

Corporation Income Tax Returns, 1994

by Madeline Deming Boerner

Pre-tax corporation profits for Tax Year 1994 were \$577.3 billion, a gain of 15.9 percent from the previous year, extending the upward growth trend seen since the end of the 1990-1991 recession. During Tax Year 1994, corporate sales and other receipts grew nearly \$1.1 billion, an 8.9 percent increase, while deductions increased 8.6 percent, to a total of \$12.8 billion. More important, the number of profit-reporting companies rose 11.6 percent, nearly tripling the growth rate of 3.9 percent reported for Tax Year 1993. Profits for these companies climbed \$80.8 billion, up 12.3 percent, to \$739.5 billion. Moreover, although the number of companies reporting deficits increased 7.1 percent for Tax Year 1994, total corporate net-losses increased only 1.1 percent to \$162.2 billion.

The increase in positive net income led to a 13.1 percent gain in "income subject to tax" (the tax base for regular income tax purposes) to \$494.0 billion. This gain, in part, prompted the regular corporation income tax (before tax credits) to climb from \$149.0 billion for 1993 to \$167.5 billion for 1994. Similarly, total income tax after credits (the amount payable to the U.S. Government) increased \$15.6 billion from \$119.9 billion for 1993 to \$135.5 billion.

Number of Returns

Approximately 4,342,368 active corporation income tax returns were filed for Tax Year 1994, an increase of 9.5 percent (Figure A). This jump continues the upward trend seen since the end of World War II (except for Tax Year 1988) [1]. Over half of the 9.5 percent increase is attributable to a sampling change that, for the first time since 1987, subjected all personal service corporation returns to sampling [2]. Excluding the increase in the number of personal service corporations returns, a 4.2 percent increase in the total number of returns filed would have been realized for Tax Year 1994. Returns with net income rose 11.6 percent to a record high of 2,392,357 returns filed. Additionally, the number of returns without net income also increased, at the lower rate of 7.1 percent, to 1,950,011. However, the number of returns without net income as a percentage of total returns continued the pattern of decline measured over the past five years, to 44.9 percent of total returns, falling from 45.9 percent for 1993.

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For Tax Year 1994 all industrial divisions had increases in the number of returns filed. In fact, the total number of returns filed rose 9.5 percent, far exceeding the average annual growth rate of 2.1 percent over the last five years. The transportation and public utilities division, which for 1993 had an unexpected decline in the number of returns filed, rebounded by 6.0 percent, for a total of 186,474 returns filed for 1994. The most significant increase in the number of returns filed occurred in the services division, which increased by 23.0 percent. The increase for 1994 was four times as large as the 5.2 percent increase for Tax Year 1993. For those returns with net income, only the agriculture, forestry, and fishing division showed a decrease (2.4 percent), unlike for Tax Year 1993 when only the transportation, and public utilities division recorded a decrease in the number of returns with net income filed (Figure B). The number of returns filed without net income increased 7.1 percent. For these returns, the largest increase was found in the services division, up 113,773 returns (21.8 percent) to a total of 635,402 for Tax Year 1994.

For the 4.3 million returns filed for Tax Year 1994, noteworthy are the 2,038,870 Forms 1120 filed, an increase of 14.8 percent after eight years of decline. Continuing the decline from Tax Year 1993, the number of Form 1120-A (corporation short-form) returns filed fell 3.2 percent to 257,125 (Figure C). The number of Forms 1120-RIC, filed by regulated investment companies, increased 10.6 percent to 7,519 returns (Figure C). Filings of Forms 1120S, those qualifying corporations electing to be taxed through their shareholders, increased 6.4 percent to 2,023,754. However, the rate of increase in the number of S Corporation returns for 1994 was still lower than the average annual growth rate of approximately 10 percent recorded since the passage of the Tax Reform Act of 1986 (TRA '86). Furthermore, the S Corporations' share of all corporation income tax returns for Tax Year 1994 was 46.6 percent, down slightly from 48.0 percent for Tax Year 1993 [3].

Net Income

In Tax Year 1994, pre-tax profits increased 15.9 percent to a total \$577.3 billion, continuing the increasing annual rate of growth reported over the last three years on corporation income tax returns (Figure D) [4]. This increase in corporate profits, in large part, reflects the gradually improving economy [5]. Classified by asset size, 7,043 returns with total assets of \$250 million or more contributed close to 76.6 percent to the total of corporate profits reported.

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Figure A

Number and Growth Rate of Returns Filed, Tax Years 1984-1994

Tax year	Total active corporation returns	Percentage increase over previous year	Number of returns with net income	Percentage increase over previous year	Number of returns without net income	Percentage increase over previous year
	(1)	(2)	(3)	(4)	(5)	(6)
1984.....	3,170,743	5.7	1,777,770	6.0	1,392,973	5.3
1985.....	3,277,219	3.4	1,820,120	2.4	1,457,099	4.6
1986.....	3,428,515	4.6	1,907,738	4.8	1,520,777	4.4
1987.....	3,612,133	5.4	1,995,452	4.6	1,616,681	6.3
1988.....	3,562,789	-1.4	1,908,799	-4.3	1,653,990	2.3
1989.....	3,627,863	1.8	1,921,805	0.7	1,706,058	3.1
1990.....	3,716,650	2.5	1,910,670	-0.6	1,805,980	5.9
1991.....	3,802,788	2.3	1,942,450	1.7	1,860,338	3.0
1992.....	3,869,023	1.7	2,063,593	6.2	1,805,430	-3.0
1993.....	3,964,629	2.5	2,144,534	3.9	1,820,095	0.8
1994.....	4,342,368	9.5	2,392,357	11.6	1,950,011	7.1

NOTES: Number of returns excludes Domestic International Sales Corporations, Foreign Sales Corporations, and Interest-Charge Domestic International Sales Corporations starting with Tax Year 1988. Personal Service Corporation returns are excluded for Tax Years 1988 through 1993.

The construction division posted an increase of 54.0 percent in its reported profits, the largest percentage increase for all divisions for 1994. This increase for the construction division to \$11.6 billion, continues the positive growth trend seen since 1992 (Figure D). The increase of \$4.1 billion was largely attributable to two minor industries: general building contractors; and "other special trade contractors and contractors not allocable," combining to contribute 65.3 percent to this division's increase. Furthermore, general building contractors had an increase in profits of 71.1 percent during Tax Year 1994, rising from \$2.2 billion for 1993, to \$3.7 billion. Coinciding with this increase are trends in commercial real estate

market vacancy rates for office buildings that fell to 16.2 percent for 1994, continuing the downward trend begun in 1993, after five years of annual increases in the vacancy rate for office buildings [6].

