19,843	33,328	43,827	44,948	47,858	47,636
Total assets	11,909,403	21,177,941	40,738,977	46,081,067	50,409,537	50,292,891
Total liabilities	7,897,335	14,332,992	29,278,042	32,492,648	36,289,615	36,733,559
Total receipts	14,277,707	28,118,514	52,089,915	65,061,959	65,356,911	59,208,642
Business receipts	13,591,763	26,624,149	48,850,056	60,907,045	60,643,550	55,114,507
Interest received	69,742	171,732	476,654	751,553	758,699	580,504
Total deductions	14,209,713	27,369,286	51,418,280	64,735,599	65,442,003	59,386,796
Cost of sales and operations	10,555,539	19,738,447	35,798,332	45,552,234	43,222,379	38,308,491
Interest paid	356,225	797,420	2,184,441	2,738,463	3,048,844	2,866,689
Net income (less deficit)	65,295	746,908	673,158	328,308	-86,418	-196,528
Net income, businesses w/profit ..	493,400	1,493,168	2,464,381	2,551,988	2,528,479	2,499,829
Deficit, businesses w/o profit ...	428,105	746,260	1,791,222	2,223,679	2,614,897	2,696,357
Income tax before credits	113,115	351,059	533,768	543,280	490,228	430,119
Total income tax after credits ²	107,023	294,584	422,356	414,448	375,422	313,537
Distributions to stockholders except in own stock	65,824	244,524	304,733	512,027	409,070	172,301
MINING						
Number of returns, total	14,465	14,242	25,576	33,363	36,676	37,066
Number with net income	7,303	8,297	12,698	17,634	15,950	15,526
Total assets	23,972,812	64,505,341	126,947,880	168,908,241	192,380,473	194,417,434
Total liabilities	10,590,991	31,739,651	72,879,732	98,442,207	112,503,993	108,814,978
Total receipts	17,747,750	65,909,994	176,672,390	200,194,751	203,098,557	132,419,750
Business receipts	16,699,586	63,670,496	167,397,918	189,552,446	191,152,749	122,510,903
Interest received	176,728	522,757	1,301,266	2,432,908	2,695,216	2,474,270
Total deductions	15,927,348	42,348,765	169,051,624	195,021,576	203,045,736	134,305,739
Cost of sales and operations	9,955,600	30,171,612	116,989,880	150,193,394	151,521,066	85,540,564
Interest paid	388,032	1,166,182	3,440,080	6,051,461	7,623,777	6,763,864
Net income (less deficit)	1,834,315	23,574,833	7,750,561	5,620,746	543,578	-1,586,098
Net income, businesses w/profit ..	2,399,507	24,347,893	10,133,685	10,611,609	8,429,100	5,929,343
Deficit, businesses w/o profit ...	565,192	773,060	2,383,124	4,990,863	7,885,522	7,515,441
Income tax before credits	1,031,550	11,361,037	3,947,569	4,119,612	3,203,406	2,100,692
Total income tax after credits ²	342,928	1,051,138	1,674,566	1,685,491	1,282,044	722,353
Distributions to stockholders except in own stock	1,177,550	1,015,895	4,757,780	3,278,771	3,926,230	2,710,318
CONSTRUCTION						
Number of returns, total	138,905	191,219	272,432	276,395	282,345	283,519
Number with net income	82,078	108,852	150,368	145,206	138,783	150,138
Total assets	42,719,792	76,691,947	132,939,026	150,764,144	153,085,046	161,365,795
Total liabilities	30,900,188	57,662,870	100,112,852	113,695,252	114,150,550	119,825,113
Total receipts	90,610,644	146,955,117	267,205,356	280,172,375	281,747,868	290,798,843
Business receipts	88,945,385	143,412,715	260,387,692	270,543,236	271,633,721	280,896,210
Interest received	219,698	614,583	2,073,650	3,122,737	3,137,599	2,579,301
Total deductions	89,070,022	144,717,309	262,116,275	276,744,601	279,555,128	288,574,577
Cost of sales and operations	73,434,969	116,845,554	208,064,925	214,612,975	212,698,363	221,189,268
Interest paid	711,496	1,973,244	4,278,502	5,318,285	5,455,056	4,861,075
Net income (less deficit)	1,538,418	2,236,262	5,271,209	3,455,058	2,323,952	2,265,564
Net income, businesses w/profit ..	2,548,013	4,514,864	8,911,143	8,295,947	8,106,061	7,990,419
Deficit, businesses w/o profit ...	1,009,595	2,278,602	3,639,934	4,840,889	5,782,109	5,724,855
Income tax before credits	776,979	1,320,196	2,521,507	2,316,708	2,069,718	1,859,927
Total income tax after credits ²	756,637	1,131,960	1,973,659	1,868,113	1,578,330	1,393,042
Distributions to stockholders except in own stock	299,204	464,553	793,764	889,557	916,690	846,579
MANUFACTURING						
Number of returns, total	197,807	217,354	242,550	251,294	259,106	261,927
Number with net income	120,814	136,839	153,640	149,964	146,415	152,304
Total assets	612,912,516	944,581,970	1,709,471,700	1,933,710,383	2,060,710,683	2,232,987,922
Total liabilities	303,989,223	501,994,296	960,284,926	1,085,493,079	1,163,839,539	1,279,879,180
Total receipts	722,952,890	1,296,359,650	2,404,323,844	2,613,512,581	2,488,331,915	2,552,830,718
Business receipts	700,090,661	1,258,338,650	2,301,056,550	2,487,695,859	2,357,973,059	2,418,344,305
Interest received	4,748,499	8,691,092	28,315,784	38,848,407	38,134,480	37,677,719
Total deductions	692,455,462	1,230,689,496	2,290,593,808	2,509,134,569	2,423,254,936	2,469,257,725
Cost of sales and operations	495,879,549	925,111,030	1,707,143,900	1,822,985,043	1,660,537,002	1,678,378,729
Interest paid	12,570,242	22,055,903	54,177,356	73,084,336	79,322,435	73,973,082
Net income (less deficit)	31,846,078	68,406,627	125,667,815	116,775,393	75,791,264	95,330,965
Net income, businesses w/profit ..	37,925,489	74,466,554	141,547,510	138,215,539	108,170,744	124,417,490
Deficit, businesses w/o profit ...	6,079,411	6,059,927	15,879,695	21,440,146	32,379,481	29,086,525
Income tax before credits	16,744,905	32,306,739	59,577,413	58,820,480	45,015,096	50,950,876
Total income tax after credits ²	13,242,226	21,024,964	32,729,629	30,115,496	26,631,933	24,960,640
Distributions to stockholders except in own stock	14,616,282	19,973,061	37,306,509	41,434,134	43,912,134	43,295,901

Table 8. (Continued) — Corporation Income Tax Returns: Selected Balance Sheet, Income Statement, and Tax Items by Industrial Division for Selected Years, 1970-1983**[All figures are estimates based on samples — money amounts are in thousands of dollars]**