As measured in prior years, profits in the services division continued to exhibit an accelerating rate of growth, increasing 40.3 percent to \$35.6 billion for 1994. "Other services" (which include health care, legal, social, engineering, educational, accounting, and architectural services) accounted for slightly more than half of this division's increase, with a total of \$15.3 billion recorded for profits. Profits were relatively evenly distributed among the various service providers classified within this

Figure B

Number of Returns by Industrial Division, Tax Years 1993-1994

Industrial division	1993				1994			
	Total active corporation returns	Percentage increase over 1992	Number of returns with net income	Percentage increase over 1992	Total active corporation returns	Percentage increase over 1993	Number of returns with net income	Percentage increase over 1993
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries¹.....	3,964,629	2.5	2,144,534	3.9	4,342,368	9.5	2,392,356	11.6
Agriculture, forestry, and fishing.....	141,326	2.5	81,456	2.6	146,996	4.0	79,465	-2.4
Mining.....	35,345	-3.6	15,969	0.9	35,371	0.1	19,021	19.1
Construction.....	417,250	2.3	250,904	11.8	432,965	3.8	266,613	6.3
Manufacturing.....	307,419	2.4	179,594	6.0	312,383	1.6	189,218	5.4
Transportation and public utilities.....	175,980	-1.3	97,212	-0.5	186,474	6.0	103,300	6.3
Wholesale and retail trade.....	1,072,980	1.9	582,440	2.6	1,106,363	3.1	626,179	7.5
Finance, insurance, and real estate.....	641,397	1.0	296,483	0.5	681,671	6.3	315,058	6.3
Services.....	1,157,724	5.2	636,095	4.8	1,424,394	23.0	788,992	24.0

¹ Includes returns not allocable by industrial division.

NOTE: Personal Service Corporation returns are excluded for Tax Year 1993. There were 209,770 of these returns included in the Tax Year 1994 estimates.

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Figure C

Number of Returns Filed by Form Type, Tax Years 1993-1994

Form type	1993	1994	Percentage change
	(1)	(2)	(3)
Total	3,964,629	4,342,368	9.5
Form 1120.....	1,775,931	2,038,870	14.8
Form 1120-A.....	265,627	257,125	-3.2
Form 1120-F.....	9,925	10,259	3.4
Form 1120-L.....	1,876	1,775	-5.4
Form 1120-PC.....	2,623	2,674	1.9
Form 1120-REIT.....	346	393	13.6
Form 1120-RIC.....	6,796	7,519	10.6
Form 1120S.....	1,901,505	2,023,754	6.4

NOTE: Personal Service Corporation returns, filed on Form 1120 and Form 1120-A are excluded for Tax Year 1993. There were 209,770 of these returns included in the Tax Year 1994 estimates.

group. However, business services (except advertising), a minor industry, alone accounted for \$12.9 billion of the services division's total profits. Within the services division, profits of establishments classifying themselves as hotels and other lodging places, had an increase of \$0.8 billion.

Profits for the wholesale and retail trade division were up 37.7 percent to \$68.5 billion for 1994. This increase was equally divided between wholesale and retail trade. Most of the increase in wholesale trade was caused by a \$7.8 billion jump in "miscellaneous wholesale trade," with moderate increases reflected in most of the minor

industries included in this category. Electrical goods accounted for \$1.1 billion of the wholesale increase (a 42.0 percent increase) and petroleum and petroleum products accounted for another \$1.8 billion, reversing the \$1.3 billion decline petroleum and petroleum products suffered for 1993. Retail trade showed an increase of \$9.5 billion, with general merchandising stores comprising \$2.7 billion of the increase, up 40.6 percent from Tax Year 1993. Additionally, grocery stores, motor vehicle dealers, and "other retail stores," each saw gains in profits of slightly more than \$1.0 billion. For 1994, net income (less deficit) for grocery stores increased 29.4 percent, to \$5.3 billion, and net income (less deficit) for "other retail stores" increased 34.7 percent to \$4.8 billion. Motor vehicle dealers posted an increase in net income (less deficit) of 44.1 percent to \$4.1 billion.

For the first time since 1990, the mining division showed a positive gain in reported profits, up 38.7 percent to \$3.6 billion. Of this increase, 61.6 percent is credited to an increase in the mining of nonmetallic minerals (except fuels), up \$625.7 million. The remainder is attributable to both a \$411.3 million increase in those companies that mine for copper, lead, zinc, gold, and silver ores, and to coal mining companies which saw profits rise \$326.8 million.

The 29.1 percent growth in profits for companies in the transportation and public utilities division carried on the trend of growth seen over the last few years. For 1994, most major industries included in this division contributed relatively equally to the \$15.4 billion increase in profits.

Figure D

Net Income (Less Deficit), Net Income by Industrial Division, Tax Years 1993-1994

[Money amounts are in thousands of dollars]

Industrial division	Net income (less deficit) ²				Net income ²			
	1993		1994		1993		1994	
	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year	Amount	Percentage increase over previous year
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All Industries ¹	498,159,174	23.9	577,277,530	15.9	658,666,005	15.5	739,502,875	12.3
Agriculture, forestry, and fishing.....	1,647,725	2.5	1,314,303	-20.2	4,841,649	4.7	4,807,274	-0.7
Mining.....	2,628,720	-2.9	3,644,888	38.7	6,541,858	-2.2	7,563,578	15.6
Construction.....	7,514,819	36.5	11,573,896	54.0	14,814,675	7.3	18,395,135	24.2
Manufacturing.....	173,219,957	20.6	219,114,720	26.5	214,058,222	16.0	254,253,272	18.8
Transportation and public utilities.....	52,885,350	26.6	68,265,100	29.1	65,726,981	12.9	80,677,627	22.7
Wholesale and retail trade.....	49,714,808	20.2	68,472,944	37.7	78,182,240	8.1	95,423,680	22.1
Finance, insurance, and real estate..	185,229,845	26.0	169,303,017	-8.6	226,551,700	20.0	216,489,170	-4.4
Services.....	25,361,467	36.9	35,568,508	40.2	47,845,396	15.7	61,756,827	29.1

¹ Includes net income or deficit not allocable by industrial division.

² Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through their shareholders).

NOTE: Personal Service Corporation returns included in the Tax Year 1994 estimates reported \$1.3 billion of net income (less deficit) and \$2.6 billion of net income. These returns were excluded for Tax Year 1993.