Industrial division and items	1970	1975	1980	1981	1982 ¹	1983
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns, total	67,398	80,701	111,324	109,127	115,470	122,567
Number with net income	38,204	45,360	62,232	56,480	59,793	61,588
Total assets	287,740,207	443,236,797	758,364,400	837,300,816	919,861,069	998,870,785
Total liabilities	166,535,185	266,792,390	467,708,707	516,438,230	566,980,444	604,586,653
Total receipts	135,495,271	243,480,637	523,807,396	598,507,994	632,294,442	657,421,487
Business receipts	131,463,171	234,689,427	507,372,820	575,602,089	606,039,657	627,836,585
Interest received	930,266	1,520,913	5,760,072	8,048,746	9,138,892	9,425,382
Total deductions	127,931,131	233,409,166	503,954,285	579,172,068	614,397,320	638,194,372
Cost of sales and operations ...	77,743,359	143,932,463	336,868,172	358,354,512	338,796,961	339,191,696
Interest paid	7,364,200	13,761,062	27,638,591	34,085,384	36,839,460	36,787,550
Net income (less deficit).....	7,543,718	10,099,571	20,046,155	19,573,717	18,335,959	19,492,314
Net income, businesses w/profit..	9,471,595	12,088,189	24,917,293	25,739,287	27,378,633	28,040,349
Deficit, businesses w/o profit..	1,927,877	1,988,618	4,871,138	6,165,570	9,042,673	8,548,036
Income tax before credits	4,342,334	5,107,158	10,532,722	10,481,203	11,356,073	11,621,625
Total income tax after credits ² ...	4,036,650	2,836,470	5,322,655	5,065,529	4,925,936	5,429,973
Distributions to stockholders except in own stock	5,837,565	8,900,353	17,329,807	19,622,705	21,438,500	24,540,824
WHOLESALE AND RETAIL TRADE						
Number of returns, total	518,062	614,632	799,628	816,836	839,547	851,785
Number with net income	339,987	399,668	487,300	476,877	468,108	492,057
Total assets	192,181,800	323,496,726	646,901,005	708,060,408	753,351,132	804,242,963
Total liabilities	115,179,668	200,846,992	424,611,318	472,256,895	501,934,034	539,020,572
Total receipts	522,547,923	969,938,872	1,955,523,778	2,039,628,384	2,017,701,364	2,119,444,862
Business receipts	511,316,883	951,463,550	1,919,347,689	1,997,262,710	1,972,305,356	2,071,264,407
Interest received	1,291,906	3,857,318	10,503,989	14,319,277	14,373,589	14,522,800
Total deductions	512,910,193	947,511,780	1,919,454,218	2,006,891,471	1,989,739,286	2,084,482,953
Cost of sales and operations ...	392,391,856	745,299,204	1,538,128,634	1,594,256,679	1,556,263,179	1,626,952,423
Interest paid	4,309,663	8,587,173	25,645,855	30,997,865	30,429,310	27,598,584
Net income (less deficit).....	9,671,044	22,489,430	38,309,671	33,320,403	28,442,678	35,292,870
Net income, businesses w/profit..	12,395,411	27,681,721	49,426,500	47,657,374	45,747,936	50,844,081
Deficit, businesses w/o profit..	2,724,367	5,192,291	11,116,829	14,336,971	17,305,258	15,551,210
Income tax before credits	4,476,047	8,103,316	13,515,653	12,329,212	11,372,087	12,910,870
Total income tax after credits ² ...	4,237,181	7,348,619	10,552,250	10,282,598	9,422,188	10,653,391
Distributions to stockholders except in own stock	2,068,501	5,029,897	10,343,087	10,034,841	12,069,015	12,722,120
FINANCE, INSURANCE AND REAL ESTATE						
Number of returns, total	406,235	411,846	493,426	469,795	461,630	479,656
Number with net income	248,586	243,409	273,853	258,622	252,689	269,267
Total assets	1,401,153,520	2,321,965,956	4,022,206,073	4,486,191,441	4,987,466,401	5,487,225,439
Total liabilities	1,204,673,072	2,052,195,429	3,491,664,756	3,830,001,863	4,220,527,191	4,670,418,974
Total receipts	177,321,173	315,795,981	697,460,846	877,808,946	949,867,877	902,822,472
Business receipts	92,091,887	157,126,715	256,892,475	330,631,846	337,493,098	362,627,365
Interest received	63,694,046	127,040,303	315,146,115	421,159,015	456,333,537	439,387,426
Total deductions	161,630,060	297,963,817	652,637,787	838,764,803	915,164,762	856,678,689
Cost of sales and operations ...	48,434,362	84,614,209	129,644,330	162,447,596	169,435,694	172,818,057
Interest paid	34,548,509	77,677,659	219,167,684	314,128,780	340,960,344	310,356,963
Net income (less deficit).....	12,214,079	11,663,330	33,122,792	26,346,494	21,804,088	31,714,771
Net income, businesses w/profit..	15,081,939	18,825,003	46,040,390	53,018,005	57,745,075	601,135,503
Deficit, businesses w/o profit..	2,867,860	7,161,673	12,917,599	26,671,510	35,940,986	28,398,732
Income tax before credits	4,404,449	5,558,647	9,680,755	7,968,422	7,643,631	8,540,701
Total income tax after credits ² ...	4,150,009	4,673,705	7,699,628	6,037,489	5,497,808	5,696,723
Distributions to stockholders except in own stock	7,387,211	8,729,977	24,692,146	41,998,295	46,504,963	41,592,101
SERVICES						
Number of returns, total	281,218	435,672	671,338	752,813	819,706	848,394
Number with net income	150,525	249,641	408,716	441,100	472,799	481,888
Total assets	61,875,140	90,534,067	178,163,737	213,724,531	237,876,895	269,797,251
Total liabilities	42,346,078	63,678,693	125,298,224	152,673,683	170,091,510	195,086,592
Total receipts	69,572,626	131,377,364	279,883,187	346,846,723	380,767,394	416,462,427
Business receipts	66,459,515	125,747,462	266,088,619	328,053,889	355,090,610	392,064,594
Interest received	435,070	875,506	3,269,412	4,696,008	5,120,807	4,596,725
Total deductions	68,384,452	127,996,443	271,792,974	338,790,049	373,717,841	410,486,562
Cost of sales and operations ...	37,733,747	63,724,869	129,352,692	157,886,393	135,273,962	143,277,759
Interest paid	1,802,802	3,279,438	8,033,612	10,472,892	11,265,412	11,798,141
Net income (less deficit).....	1,198,703	3,396,744	8,193,903	8,197,916	7,199,258	6,002,928
Net income, businesses w/profit..	3,384,869	6,025,592	13,246,601	15,182,552	16,061,222	16,959,225
Deficit, businesses w/o profit..	2,186,166	2,628,848	5,052,698	6,984,635	8,861,964	10,956,298
Income tax before credits	1,058,264	1,625,093	3,497,265	4,029,725	3,885,618	3,779,735
Total income tax after credits ² ...	1,003,130	1,323,637	2,617,889	2,943,149	2,613,020	2,673,706
Distributions to stockholders except in own stock	558,452	855,402	1,841,945	2,491,324	3,269,285	2,407,362

See notes following Table 13.