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Most significant was the \$5.9 billion increase in profits in the communications sector, up 23.5 percent. Growth in the communications sector is predicted to increase rapidly in the next few years as the technology allowing for wireless communication lures single service providers, such as telephone companies, to augment their services to include additional types of communications technology, such as cable services. Only the minor industries of gas producers and distributors, transportation companies involved in pipe line transportation (except for natural gas), and transportation by air companies reported losses, down 9.2 percent, 8.4 percent, and 78.5 percent, respectively.

For Tax Year 1994, net income (less deficit) for manufacturers increased 26.5 percent, or \$45.9 billion. Within this division, some significant changes occurred between Tax Year 1994 and Tax Year 1993. Profits for producers of chemical and allied products rose 28.1 percent, to \$44.1 billion. This major industry alone accounted for 21.1 percent of all of manufacturer's increase in profits. Significant changes were also realized in other major industries: profits for electrical and electronic equipment suppliers rose \$8.6 billion; manufacturers of instruments and related products had an increase of \$4.9 billion, to a total of \$11.5 billion; tobacco manufacturers' profits increased 56.7 percent, or \$3.1 billion; the primary metal industry had positive net income (less deficit) of \$3.3 billion, as compared with \$ -0.9 billion for Tax Year 1993; and petroleum refining and related minor industries had an 18.0 percent decrease in profits posted, down from \$21.5 billion for 1993, to \$17.6 billion for 1994.

Only two of the nine industrial divisions had decreases in profits: the finance, insurance, and real estate division's profits fell 8.6 percent, and the agriculture, forestry, and fishing division's profits dropped 20.2 percent. The bulk of the decline in the finance, insurance, and real estate division was attributable to insurance-related companies. About 84.1 percent of this division's decline, or \$13.4 billion, is equally spread among three minor insurance industries: mutual life insurance, mutual insurance, and "other insurance companies." During Tax Year 1994, property and casualty insurers experienced catastrophic losses, with claims for environmental and asbestos (E&A) losses primarily responsible for the decrease in profits [7]. There was also a notable decline in profits for banks (except mutual savings banks and bank holding companies) which contributed another \$3.0 billion to the division's total decline in profits reported for Tax Year 1994. All of this decrease was attributable to losses from foreign banks. Losses for foreign banks were four times as high for Tax Year 1994, as they were for 1993 [8]. Addi-

tionally, bank holding companies saw profits shrink to \$40.4 billion, down 4.1 percent from 1993. This decrease reversed the great stride bank holding companies showed in large profit gains for Tax Year 1993 [9]. In the agriculture, forestry, and fishing division a decrease to \$1.3 billion for profits posted was the direct result of the poor profits by agricultural producers, which accounted for all of the decrease, falling 44.7 percent (\$542.7 million) for Tax Year 1994.

Receipts

Total receipts, defined as the sum of business receipts and investment income, rose \$1,090.3 billion during Tax Year 1994, to \$13.4 trillion (Table 1) [10]. This 8.9 percent increase is roughly double the growth rate of 4.5 percent for Tax Year 1993. The increase in total receipts exceeded, though modestly, the \$1,010.1 billion growth in deductions, leading to the increase in corporate profits (see the Net Income section of this article). For Tax Year 1994, those 7,043 returns with total assets of \$250 million or more accounted for 53.9 percent of all receipts. This total is similar to the 54.9 percent this asset class contributed to total receipts for all divisions for Tax Year 1993.

Greater than 61.9 percent of total receipts were attributable to two divisions, manufacturing and wholesale and retail trade. Receipts reported by the manufacturing and wholesale and retail divisions increased 8.4 percent and 9.2 percent, respectively for 1994. Manufacturing, historically the largest single contributor to total receipts, was responsible for \$4,218.8 billion, while wholesale and retail trade followed closely with \$4,052.2 billion in total receipts.

The largest increase for a single division was in services, which rose 27.2 percent to \$1,198.0 billion. After three years of decline in total receipts, the mining division saw a gain of 3.2 percent, up \$3.6 billion. A decline in growth rate for total receipts occurred in both the finance and the agriculture, forestry, and fishing divisions. For the finance division, the growth rate for 1994 was 1.9 percent, slightly less than the 2.1 percent increase for 1993. The agriculture, forestry, and fishing division saw total receipts rise 2.7 percent for 1994, falling slightly from the 2.9 percent rate for 1993. Total receipts for construction continued positive growth for 1994, after a brief decline for 1992, by 10.1 percent to total \$592.8 billion. Finally, the transportation and public utilities division's total receipts also grew 6.4 percent, or \$66.1 billion. For Tax Year 1994, business receipts (overall, gross receipts from goods sold) totaled \$11.9 trillion, a 9.4 percent increase from 1993 [11]. This gain far exceeded the average

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annual rate of growth measured, of 2.8 percent, since 1990.

Reversing a three-year trend of negative growth resulting from declining interest rates, taxable interest income rose 9.5 percent for 1994, from \$764.5 billion for 1993 to \$837.2 billion (Table 2) [12]. As in prior years, most of the interest income was attributable to commercial banks and bank holding companies. For 1994, 84.0 percent of all taxable interest income was associated with finance-related businesses. The most dominant contributors to this increase were from banks (except mutual savings banks and bank holding companies) up \$16.6 billion, or 29.9 percent, and bank holding companies, with an increase of \$16.0 billion, or 6.7 percent. Additionally, bank holding companies comprised 30.3 percent (\$253.6 billion) of total taxable interest income for all returns for 1994. Also significant, is the \$10.6 billion, or 18.6 percent, increase in taxable interest income from regulated investment companies. The remainder of the \$703.1 billion taxable income attributable to finance-related companies is spread among all other finance-related businesses. Paralleling the statistics of 1993, both the construction and retail divisions had declines in taxable interest income. For the construction division, most major industries (other than plumbing, heating, air conditioning, and "other construction") reported decreases in interest income as compared with 1993. Conversely, within the retail division, general merchandisers solely accounted for the decrease in reported interest income, falling \$2.0 billion to \$5.4 billion.

Tax-exempt interest (on State and local Government obligations) increased a modest 2.6 percent to \$44.4 billion, as compared with the growth of 13.0 percent during 1993, resulting in an increase of slightly over a \$1.1 billion (as opposed to the \$5 billion increase for 1993). Like taxable interest, most tax-exempt interest income was attributable to the finance division; however, unlike taxable interest, most was reported by regulated investment companies (i.e., mutual funds, rather than banks). Tax-exempt interest reported by regulated investment companies increased 2.2 percent for 1994 to \$22.8 billion. Although this rise is much smaller than the 28.1 percent reported for Tax Year 1993, regulated investment companies still contributed approximately half of all tax-exempt interest reported, as they did for 1993. The finance division, as a whole, contributed more than 89.3 percent, or \$39.7 billion, to the 1994 total of \$44.4 billion.