Table 9.—Gross Internal Revenue Collections: Amount Collected by Quarter and Fiscal Year, 1982-1986
 [Money amounts are in millions of dollars]

Quarter and fiscal year	Amount collected by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1982 TOTAL	632,241	352,609	65,991	36,779	168,718	8,143
October 1981 - December 1981	137,570	71,526	15,898	10,577	37,654	1,915
January 1982 - March 1982	154,128	85,930	14,722	9,426	41,751	2,299
April 1982 - June 1982	196,506	113,852	23,115	8,389	49,165	1,986
July 1982 - September 1982	144,036	81,301	12,256	8,387	40,148	1,943
FISCAL YEAR 1983 TOTAL	627,247	349,628	61,780	35,766	173,848	6,226
October 1982 - December 1982	132,205	70,312	13,404	8,498	38,404	1,588
January 1983 - March 1983	150,019	86,853	11,494	8,222	41,930	1,519
April 1983 - June 1983	194,431	111,721	22,027	8,947	50,219	1,516
July 1983 - September 1983	150,591	80,742	14,855	10,097	43,294	1,602
FISCAL YEAR 1984 TOTAL	680,475	362,892	74,179	38,017	199,210	6,177
October 1983 - December 1983	141,849	73,379	16,208	9,654	41,132	1,476
January 1984 - March 1984	164,681	89,316	14,337	8,862	50,545	1,622
April 1984 - June 1984	208,814	114,525	25,990	9,680	57,061	1,558
July 1984 - September 1984	165,131	85,672	17,644	9,822	50,472	1,521
FISCAL YEAR 1985 TOTAL	742,871	396,659	77,413	37,005	225,214	6,580
October 1984 - December 1984	155,919	79,775	17,546	9,732	47,286	1,580
January 1985 - March 1985	176,324	89,325	17,350	8,650	59,352	1,647
April 1985 - June 1985	233,946	136,141	24,843	9,013	62,313	1,636
July 1985 - September 1985	176,682	91,418	17,674	9,610	56,263	1,717
FISCAL YEAR 1986						
October 1985 - December 1985	167,836	86,608	18,854	9,321	51,354	1,699
January 1986 - March 1986	186,178	97,804	16,243	8,175	62,309	1,647
April 1986 - June 1986	240,680	134,129	25,703	8,191	70,687	1,970

See notes following Table 13.

Table 10.—Internal Revenue Refunds: Amounts Refunded by Quarter and Fiscal Year, 1982-1986
 [Money amounts are in millions of dollars]

Quarter and fiscal year	Amount refunded by type of return					
	Total	Individual income taxes ¹	Corporation income taxes ²	Excise taxes ³	Employment taxes ⁴	Estate and gift taxes
	(1)	(2)	(3)	(4)	(5)	(6)
FISCAL YEAR 1982 TOTAL	75,202	55,102	17,974	367	1,578	181
October 1981 - December 1981	5,530	1,347	3,920	42	185	37
January 1982 - March 1982	24,024	19,338	4,197	76	377	36
April 1982 - June 1982	35,793	30,481	4,298	163	796	54
July 1982 - September 1982	9,855	3,936	5,559	86	220	53
FISCAL YEAR 1983 TOTAL	89,761	61,198	26,012	493	1,849	208
October 1982 - December 1982	9,411	1,875	7,030	58	397	52
January 1983 - March 1983	23,928	16,548	6,838	108	372	62
April 1983 - June 1983	46,715	38,341	7,421	194	721	38
July 1983 - September 1983	9,705	4,434	4,723	133	359	56
FISCAL YEAR 1984 TOTAL	85,872	64,629	17,889	657	2,486	211
October 1983 - December 1983	7,201	2,064	4,548	195	325	69
January 1984 - March 1984	25,285	19,613	4,850	129	646	47
April 1984 - June 1984	44,859	38,161	5,452	230	968	47
July 1984 - September 1984	8,527	4,790	3,039	103	547	48
FISCAL YEAR 1985 TOTAL	86,320	66,908	16,725	892	1,605	190
October 1984 - December 1984	6,729	2,246	4,177	122	138	46
January 1985 - March 1985	17,664	12,808	4,286	91	439	40
April 1985 - June 1985	52,376	46,370	4,701	556	702	47
July 1985 - September 1985	9,551	5,484	3,561	123	326	57
FISCAL YEAR 1986						
October 1985 - December 1985	7,948	3,003	4,268	128	488	61
January 1986 - March 1986	25,895	19,950	4,997	320	577	51
April 1986 - June 1986	50,200	44,375	5,058	232	435	100

See notes following Table 13.

Table 11.—Classes of Excise Taxes by Selected Fiscal Year, 1970-1986
 [Money amounts are in thousands of dollars]

Selected class of tax	Taxes collected by fiscal year					
	1970	1975	1980	1983	1984	1985
	(1)	(2)	(3)	(4)	(5)	(6)
ALCOHOL TAXES, TOTAL	4,746,382	5,350,858	5,704,768	5,634,853	5,402,467	5,398,100
Distilled spirits	3,501,538	3,865,162	3,945,377	3,798,148	3,566,482	3,520,697
Wine	163,337	177,113	211,538	239,329	319,920	305,966
Beer	1,081,507	1,308,583	1,547,853	1,597,375	1,516,064	1,571,436
TOBACCO TAXES, TOTAL	2,094,212	2,315,090	2,446,416	4,139,810	4,663,610	4,483,193
Cigarettes	2,036,101	2,261,116	2,402,857	4,099,226	4,623,288	4,448,916
Cigars	56,834	51,226	39,500	33,716	30,372	24,294
MANUFACTURERS EXCISE TAXES, TOTAL ..	6,683,061	5,516,611	6,487,421	6,776,023	r10,107,930	10,020,574
Gasoline and lubricating oil ¹	3,517,586	4,071,465	4,326,549	4,953,267	9,020,413	9,062,630
Tires, tubes and tread rubber ² ...	614,795	697,660	682,624	677,966	423,315	242,923
Motor vehicles, bodies, parts ³ ...	1,753,327	662,556	1,088,696	516,872	-14,777	N/A
Recreational products	53,427	84,946	136,521	132,672	132,448	166,666
Black Lung taxes	N/A	N/A	251,288	490,731	525,422	548,356
SPECIAL FUELS, AND RETAILERS TAXES, TOTAL ⁴	257,820	404,187	560,144	831,196	r2,579,747	3,802,608
Diesel and special motor fuels ...	257,712	370,489	512,718	742,380	1,571,437	2,430,165
Trucks and buses	N/A	N/A	N/A	N/A	932,645	1,289,750
MISCELLANEOUS EXCISE TAXES, TOTAL ..	2,084,730	3,306,077	6,359,198	19,228,685	r13,319,322	11,044,833
Telephone and teletype ⁵	1,469,562	2,023,744	1,117,834	1,048,317	2,034,965	2,307,607
Air transportation	250,802	850,567	1,748,837	1,898,786	2,456,712	2,589,818
Highway use tax	135,086	207,663	263,272	287,457	175,054	456,143
Foreign insurance ⁶	8,614	19,458	74,630	-44,440	56,037	73,494
Exempt organization net investment income	N/A	63,828	65,280	112,380	146,806	136,153
Crude oil windfall profit	N/A	N/A	3,051,719	15,660,081	8,120,274	5,073,159
Environmental taxes (Superfund) ..	N/A	N/A	N/A	235,954	275,389	272,957