The largest percentage decline among other types of corporate receipts was for net short-term capital gains (reduced by net long-term capital losses), which fell \$15.1 billion (57.8 percent) to \$11.0 billion. Indicative of the

fluctuating nature of these short-term transactions, short-term gains had risen 78.7 percent for 1993. Companies in the insurance industry reported a \$7.1 billion decrease in short-term capital gains, accounting for 47.2 percent of the total decline in this account. Net long-term capital gains (reduced by net short-term capital losses) also fell for 1994, reversing the two previous years of growth [13]. For 1994, net long-term gains declined 10.1 percent to \$47.9 billion. The decrease of \$5.4 billion would have been higher, had not companies classified as "other medical services" achieved a gain of \$2.3 billion [14].

Dividends received from foreign corporations had the largest increase for 1994, rising 17.0 percent to \$30.3 billion. Rental receipts fell for the third consecutive year although declining only 4.3 percent for Tax Year 1994, substantially less than the 13.6 percent drop for 1993. As expected, manufacturing companies accounted for most of the decrease, falling 18.6 percent to \$22.3 billion.

Deductions

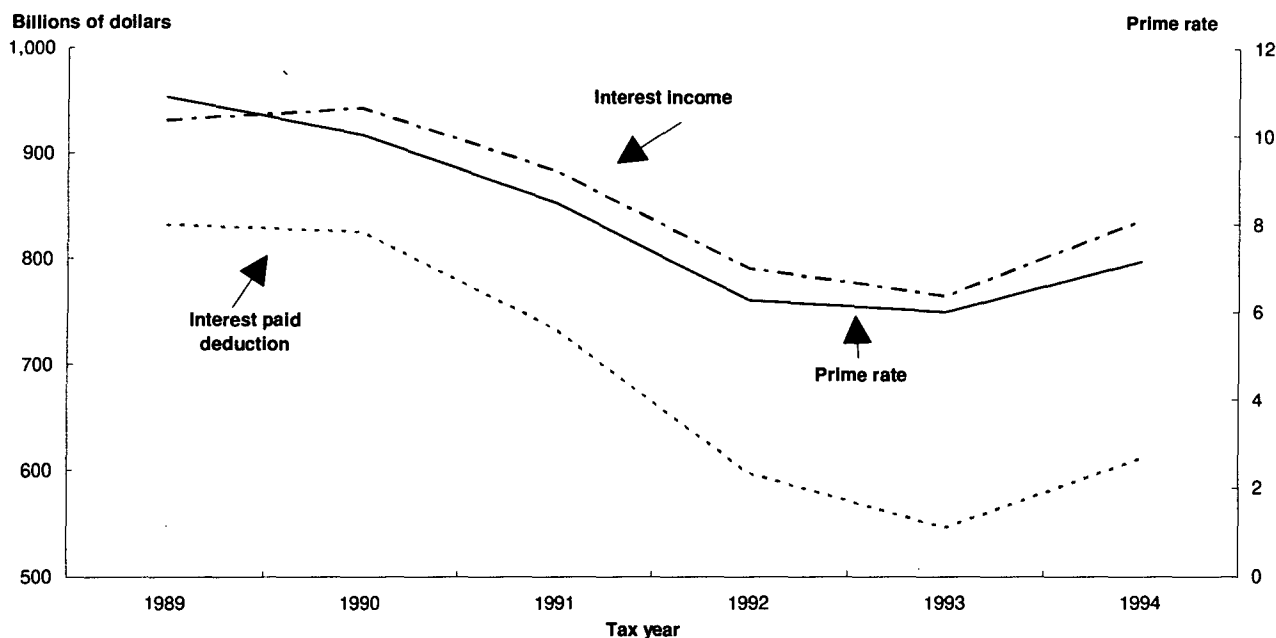
During 1994, total deductions increased \$1.0 trillion, or 8.6 percent to \$12.8 trillion. However, because this growth was 0.3 percentage points smaller than the rate of increase for total receipts (8.9 percent), sizable gains in net income (generally, the difference between total receipts and total deductions) were realized. "Cost of goods sold," typically the largest deduction item, rose to \$7,624.9 billion, or 8.1 percent (Table 2) [15]. Although this growth of 8.1 percent was roughly double the 4.1 percent increase for 1993, the cost of goods sold was less than the 9.4 percent increase in business receipts for 1994, contributing to the increase in net income.

In terms of percentage increases, the biggest gain among deduction items for 1994 was for pension, profit-sharing, stock bonus, and annuity plans, which increased 25.9 percent to \$76.9 billion. The services division had the largest increase, with a 94.5 percent rise, up from \$6.1 billion for 1993 to \$11.9 billion for 1994. This reflects the rapid increase in the number of employees working in the services division seen since the early 1980's. During 1990 workers employed in the services division comprised 25.5 percent of the total work force; this climbed to 28.0 percent for 1994 [16]. Nevertheless, manufacturers claimed the greatest share of pension, profit-sharing, stock bonus, and annuity plans, with 49.2 percent of the total reported for all divisions. For 1994, two minor industries alone accounted for 57.4 percent of the increase in pension, profit-sharing, stock bonus, and annuity plans: manufacturers of motor vehicles and equipment (up \$6.0 billion); and offices of physicians and

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Figure E

Interest Income, Interest Paid Deduction, and the Prime Rate, Tax Years 1989-1994



osteopathic physicians (up \$3.1 billion). The only division with a decrease in the amount of this deduction item claimed was for construction, dropping 11.5 percent to \$2.1 billion.

After four years of decline, the interest paid deduction rebounded with a strong 11.9 percent gain, to a total of \$611.2 billion for Tax Year 1994. As Figure E illustrates, during 1989, both taxable interest income and the interest paid deduction grew rapidly as interest rates (measured by the prime rate) increased. However, as economic growth slowed and interest rates declined from their 1989 high to relatively low levels for 1994, receipts and deductions followed suit [17]. The finance, insurance, and real estate division accounted for 55.7 percent of total interest paid, with the banking industry responsible for more than half of the increase. Banking companies reported that the interest paid deduction increased \$26.9 billion. Only the construction and retail (mainly general merchandise retailers) divisions posted declines (3.5 percent and 1.0 percent, respectively).

The bad debts deduction reported by corporations continued the decline begun in 1992. For 1994, the bad debts deduction dropped 15.9 percent to \$67.9 billion. The majority of the decline was, as seen with most other

deduction items, attributable to the banking industry. Banks, mutual savings companies, and bank holding companies reported a decrease of \$9.4 billion in bad debts, a decline of 35.5 percent, for 1994.

The employee benefits programs deduction (which excludes pension plan contributions) rose only \$0.3 billion to a total of \$160.5 billion for 1994. This increase of only 0.2 percent was primarily attributable to the services division.

Continuing the trend that began in 1991, the depreciation deduction (including amounts deducted as part of the cost of goods sold) reported by corporations rose from \$363.5 billion for 1993 to \$401.6 billion for 1994. This 10.5 percent increase was the largest recorded since 1985, when the depreciation deduction rose 14.9 percent in advance of TRA '86. TRA '86 instituted a "Modified Accelerated Cost Recovery System" (MACRS) that lengthened certain class lives over which assets could be depreciated for tax purposes and changed the depreciation methods for business property placed in service after 1986. Before TRA '86 (from 1980 through 1985), depreciation deductions rose at an average annual rate of 15.6 percent; after TRA '86 (from 1987 through 1994), the average rate of increase dropped to 3.3 percent.

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For Tax Year 1994, data for salaries and wages was taken out of, and presented separate from, "other deductions" totals. When accounting for this change in data presentation, a modest 8.3 percent growth was realized for "other deductions" with all industrial divisions contributing relatively equally to the increase [18].

Assets

For 1994, the rate of growth in the year-end book value of total assets reported on corporation income tax returns was down slightly from 1993. The 7.5 percent increase, from \$21.8 trillion to \$23.4 trillion, represents smaller growth than the rate of 9.1 percent for 1993. In fact, this is the first year since 1989, in which the rate of growth in the book value of total assets has increased at a declining rate. The largest percentage increase on asset accounts of the balance sheet was recorded for inventories, up 18.8 percent. The largest increase in dollars was recorded for "other investments," growing \$564.5 billion (Table 2). Allowances for bad debts (the only asset account that fell during Tax Year 1994) declined 1.7 percent.

By industrial division, the largest percent increase in total assets for 1994 was for the services division, with an increase of \$89.2 billion, totaling \$833.9 billion. The 12.0 percent increase was primarily due to increases in business services and "other services."

The finance, insurance, and real estate division had the largest dollar increase in total assets, from \$12.8 trillion reported for 1993 to \$13.9 trillion for 1994 (Table 1). As in prior years, the finance, insurance, and real estate division was the largest contributor to total assets for all divisions. For 1994, finance, insurance, and real estate companies made up 59.3 percent of all total assets, close to the 58.8 percent they contributed for 1993. Total assets for finance-related companies (not including insurance, real estate, or holding companies) contributed close to a third of this division's total assets, or \$7.5 trillion. Breaking the trend of the past three years when regulated investment companies recorded the largest dollar increase in total assets annually, bank holding companies reported the largest dollar increase, up \$303.4 billion for 1994. Regulated investment companies dropped to second place, with total assets increasing \$204.3 billion for 1994. (After 1990, total assets of regulated investment companies nearly doubled, increasing from \$1.2 trillion for 1990 to \$2.5 trillion for 1994. The rapid growth of assets in mutual funds reflects the optimistic performance of the securities markets and the infusion of new cash as a consequence of lower interest rates as compared with the 1990-1991 period [19]).

Wholesalers posted total assets of \$901.1 billion, increasing 7.3 percent, with wholesalers of motor vehicle and automotive equipment, and paper and paper products combining to contribute more than 46.1 percent of this division's increase. And, interestingly, the total assets of amusement and other recreation services fell \$9.0 billion for Tax Year 1994, unlike that of 1993 when the amusement and recreation industry grew \$53.0 billion, up 45.2 percent [20]. This decline for 1994 was primarily the result of an \$8.7 billion decrease (9.9 percent) in total assets for companies classified in the minor industry of motion picture production, distribution, and services.

Net notes and accounts receivables (after subtracting the allowance for bad debts) dropped to third place, from second place for 1993, in asset accounts by dollar size, for 1994 representing only 19.9 percent of total assets. "Other investments" comprised 26.7 percent of total assets and depreciable assets contributed another 22.5 percent. Rebounding from a fall of 3.8 percent for 1993, loans to stockholders climbed a modest 1.7 percent for 1994. Net depreciable assets (after deducting accumulated depreciation) accounted for 12.1 percent of total assets for 1994, down from 12.4 percent for 1993.

Tax-exempt securities, which had seen rapid growth over the past five years increased from \$701.1 billion for 1993 to \$711.6 billion for 1994 (Table 2). The \$10.5 billion increase for 1994 followed an \$85.5 billion increase the year before. The majority of the small increase that occurred came from entities in the finance, insurance, and real estate division, where tax-exempt investments rose from \$647.4 billion for Tax Year 1993 to \$656.0 billion for 1994, a modest 1.3 percent increase. The decrease in the rate of growth was attributable to tax exempt securities of regulated investment companies, which fell 3.8 percent, from \$318.4 billion for 1993, to \$306.3 billion for 1994. This \$12.1 billion decrease by regulated investment companies was offset by increases in other areas: mutual life insurance companies had increases in tax-exempt securities of \$8.2 billion; "other credit agencies" realized a gain of \$5.1 billion; and personal credit institutions reported an increase of \$3.5 billion.

Continuing an increase that began for 1992, intangible assets rose 12.8 percent to \$630.4 billion for Tax Year 1994. This continued growth may reflect the increase in the number of completed mergers and acquisitions observed in 1994 [21, 22]. In general, the acquisition costs of trademarks, patents, copyrights, and like assets tend to increase during periods of increased merger and acquisition activity, and such acquisition costs are properly accounted for as intangible assets [23]. The communica-

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tions industry had a \$33.3 billion increase in intangible assets, and alone accounted for almost half of the total increase in intangible assets for all major industries for 1994.

Liabilities and Stockholders' Equity

The largest percentage increase on the corporation income tax return liabilities account occurred in short-term mortgages, notes, and bonds payable up 16.7 percent, to \$1.8 trillion. For equity accounts, paid-in or capital surplus increased \$566.4 billion to total \$4.8 trillion, a gain of 13.4 percent. Since 1989, the paid-in or capital surplus account increased \$2,194.4 billion, or 84.6 percent, from \$2,595.2 billion to \$4,789.7 billion for 1994. Between Tax Years 1989 and 1993, the increase was 62.7 percent. The capital stock account increased only 4.4 percent to \$2,132.5 billion for 1994, after increasing 8.6 percent for 1993, 8.1 percent for 1992, and 9.8 percent for 1991.