Selected class of tax	Fiscal year quarter ending					
	Mar. 1985	June 1985	Sept. 1985	Dec. 1985	Mar. 1986	June 1986 (Preliminary)
	(7)	(8)	(9)	(10)	(11)	(12)
ALCOHOL TAXES, TOTAL	1,239,795	1,238,983	1,620,598	1,115,975	1,567,328	1,569,703
Distilled spirits	859,709	752,229	1,020,068	776,644	1,048,523	1,012,792
Wine	60,328	58,927	81,341	77,478	138,732	88,688
Beer	319,758	427,826	519,189	261,853	380,073	468,224
TOBACCO TAXES, TOTAL	1,601,544	914,703	1,239,589	816,606	1,246,160	1,165,802
Cigarettes	1,593,363	907,627	1,228,581	810,418	1,237,089	1,154,727
Cigars	5,683	4,261	8,966	3,651	7,315	8,844
MANUFACTURERS EXCISE TAXES, TOTAL ..	2,547,693	2,651,955	2,299,302	2,148,292	2,525,371	2,850,438
Gasoline and lubricating oil ¹	2,321,565	2,389,356	2,050,740	1,890,306	2,275,074	2,605,913
Tires, tubes and tread rubber ² ...	51,885	64,634	74,666	76,050	74,557	60,246
Motor vehicles, bodies, parts ³ ...	-236 ⁷	3,744	N/A	N/A	N/A	N/A
Recreational products	23,944	56,960	41,750	46,855	41,697	42,455
Black Lung taxes	138,546	125,087	132,146	135,080	134,042	141,825
SPECIAL FUELS AND RETAILERS TAXES, TOTAL ⁴	r915,536	1,001,597	1,007,787	931,944	979,041	906,929
Diesel and special motor fuels ...	583,945	631,603	666,130	642,800	650,678	666,448
Trucks and buses, chassis, bodies, etc.	312,982	340,502	317,985	268,615	309,123	222,441
MISCELLANEOUS EXCISE TAXES, TOTAL ..	r1,838,961	2,751,198	3,747,992	4,557,274	4,622,109	3,565,175
Telephone and teletype ⁵	530,468	649,170	606,749	556,278	633,066	590,082
Air transportation	640,055	683,413	618,678	717,665	665,993	623,037
Highway use tax	49,293	78,167	225,423	53,447	135,774	99,743
Foreign insurance ⁶	14,958	20,462	19,197	21,075	29,059	64,354
Exempt organization net investment income	11,537	58,396	51,566	26,073	55,476	71,659
Crude oil windfall profit	498,450	1,189,069	2,096,218	3,079,427	3,062,418	2,035,442
Environmental taxes (Superfund) ..	65,902	65,458	71,182	68,538	n.a.	n.a.

See notes following Table 13.

Table 12. —Selected Returns and Forms Filed During Selected Calendar Years, 1970-1987

Type of return or form	Calendar Year						
	Number Filed						1987 Projected (Preliminary)
	1970	1975	1980	1984	1985	1986	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Individual income	77,281,384	84,026,785	93,196,076	96,651,754	99,704,246	102,652,000	105,679,000
Form 1040	77,143,251 ¹	61,450,279	55,360,030	61,185,893	64,010,068	66,398,000	68,682,000
Nonbusiness	68,129,351 ¹	51,377,153	43,957,141	47,411,432	49,873,300	51,905,000	53,724,000
Business	9,013,900	10,073,126	11,402,889	13,774,461	14,136,768	14,492,000	14,959,000
Schedule C	6,351,304	7,438,968	8,944,298	11,326,739	11,767,348	12,115,000	12,566,000
Schedule F	2,662,596	2,634,158	2,458,591	2,447,722	2,369,420	2,377,000	2,393,000
Form 1040A	(1)	22,462,776	37,692,282	19,590,110	18,779,084	18,919,100	19,320,000
Form 1040EZ	N/A	N/A	N/A	15,720,860	16,739,767	17,182,200	17,524,100
Other ²	138,133	113,730	143,764	154,891	175,327	153,000	153,000
Corporation income	1,758,600	2,132,758	2,675,704	3,166,715	3,437,249	3,577,000	3,698,000
Forms 1120, L, and M.....	1,487,244	1,762,920	2,115,542	2,453,162	2,432,265	2,524,000	2,599,000
Form 1120A	N/A	N/A	N/A	N/A	199,665	207,000	213,000
Form 1120S	248,936	367,219	528,070	653,640	736,945	769,000	802,000
Other ³	1,414	2,619	32,092	59,913	68,374	76,000	84,000
Partnership, Form 1065	991,904	1,132,839	1,401,567	1,675,605	1,755,339	1,807,000	1,870,000
Fiduciary, Form 1041	1,149,445 ⁴	1,558,570	1,876,392	2,012,954	2,124,969	2,161,000	2,220,000
Estate Tax, Forms 706 and 706NA	141,156	225,827	147,303	81,334	80,768	68,000	50,000
Gift Tax, Form 709	146,338	273,184	214,789	88,991	97,720	101,000	114,000
Exempt Organization	387,469	403,809	442,607	399,987	454,097	474,000	491,000
Form 990	377,030 ⁵	346,627	362,632	319,859	365,506	381,000	395,000
Form 990-PF	N/A	29,637	33,137	29,107	32,005	34,000	34,000
Form 990-T	5,046	19,683	23,455	25,115	26,181	28,000	29,000
Forms 990C, 4720, and 5227	5,393	7,862	23,383	25,906	30,405	32,000	33,000

See notes on following Table 13.