Corporate indebtedness, as indicated by the various liability accounts, was reported at \$16.4 trillion for 1994. Short-term debt (accounts payable, mortgages, notes, and bonds payable in 1 year or less, and "other current liabilities") totaled \$9.6 trillion for 1994, a 6.4 percent increase (down from 7.6 percent for 1993). The 6.4 percent increase in short-term debt was principally due to an increase in mortgages, notes, and bonds payable in less than one year. Long-term debt (long-term mortgages, notes, and bonds payable, loans from stockholders, and "other liabilities") increased 7.6 percent to \$6.8 trillion (more than the 6.8 percent increase for 1993). This situation differs with 1993, when the rate for short term debt fell, while the rate for long term debt increased.

From 1982 to 1986, debt as a percentage of the sum of corporate liabilities and shareholders' equity fluctuated around 74 percent, while the equity component remained close to 26 percent. After a slight increase for Tax Years 1987 and 1988, the debt steadily declined, from 73.9 percent for 1989 to 70.0 percent for 1994. Thus, the equity portion increased from 26.1 percent for 1989 to 30.0 percent for 1994.

Income Tax and Tax Credits

Reflecting the increase in positive net income, "income subject to tax" (the base on which the regular corporation income tax is computed) increased from \$436.8 billion to \$494.0 billion, or 13.1 percent for 1994. Returns with total assets of \$250 million or more reported \$384.6 billion in positive net income, which accounted for 77.9 percent of all income subject to tax for 1994. For most

corporations, income subject to tax should be equal to net income minus certain "statutory special deductions" [24]. Net income increased 15.9 percent to \$577.3 billion for 1994. Total statutory special deductions increased only 4.2 percent (down from 16.1 percent for 1993) to \$142.3 billion, leading to a disproportionate increase in income subject to tax (relative to net income) [25]. This increase resulted in, at least partly, the regular corporation income tax (before reductions by credits) increasing to a record high of \$167.5 billion, or 12.4 percent (Figure F). More than 64.7 percent of the \$5.8 billion increase in total statutory special deductions for 1994 came from the \$3.7 billion increase in net operating loss deductions. In general, "net operating losses" were the deficits as shown in the statistics (excluding those of S Corporations, which were allocated to their shareholders), augmented by "unused" portions of the deductions for intercorporate dividends received and for dividends paid on certain preferred stock of public utilities. The net operating loss deduction was limited based on the size of positive net income, so the increase in positive net income for 1994 may have contributed to the size of the deduction [26]. Additionally, savings and loan associations were responsible for 58.2 percent of the increase in net operating loss deductions, up \$2.2 billion. The dividends received deduction actually fell for 1994, from \$14.9 billion, to \$14.0 billion, a 6.4 percent decrease. Contributing significantly to this decrease were three minor industries: personal credit institutions (declining \$0.9 billion); manufactures of aircraft, guided missiles, and parts (declining \$0.7 billion); and radio and television broadcasters (falling \$0.4 billion).

Regular tax, which was the tax applicable to most corporations (accounting for 97.0 percent of total tax), could be reduced by tax credits, principally the foreign tax, U.S. possessions tax, orphan drug, nonconventional source fuel, general business and prior-year minimum credits. Regular tax was reported at \$167.5 billion for 1994 an increase of \$18.5 billion (12.4 percent). Over 66.3 percent of this increase came from companies classified in the manufacturing division. The largest of all credits, the foreign tax credit, increased approximately \$2.5 billion, up 10.9 percent to a total of \$25.4 billion. Most significantly affecting this change were returns for communications companies, specifically telephone, telegraph, and other communications services (up half a billion dollars to \$0.8 billion), and those from wholesalers of petroleum and petroleum products, which reported an increase of \$0.4 billion to a total of \$0.5 billion reported for Tax Year 1994. Also, noteworthy is the 36.7 percent decrease,

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Figure F

Statutory Special Deductions, Income Subject to Tax, Selected Tax and Tax Credit Items, Tax Years 1993-1994

[Money amounts are in thousands of dollars]

Item	1993	1994	Percentage change
	(1)	(2)	(3)
Statutory special deductions, total.....	136,513,433	142,297,660	4.2
Net operating loss deduction.....	45,158,874	48,901,938	8.3
Dividends received deduction.....	14,933,621	13,982,146	-6.4
Public utility dividends paid deduction.....	49,060	99,426	102.7
Deduction for dividends paid by regulated investment companies and real estate investment trusts.....	75,984,756	79,020,297	4.0
Income subject to tax.....	436,797,939	493,996,239	13.1
Income tax, total ¹.....	154,447,416	172,776,719	11.9
Regular tax.....	149,026,690	167,547,891	12.4
Personal Holding Company tax ²	9,472	12,296	29.8
Tax from recapture of investment and low-income housing credits ²	22,873	54,923	140.2
Alternative minimum tax ²	4,863,090	4,459,253	-8.3
Environmental tax ²	566,361	620,502	9.6
Tax credits, total ³.....	34,510,139	37,257,104	8.0
Foreign tax credit.....	22,895,789	25,401,339	10.9
U.S. possessions tax credit.....	4,722,588	3,792,925	-19.7
Orphan drug credit.....	20,486	21,166	3.3
Nonconventional source fuel credit.....	690,593	592,083	-14.3
General business credit.....	3,078,073	4,109,836	33.5
Prior-year minimum tax credit.....	3,102,567	3,339,643	7.6
Total income tax after credits.....	119,937,278	135,519,687	13.0

¹ Includes certain other taxes, not shown separately.

² For purposes of the statistics, this tax is included in both income tax before and after credits. By law, tax credits can only offset regular tax.

³ Includes certain other credits, not shown separately.

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

equivalent to \$1.0 billion, from manufacturers of motor vehicles and equipment.

For 1994, the U.S. possessions tax credit reversed the historical rate of increase measured since 1988, falling to \$3.8 billion, down from \$4.7 billion for 1993. Manufacturers alone accounted for 95.5 percent of the total credit claimed, with manufacturers of electrical and electronic equipment responsible for more than \$0.7 billion of this credit's decrease [27].

The orphan drug credit increased 3.3 percent to \$21.2 million for Tax Year 1994. Given the criteria for procuring the credit, and as seen in Tax Year 1993, only three minor industries received this credit: manufacturers of drugs; manufactures of agricultural and other chemical products; and manufacturers of optical, medical, and ophthalmic goods [28]. Finally, the nonconventional fuel credit fell to \$592.1 million (14.3 percent), for Tax Year 1994.