Table 13. —Taxpayers Receiving Assistance, Paid and Unpaid, by Tax Year of Return, 1982-1985
[Some estimates are based on samples—all data are in thousands]

Type of assistance	Tax Year		
	1983	1984 ¹	1985 ¹
	(1)	(2)	(3)
Returns with paid preparer signature ² :			
All returns	43,258	45,220	46,903
1040EZ	694	728	744
1040A	5,144	4,470	4,409
1040, total	37,421	40,022	41,750
1040 Business, total	9,563	10,081	10,195
Nonfarm	7,764	8,288	8,435
Farm	1,800	1,793	1,760
1040 Nonbusiness, total	27,858	29,941	31,555
With itemized deductions	16,475	17,866	19,400
Without itemized deductions	11,383	12,075	12,155
Assistance provided by IRS ³ :			
Telephone inquiries	42,212	41,904	38,195
Recorded telephone information	3,406	8,307	7,850
Office walk-ins, information	8,963	8,144	8,114
Written inquiries	163	160	241
Special programs:			
Community classes and seminars (taxpayers assisted)	313	400	374
Volunteer Income Tax Assistance (VITA) (returns prepared)	285	295	302
Tax Counseling for the Elderly (returns prepared)	185	199	333

See notes on following page.

General notations

N/A - Not applicable

n.a. - Not available

p - Preliminary

r - Revised

Table 1

- [1] Includes total itemized deductions, charitable contributions for nonitemizers, and zero bracket amounts on nonitemized returns.
- [2] Includes surcharge of \$2,018,078,000.
- [3] Includes credits not shown separately below.
- [4] For Tax Year 1983, the alternative minimum tax was revised and the minimum tax was abolished. The revised alternative minimum tax starting with 1983 covered many of the tax preference items that had previously been subject to the minimum tax. Also, the alternative minimum tax rate was increased. (For 1983 and 1984, data on the former minimum tax could be reported on prior-year returns processed during the current-year filing period).

SOURCE: Statistics of Income--Individual Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 2

- [1] Includes exemptions for age and blindness.
- [2] Totals in Table 2 do not agree with Tables 1 and 3 because they were obtained from a different source. For purposes of Table 2:
- Number of returns by state include, in addition to Forms 1040, 1040A and 1040EZ filed by U.S. citizens and residents, Forms 1040NR filed by nonresident aliens, as well as self-employment tax returns used in Puerto Rico and certain U.S. territories and possessions.
 - "Total tax" liability includes total income tax plus tax from recomputing prior-year investment credit, tax applicable to Individual Retirement Arrangements (IRA's), self-employment

tax, social security tax on tip income, and certain other income-related taxes. Total tax is before reduction by earned income credit (see also footnote (c), below).

- c. Earned income credit, available to certain low-income workers, could result in a refund (1) if there was no "total tax" (as defined in footnote (b), above), in which case the full amount was refundable, or (2) if the credit exceeded "total tax," in which case the excess was refundable. The difference between columns 19 and 21 is the refundable portion.

Total tax (column 16) minus earned income credit (column 21) is the amount most comparable to total tax in Tables 1 and 3. The total tax which results from this subtraction differs from Tables 1 and 3 because it includes additional taxes (see footnote (b), above) and because earned income credit used to offset tax (column 21) also includes amounts offset against these additional taxes.

- [3] Includes, for example, returns filed from Army Post Office and Fleet Post Office addresses by servicemen and women stationed overseas; returns filed by other U.S. citizens abroad; and returns filed by residents of Puerto Rico with income from sources outside Puerto Rico or with income earned as U.S. Government employees.

NOTE: This table presents aggregates of all returns filed and processed through the Individual Master File (IMF) system during Calendar Year 1985. Data have not been edited for Statistics of Income purposes.

SOURCE: Internal Revenue Service, Software Division, IMF Returns Systems Branch.

Table 3

- [1] Includes income tax after credits and the additional tax for tax preferences, i.e., minimum tax and alternative minimum tax.
- [2] For many taxpayers in this size class includes additional tax for tax preferences not included in "taxable income."

SOURCE: Statistics of Income--Individual Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 4

- [1] Includes breakeven businesses.

SOURCE: Statistics of Income--Sole Proprietorship Returns, appropriate years, and SOI Bulletin, Summer issues. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 5

- [1] Total assets, total liabilities and partners' capital account are somewhat understated because not all partnership returns included a complete balance sheet.

- [2] Short-term debt is the abbreviated title given to mortgages, notes and bonds payable in less than 1 year.

- [3] Long-term debt is the abbreviated title given to mortgages, notes and bonds payable in 1 year or more. In addition, for Tax Year 1975, long-term debt included nonrecourse loans.

- [4] See footnote 4-Table 6, for changes in the comparability of the statistics for receipts and deductions starting with 1981. Also, statistics for interest received are combined with dividends beginning with 1982.

- [5] Beginning with 1981, represents the more all-inclusive amounts reported in depreciation computation schedules rather than the amounts reported as the depreciation deduction (plus depreciation identified in cost of sales and operations schedules).

SOURCE: Statistics of Income--Partnership Returns, appropriate years, and SOI Bulletin, Summer issues. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the specific Statistics of Income reports for a description of sampling error and of law changes.

Table 6

- [1] Size classes are based on business receipts, i.e., gross amounts from sales and operations, for industries except finance, insurance and real estate. For the latter industries, total receipts, which is the sum of business receipts and investment income, was used. For partnerships, see also footnote 3, below.

- [2] Includes returns with no receipts as defined in footnote 1.

- [3] Includes corporations with zero assets and liabilities.

- [4] Beginning with 1981, "total receipts" in Table 5 includes, in part, only the net income or loss from farming and rentals. Previously, "total receipts" included the gross receipts from farming and rentals and, if rental receipts were the principal source of total receipts, they were treated as "business receipts" for the statistics. To help minimize the break in comparability caused by this change in statistical treatment of farm and rental income, an effort was made for 1981-82 to include rental (though not farm) gross receipts in the receipts used for the size distribution in Table 6.

In Table 5, since only the net income or loss from farming and rentals was included starting with 1981, the deductions reported in computing these net incomes are excluded from the deduction statistics. For previous years, these deductions are reflected in the deduction statistics.

- [5] Prior to 1979, partnerships that had liquidated were assumed to have zero assets and liabilities, even if their balance sheets showed otherwise, and were included in the "under \$25,000" asset size class. Beginning with 1980, balance sheet data reported for liquidated partnerships were tabulated as reported and were included in the appropriate asset size classes.

SOURCE: Statistics of Income--Corporation Income Tax Returns, appropriate years, Statistics of Income--Partnership Returns, appropriate years, Statistics of Income--Sole Proprietorship Returns, appropriate years, and SOI Bulletin, Summer issues. Tax law changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of law changes.

Table 7

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

- [1] Included in "Number of returns, total" and "Number with net income."

- [2] Corporations with no more than 10 shareholders (35 beginning with 1983), most of them individuals, electing to be taxed at the shareholder level.

[3] Domestic International Sales Corporations were taxed through parent corporations when profits were distributed or deemed distributed to them.

[4] Includes dividends reported in combination with interest on Form 1120-S by Small Business Corporations electing to be taxed through shareholders. The combined amount totalled \$2,044,206,000. Based on prior years, when Form 1120-S required each to be reported separately, nearly all of the combined amount represents interest.

[5] Includes a surcharge of \$784,437,000.

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

SOURCE: Statistics of Income--Corporation Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of law changes.