The "general business credit," grew 33.5 percent for 1994, up \$1.0 billion after seven years of decline through

1992. During 1994, this credit included the investment credit (for certain 1994 capital expenditures still recognized for credit purposes under provisions of TRA '86, which otherwise abolished the credit for new acquisitions), jobs credit, credit for alcohol used as fuel, credit for increasing research activities, low-income housing credit, enhanced oil recovery credit, disabled access credit, renewable electricity production credit, Indian employment credit, credit for employer social security and Medicare taxes paid on certain employees, credit for contributions to selected community development corporations, empowerment zone employment credit, as well as the carryforward of previously unused investment credits [29]. The purpose of the general business credit was to provide a single limitation on these component credits and to establish uniform rules for the carryback and carryforward to other years of the unused amounts which were in excess of this limitation. Each of these component credits was computed separately. The largest component of the "tentative" general business credit (the credit before

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limitations) was the carryforward from prior years (amounts carried back to 1994 were unavailable), comprising 75.9 percent of the total "tentative" general business credit claimed. However, the research credit was the largest component for 1994 expenditures (in contrast to the amounts carried forward to 1994 from prior years) representing 61.6 percent of the total credit for 1994 expenditures, rising \$575.3 million to \$2.5 billion for 1994.

Corporations without current year alternative minimum tax (AMT) liability which reported AMT in prior years could elect to take a credit against a portion of regular income tax liability. A corporation's potential credit amount is based on the size of its prior years AMT liability, but its current year credit usage is limited by its current year tentative minimum tax. The credit for the prior-year tax increased 7.6 percent (down from the 34.1 percent increase for 1993) to \$3.3 billion.

For purposes of the statistics, total income tax before or after credits include regular tax, Personal Holding Company tax, taxes from recapturing prior-year investment or low-income housing credits, alternative minimum tax, environmental tax, other taxes unique to specific types of corporations, and certain statutory tax adjustments. AMT was the largest of these additional taxes (those other than the regular corporation tax). AMT, although remaining the highest in dollar amount, of all the extra taxes, declined 8.3 percent to \$4.5 billion. A total of 29,492 returns had positive AMT liability. Total income tax after credits, the amount payable to the Federal Government, increased 13.0 percent; however, the increase for 1994 was less than the increase of 18.1 percent for Tax Year 1993. The amount due for Tax Year 1994 was \$135.5 billion, up \$15.6 billion. The 7,043 returns of \$250 million or more accounted for 79.5 percent of total income tax and 76.1 percent of total income tax after credits for Tax Year 1994.

Summary

Corporate pre-tax profits as reported on income tax returns for 1994 increased by 15.9 percent from 1993 to \$577.3 billion, reflecting the continued economic recovery following the recession of 1990-1991. The number of returns with net income increased 11.6 percent. "Positive" net income rose 12.3 percent to a record \$739.5 billion; "negative" net income (i.e., net losses) increased 1.1 percent to \$162.2 billion. Most industrial divisions had increases in pre-tax profits, with only the finance, insurance, and real estate, and the agriculture, forestry, and fishing divisions showing a decline. Profits of the 7,043 returns with total assets of \$250 million or more accounted

for 76.6 percent of the total.

As "positive" net income grew for 1994, so did income subject to tax, which increased from \$436.8 billion to \$494.0 billion, 13.1 percent. This gain led to a little more than a 12.4 percent increase in the regular income tax (before credits), from \$149.0 billion to \$167.5 billion. Total tax after credits, the amount payable to the U.S. Government, increased \$15.6 billion (13.0 percent), from \$119.9 billion for 1993 to \$135.5 billion for 1994.

Data Sources and Limitations

Data for Tax Year 1994 are based on a sample of corporation income tax returns with accounting periods ending July 1994 through June 1995 that posted to the Internal Revenue Service Business Master File between July 1994 and the end of June 1996. These returns represent domestic corporations filing Form 1120 or 1120-A (short form); foreign corporations with "effectively connected" income in the U.S. filing Form 1120-F; life insurance companies filing Form 1120-L; property and casualty insurance companies filing Form 1120-PC; S Corporations filing Form 1120S; regulated investment companies filing Form 1120-RIC; and real estate investment trusts filing Form 1120-REIT. For purposes of the 1994 statistics, Forms 1120 IC-DISC filed by certain Domestic International Sales Corporations and Forms 1120-FSC filed by Foreign Sales Corporations were excluded. The 1987 revisions to the Standard Industrial Classification are not reflected in the industry statistics.

Initially, the stratified probability sample for this study consisted of 94,921 corporation income tax returns drawn from a total population of 4,694,341. However, due to a processing problem, many of the Forms 1120-F were excluded from the sampling frame. Every effort was made to add as many of the missing 1120-F returns as possible to the sample. Therefore, after adjusting for an additional 232 returns, the estimates in this article were based on a sample of 95,153 corporation income tax returns drawn from an estimated total population of 4,700,098. This estimated population includes an adjustment for an estimated 5,757 returns excluded from the sampling frame. Based on the 90,913 active corporation returns in the sample, the estimated population of active corporations was 4,342,368 returns. The sample was selected after administrative processing was complete, but before any audit examination, and was stratified based on combinations of net income and total assets at rates ranging from 0.25 percent to 100 percent.

Because the data are based on a sample, they are sub-

Figure G**Coefficients of Variation for Number of Returns, by Asset Size and Industrial Division, Tax Year 1994**

Industrial division	All asset sizes	Size of total assets				
		Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
All Industries ¹	0.03	3.03	0.40	0.70	0.66	0.49
Agriculture, forestry, and fishing.....	3.38	19.69	6.80	7.18	5.57	5.03
Mining.....	7.09	35.47	13.13	16.75	13.51	11.94
Construction.....	2.02	11.51	3.31	4.36	3.95	3.55
Manufacturing.....	2.12	12.86	4.79	5.35	4.21	3.47
Transportation and public utilities.....	3.23	15.89	5.25	7.05	6.53	6.10
Wholesale and retail trade.....	1.11	6.58	2.15	2.24	2.04	1.97
Finance, insurance, and real estate.....	1.51	6.77	2.94	3.44	2.91	2.54
Services.....	0.99	5.52	1.34	2.40	2.80	3.06

Industrial division	Size of total assets--Continued					
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000
	(7)	(8)	(9)	(10)	(11)	(12)
All Industries ¹	0.25	0.55	0.41	0.47	0.05	0.04
Agriculture, forestry, and fishing.....	4.03	10.71	8.05	8.56	0.98	1.23
Mining.....	8.30	10.59	7.16	7.55	0.72	0.76
Construction.....	2.38	4.35	3.61	4.69	0.57	0.83
Manufacturing.....	1.93	2.66	1.69	1.64	0.20	0.19
Transportation and public utilities.....	3.83	6.57	4.11	4.22	0.42	0.48
Wholesale and retail trade.....	1.21	2.08	1.52	1.93	0.23	0.27
Finance, insurance, and real estate.....	1.66	2.82	1.55	1.17	0.08	0.07
Services.....	2.05	3.90	2.70	2.81	0.32	0.36

¹ Includes returns not allocable by industrial division.