Table 8

[1] Revisions shown in Table 8 for total assets, total liabilities, net income (less deficit), net income, total income tax after credits and distributions to stockholders except in own stock, were not tabulated by industry.

[2] Includes additional tax for tax preferences (minimum tax), tax from recomputing prior year investment credit and Personal Holding Company tax.

SOURCE: Statistics of Income--Corporation Income Tax Returns, appropriate years. Data are subject to sampling error. Tax law changes affect the year-to-year comparability of the data. See the appropriate Statistics of Income reports for a description of sampling error and of law changes.

Tables 9 and 10

[1] Individual income tax collected includes that portion which was designated for the presidential election campaign fund by taxpayers on their returns. Also included is the fiduciary income tax collected (from estates and trusts). Fiduciary income tax collected was \$4.1 billion in 1985, \$2.9 billion in 1984, \$2.7 billion in 1983, and \$2.6 billion in 1982. Presidential election campaign designations amounted to \$34.8 million in 1985 and 1984, \$35.5 million in 1983, and \$39.0 million in 1982.

[2] Corporation income tax collected includes the tax on "unrelated business income" of tax-exempt organizations. Unrelated business income tax collected was \$69.8 million (1985), \$50.0 million (1984), \$45.1 million (1983), and \$64.7 million (1982).

[3] Excise taxes are imposed on selected products, services and activities, such as those on alcohol and tobacco products and the windfall profit tax on domestically-produced crude oil.

[4] Employment taxes include payroll taxes levied on salaries and wages, such as social security, railroad retirement and unemployment taxes; plus the self-employment tax imposed on "self-employment income".

NOTES: Collections (or refunds) are those made during the time periods indicated, regardless of the year or other period during which the tax liability was incurred (or to which the refund applied).

Collections represent the gross amounts before refunds and include amounts paid with the return; prior to filing the return (as applicable, income tax withheld by employers and estimated tax payments); and subsequent to filing the return (chiefly the result of initial return processing or of examination and enforcement activities). Collections also include interest and penalties.

Refunds result chiefly from tax overpayments determined at time of filing a return. Included are amounts subsequently determined as due the taxpayer as a result of an amended return or a claim for refund (including those produced by "net operating loss" and other carryback adjustments from future taxable years); or as a result of initial return processing or of examination and other activities. Individual income tax refunds are net of offsets under a law which requires IRS to act as collection agent for state welfare agencies so that these agencies can be reimbursed for the support they furnished through Aid to Families with Dependent Children (AFDC) programs. All refund data include interest paid by IRS.

Detail may not add to totals because of rounding.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

Table 11

[1] Includes a one-time tax of 5 cents per gallon on gasoline and 4 cents per gallon on gasohol imposed on inventories of dealers as of April 1, 1983. Taxes on lubricating oil were repealed effective January 5, 1983.

[2] Effective January 1, 1984, taxes on tubes and tread rubber were repealed, and dealers holding taxable tires were assessed a one-time floor stock tax.

[3] Effective January 7, 1983, the excise taxes on parts and accessories for trucks and buses, which are included in this classification, were repealed. Beginning with the quarter ending December 1983, motor vehicles are excluded.

[4] Special fuels, total includes diesel and special motor fuels which were classified as miscellaneous excise taxes in 1970. Beginning with the quarter ending December 1983, motor vehicles are included.

[5] Effective January 1, 1983, the excise tax increased from 1 percent to 3 percent.

[6] The negative amounts are due to refunds of this tax under the United States - United Kingdom Income Tax Treaty, which provides for an exemption from the tax retroactive to January 1, 1975. Also, a similar United States - France treaty provides for an exemption retroactive to January 1, 1979.

[7] This amount reflects adjustments made for prior quarters.

NOTES: For 1970 and 1975, the fiscal year was defined as July of the previous calendar year through June of the year noted. For 1980-84, the fiscal year was defined as October of the previous calendar year through September of the year noted.

Correction of errors that occurred in the Fiscal Year 1982 data (previously published in the SOI Bulletin) for three classes of excise taxes (Manufacturers, Special Fuels and Retailers, and Miscellaneous) follows:

Selected class of tax	1982 (As published)	1982 (As corrected)
	[Money amounts in thousands]	

MANUFACTURERS

EXCISE TAXES, TOTAL.....	6,382,900	6,382,900
Gasoline and lubri-		
cating oil.....	4,320,856	4,320,856
Tires, tubes and		
tread rubber.....	668,902	616,785
Motor vehicles, bodies		
bodies, parts.....	914,524	884,845
Recreational products..	158,054	131,288
Black Lung taxes.....	237,097	426,620

SPECIAL FUEL, AND

RETAILERS TAXES, TOTAL...	587,486	628,625
Diesel and special		
motor fuels.....	553,107	598,840

MISCELLANEOUS EXCISE

TAXES, TOTAL.....	19,773,803	24,813,053
Telephone and teletype.	998,503	919,749
Air transportation....	1,326,829	1,154,818
Highway use tax.....	266,225	257,329
Foreign insurance.....	74,882	68,276
Exempt organization net		
investment income.....	84,045	93,188
Crude oil windfall		
profit.....	16,930,548	22,035,927
Environmental taxes		
(Superfund).....	61,264	252,903

Additional detail is published in the Annual Report of the Commissioner and Chief Counsel, Internal Revenue Service.

SOURCE: Internal Revenue Service, Returns Processing and Accounting Division, Revenue and Accounting Branch.

Table 12

[1] Form 1040A included with Forms 1040; separate count of Form 1040A not available.

[2] Includes Forms 1040C, 1040NR, 1040PR, and 1040SS.

[3] Includes Forms 1120F, 1120 POL, and 1120H.

[4] Includes Form 1041A.

[5] Includes Form 990A.

SOURCE: Internal Revenue Service, Research Division, Projections and Forecasting Group.

Table 13

[1] Estimates of returns with paid assistance for 1984 and earlier years are based on the full-year sample of returns used for Statistics of Income--Individual Income Tax Returns. The earlier estimate for 1984 was derived in the same manner as the estimate shown for 1985. For 1985, the estimates are projections based on an extrapolation of the 1985 Taxpayer Usage Study (TPUS) sample to the equivalent of the Statistics of Income (SOI) sample. The TPUS sample includes returns filed only through April 1986, while the SOI sample includes returns filed during the entire calendar year. For additional information about the TPUS sample, see the Summer 1986 issue of the SOI Bulletin.

[2] 1984 projections are based on converting 1984 Taxpayer Usage Study sample (TPUS) to the equivalent of the Statistics of Income

(SOI) sample. This was done because the TPUS sample represents returns filed through April, while the SOI sample represents all individual income tax returns filed for a calendar year. For additional information about the TPUS sample, see the Summer 1985 issue of the SOI Bulletin.

[3] Data on IRS Taxpayer Service Programs are collected on a fiscal-year basis. In general, assistance rendered in a given fiscal year may be related to returns due on April 15th during the fiscal year and are for the tax year ending with the previous December. Therefore, data in Table 13, which are presented on a tax year basis are actually for a fiscal year, e.g., data shown as for Tax Year 1982 are actually for Fiscal Year 1983.

NOTE: Data on IRS assistance represent taxpayer contacts. Some taxpayers make more than one contact. The number of taxpayers assisted (in contrast to the number of contacts made) is not known.

SOURCE: Data on paid preparers obtained from Statistics of Income and Taxpayer Usage Study samples. Data on IRS assistance were compiled by the Taxpayer Service Division.

Appendix*

General Description of Statistics of Income Sample Procedures and Data Limitations

This appendix discusses typical sampling procedures used in most Statistics of Income (SOI) programs. Aspects covered briefly include sampling criteria, selection techniques, methods of estimation, and sampling variability. Some of the nonsampling error limitations of the data are also described, as well as the tabular conventions employed.

Additional information on sample design and data limitations for specific SOI studies can be found in the separate SOI reports (see References). More technical information is available, upon request, by writing to the Director, Statistics of Income Division, Internal Revenue Service, Washington, DC 20224.

SAMPLE CRITERIA AND SELECTION OF RETURNS

Statistics compiled for the SOI studies are generally based on stratified probability samples of income tax returns or other forms filed with the Internal Revenue Service (IRS). The statistics do not reflect any changes made by the taxpayer through an amended return or by the IRS as a result of an audit. The samples are based on such criteria as: industry, presence or absence of a return form schedule, accounting period, state from which filed and various income factors or other measures of economic size (such as total assets in the case of corporations).

The probability of a return being designated depends on its sample class or stratum and may range from a fraction of 1 percent to 100 percent. Considerations in determining the selection probability for each stratum include the number of returns in the stratum, the diversity of returns in the stratum, and interest in the stratum as a separate subject of study. All this is subject to constraints based on the allowable total cost or predetermined size of the total sample for the program.

For most SOI studies, returns are designated by computer from the IRS Master File based on the taxpayer identification number (TIN) which

is either the social security number (SSN) or the employer identification number (EIN). A fixed and essentially random number is associated with each possible TIN. If that random number falls into a range of numbers specified for a return's sample stratum, then it is selected and processed for the study. Otherwise it is counted (for estimation purposes) but not selected. In some cases, the TIN is used directly by matching specified digits of it against a predetermined list for the sample stratum. A match is required for designation.

Under either method of selection, the TIN's designed from one year's sample are for the most part selected for the next year's, so that a very high proportion of the returns selected in the current sample are from taxpayers whose previous years' returns were included in earlier samples. This longitudinal character of the sample design improves the estimates of change from one year to the next.

METHOD OF ESTIMATION

As noted above, the probability with which a return is selected for inclusion in a sample depends on the sampling rate prescribed for the stratum in which it is classified. Weights are, in general, computed by dividing the count of returns filed for a given stratum by the count of sample returns for that same stratum. "Weights" are used to adjust for the various sampling rates used--the lower the rate, the larger the weight.

The data on each return in a stratum are then multiplied by that weight. To produce the tabulated estimates, these weighted data are summed to produce the published statistical totals.

SAMPLING VARIABILITY

The particular sample used in a study is only one of a large number of possible random samples that could have been selected using the

*Compiled by Bettye Jamerson, Coordination and Publications Staff, under the direction of Robert Wilson, Team Leader. Major contributions were made by Paul McMahon, Corporation Statistics Branch, Operations Section.

same sample design. Estimates derived from the different samples usually vary. The standard error of the estimate is a measure of the variation among the estimates from all possible samples and is used to measure the precision with which an estimate from a particular sample approximates the average result of the possible samples. The sample estimate and an estimate of its standard error permit the construction of interval estimates with prescribed confidence that this interval includes the actual population value.

In SOI reports the standard error is not directly presented. Instead, the ratio of the standard error to the estimate itself is presented in decimal form. This ratio is called the coefficient of variation (CV). The user of SOI data may multiply an estimate by its coefficient of variation to recreate the standard error and to construct confidence intervals.

For example, if a sample estimate of 150,000 returns is known to have a coefficient of variation of 0.02, then the following arithmetic procedure would be followed to construct a 68 percent confidence interval estimate:

150,000	(sample estimate)
x 0.02	(coefficient of variation)
= 3,000	(standard error of estimate)
150,000	(sample estimate)
+ or - 3,000	(standard error)
= 147,000-153,000	(68% confidence interval)

Based on these data, the interval estimate is from 147 to 153 thousand returns. A conclusion that the average estimate of the number of returns lies within an interval computed in this way would be correct for approximately two-thirds of all possible similarly selected samples. To obtain this interval estimate with 95 percent confidence, the standard error should be multiplied by 2 before adding to and subtracting from the sample estimate. (In this particular case, the resulting interval would be from 144 to 156 thousand returns.)

Further details concerning confidence intervals, including the approximation of CV's for combined sample estimates, may be obtained on request by writing the Director, Statistics of Income Division.

Generally in the SOI Bulletin only conservative upper limit CV's are provided for frequency estimates. These do, however, provide a rough guide to the order of magnitude of the sampling error.

NONSAMPLING ERROR CONTROLS AND LIMITATIONS

Although the previous discussion focuses on sampling methods and the limitations of the

data caused by sampling error, there are other sources of error that may be significant in evaluating the usefulness of SOI data. These include taxpayer reporting errors, processing errors, and effects of an early cut-off of sampling. More extensive information on nonsampling error is presented in SOI reports, when appropriate.

In transcribing and tabulating the information from the returns or forms selected for the sample, checks are imposed to improve the quality of the resultant estimates. Tax return data may be disaggregated or recombined during statistical "editing" in order both to improve data consistency from return to return and to achieve definitions of the data items that are more in keeping with the needs of major users. In some cases not all of the data are available from the tax return as originally filed. Sometimes the missing data can be obtained through field followup. More often though, they are obtained through imputation methods. As examples, other information in the return or in accompanying schedules may be sufficient to enable an estimate to be made; prior-year data for the same taxpayer may be used for the same purpose; or data from another return for the same year that has similar characteristics may be substituted. Research to improve methods of imputing data that are missing from returns continues to be an ongoing process [1].

Quality of the basic data abstracted from the returns is subjected to a number of quality control steps including 100-percent key verification. The data are then subjected to many tests based on the structure of the tax law and the improbability of various data combinations. Records failing these tests are then subjected to further review and any necessary corrections are made. In addition, the Statistics of Income Division in the National Office conducts an independent reprocessing of a small subsample of statistically-processed returns as a further check.

Finally, before publication, all statistics are reviewed for accuracy and reasonableness in light of provisions of the tax laws, taxpayer reporting variations and limitations, economic conditions, comparability with other statistical series, and statistical techniques used in data processing and estimating.

TABULAR CONVENTIONS

Estimates of frequencies and money amounts that are considered unreliable due to the small sample size on which they are based are noted by an asterisk (*) to the left of the data item(s) in the tabulations. The presence of an asterisk indicates that the sample rate is less than 100 percent of the population and there are fewer than 10 sample observations available for estimation purposes.

A dash in place of a frequency or amount indicates that no sample return had that characteristic. In addition, a dash in place of a coefficient of variation for which there is an estimate indicates that all returns contributing to the estimate were selected at the 100-percent rate.

Whenever a weighed frequency in a data cell is less than 3, the estimate is either combined with other cells or deleted in order to avoid disclosure of information about individual taxpayers or businesses [3]. These combinations and deletions are indicated by a double asterisk (**).

NOTES

- [1] For an example of the recent SOI Division research, see Hinkins, S., "Matrix Sampling and the Effects of Using Hot Deck Imputation," in 1984 Proceedings: American Statistical Association, Section on Survey Research Methods p. 245. Other research efforts are included in Statistical Uses of Administrative Records: Recent Research and Present Prospects, Volume 1, pages 179-184, Internal Revenue Service, March 1984.
- [2] Quality control activities for all SOI studies will be published in a series of

forthcoming reports. These reports will provide detailed information relating to quality in all phases of SOI processing.

- [3] In the case of geographic statistics, steps to avoid disclosure are taken when a weighted frequency is less than 10.

REFERENCES

For information about the samples used for specific SOI programs see:

Individual Income Tax Returns, 1983, Tables emphasizing returns filed, sources of income, exemptions, itemized deductions and tax computations (see especially page 3).

Statistics of Income--1982, Corporation Income Tax Returns (see especially pages 9-15).

Statistics of Income--1978-82, Partnership Returns (see especially pages 237-244).

Statistics of Income--1979-83, Compendium of Studies of International Income and Taxes, Foreign Income and Taxes Reported on U.S. Tax Returns (see information about the samples used at the end of each chapter)

Statistics of Income Bulletin (see each issue).

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SOI BULLETIN Fall 1986

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☐ Foreign Recipients of U.S. Income, 1984

4. Which table(s) in the Selected Statistical Series did you find helpful to your needs?

- ☐ Individual income tax returns ☐ Business returns ☐ Classes of excise taxes
☐ Income and tax data by state ☐ Corporation industry statistics ☐ Number of returns filed
☐ Individual average tax rates ☐ Corporation income tax returns ☐ Taxpayers receiving assistance
☐ Sole proprietorship returns ☐ Gross Internal Revenue collections
☐ Partnership returns ☐ Internal Revenue refunds

5. If microdata files on computer tape were available in these subject matter areas, would you be interested in purchasing them?

- ☐ Yes ☐ No

If yes, which area(s)? (Specify) _____

6. How would you describe the useability of the text?

- ☐ Too technical ☐ About right
☐ Not detailed enough ☐ Did not use text

7. What type of organization are you connected with?

- ☐ Federal government ☐ Consulting firm
☐ State or local government ☐ Accounting firm
☐ Trade association ☐ University or college
☐ Other nonprofit organization ☐ Legal firm
☐ Other (Specify) _____

8. What changes (additions, deletions, alterations) would you like to see in the contents or format of this publication?

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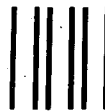
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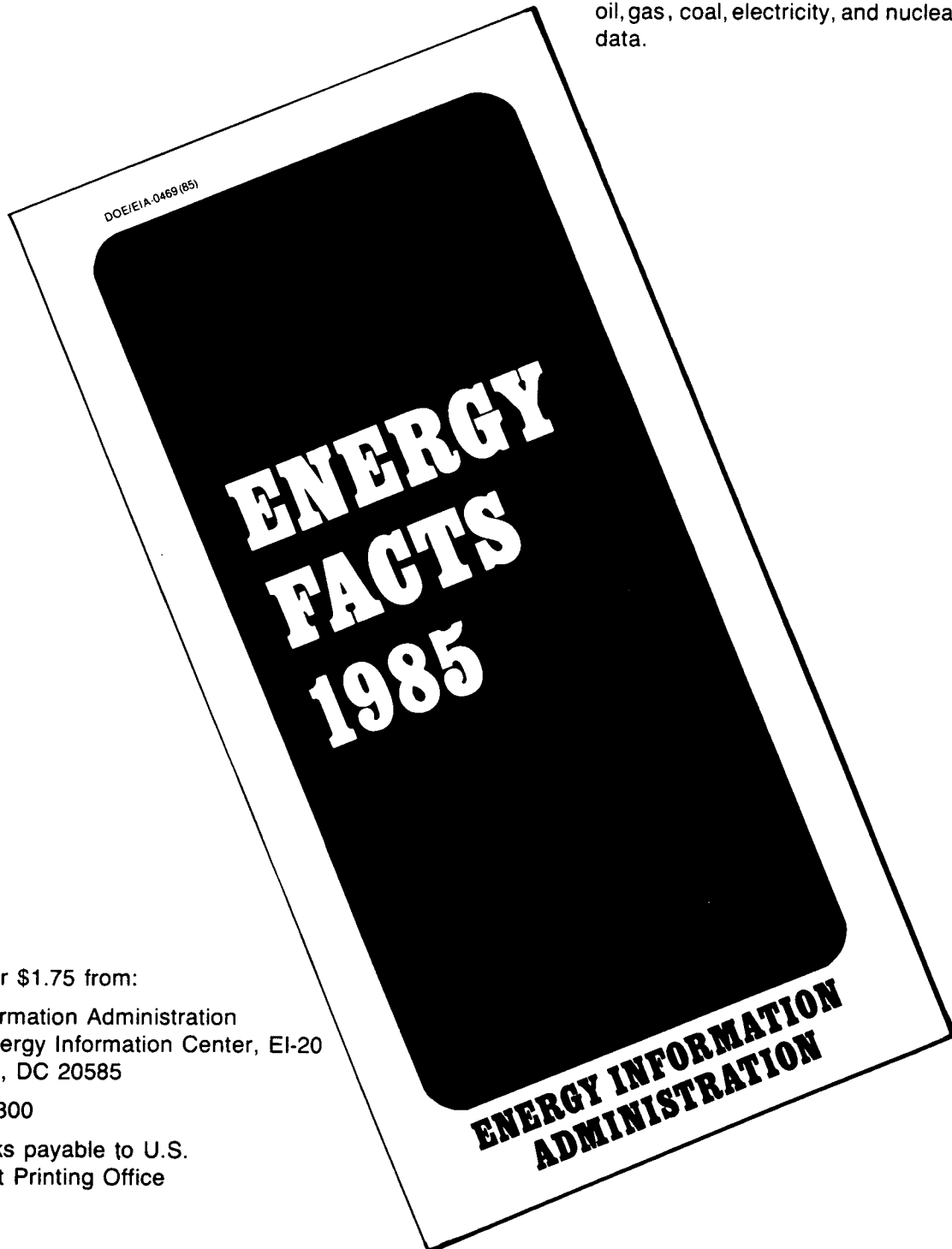
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