² Zero asset class includes returns of liquidating or dissolving corporations which had disposed of all assets, final returns of merging companies whose assets were included in the returns of acquiring corporations, part-year returns (except those newly-acquired businesses), returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate asset class).

NOTE: Returns with total assets of \$250 million or more were sampled at the 100% rate and are, therefore, not subjected to sampling error.

ject to sampling error. To use the statistics properly, the magnitude of the potential sampling error needs to be known. Coefficients of variation (CV's) are used to measure this magnitude. Figure G presents preliminary CV's for the number of returns by asset size and industrial division. The smaller the CV, the more reliable the estimate is judged to be [30].

Notes and References

- [1] For Tax Year 1988, the number of returns declined for the first time since the end of World War II. This decline was prompted by the Tax Reform Act of 1986 which caused some companies to be represented in the 1987 statistics twice, by a part-year return and a full-year return, each with an accounting period ending during the span of months July 1987 through June 1988 (the accounting periods comprising Tax Year 1987, as defined for these statistics). The unusually large number of part-year returns for

that year, led to a large increase in the total number of returns. The increase in part-year returns was caused by many S Corporations (and personal service corporations) changing their accounting periods from a non-calendar year to a calendar year as required by the 1986 Act. This was further intensified by the fact that other corporations changed to S Corporation status in order to take advantage of the lower individual income tax rates applicable to S Corporation profits (which are taxed through shareholders) allowed under the Act.

- [2] For Tax Year 1994, a correction was made to the sample selection process to include personal service corporations which had erroneously been excluded from the sample during SOI tax years 1988 through 1993. The absence of these companies from our studies has resulted in an understatement of our statistics for corporations in the "other services" industrial group.

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- [3] See Wittman, Susan M., "S Corporation Returns, 1994," *Statistics of Income Bulletin*, Spring 1997, Volume 16, Number 4.
- [4] Starting with Tax Year 1987, statistics for net income or deficit and for receipts and deductions of S Corporations are limited to those derived "from a trade or business." Investment or portfolio income (or loss) such as interest, dividends, rents, royalties, and gain (loss) from sales of investment property, and the deductions related to this income were not included in the corporation totals. Therefore, the overall statistics for receipts, deductions, and net income or deficit are slightly understated; it is estimated that total net income (less deficit), alone, is understated by \$17.7 billion as a result (see Wittman, Susan M., op. cit.).
- [5] The growth rate in the gross domestic product (GDP) for 1994 was 3.5 percent compared with a 2.3 percent increase for 1993 (in constant dollars). (See the U.S. Department of Commerce, Bureau of Economic Analysis, *Survey of Current Business*, December 1996, Vol 76, Number 12, p. D-34/35).
- [6] *International Market Report*, semi-annual; and *Office Market Data Book* as reported by the U.S. Department of Commerce, Bureau of the Census.
- [7] Catastrophic losses for property and casualty insurers reached \$14.5 billion for 1994, up from \$5.7 billion for 1993. Based on a sample of insurers representing 60.0 - 90.0 percent of the industry's 1994 premium volume by line, only "general liability" experienced significant deterioration, with its pure loss ratio increasing from 69.0 percent to 83.0 percent, due solely to rising (E & A) losses. (See Insurance Services Office, Inc., *Insurance Financial Results, 1995*; and *The Impact of Catastrophes on Property Insurance*.)
- [8] Net losses reported by foreign banks increased for Tax Year 1994 from -\$777.0 million for 1993 to -\$2,940.0 million for 1994.
- [9] See Seiders, Michael G., "Corporation Income Tax Returns, 1993," *Statistics of Income Bulletin*, Summer 1996, Volume 16, Number 1, p. 37.
- [10] Wittman, Susan M., op. cit.
- [11] In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, trust department earnings, and service charges which may have originally been reported on attached schedules as "other income." For such companies, these items were included in the statistics for business receipts, not "other receipts." Similarly, condominium management fees reported by condominium management and cooperative housing associations were included in business receipts, when identified from attached other income schedules. Rents reported by real estate operators and lessors of buildings as their principal income were included in the statistics for business receipts. Premium income of most insurance companies was included in business receipts. Regulated investment companies and real estate investment trusts do not report business receipts.
- [12] U.S. Department of the Treasury; The Council of Economic Advisors; Bureau of Economic Analysis; and Eggert's Blue Chip Economic Indicators as reported in The U.S. Office of Management and Budget, *Economic Report of the President, February 1994*, pp. 31, 78-85.
- [13] The preferential "alternative tax" rate on net long-term capital gains (reduced by net short-term capital losses) was repealed by the Tax Reform Act of 1986 for tax years that began on or after July 1, 1987, effectively taxing corporate capital gains at the regular corporate tax rates. (Also, because they were no longer given preferential tax treatment, these gains were exempted from the "alternative minimum tax" on "tax preference" items)
- [14] In using the statistics, it should be noted that the capital gains data exclude those reported by regulated investment companies and S Corporations.
- [15] Beginning with the *Statistics of Income, 1994 Corporation Source Book*, Publication 1053, the term "cost of sales and operations" was replaced with "cost of goods sold."
- [16] U.S. Bureau of Labor Statistics, Bulletin 2445; and *Employment and Earnings*, March and June, 1994.
- [17] Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, monthly and *Annual Statistical Digest*.
- [18] Prior to the publication of the *Statistics of Income, 1994 Corporation Source Book*, Publication 1053,

"salaries and wages" data was included in the totals listed for "other deductions." (An exception to this is found in the 1993 *SOI Corporation Income Tax Returns*, Publication 16, when some tables provided salaries and wages data separate from the data for "other deductions.") Thus, in order to compare data for "other deductions" between tax years (for purposes of this article) "salaries and wages" was added to the amount reported for "other deduction" for Tax Year 1994 data. (For a detailed description of salaries and wages see 1993 *SOI Corporation Income Tax Returns*, Publication 16, "Explanation of Terms.")

[19] Board of Governors of the Federal Reserve System, *Federal Reserve Bulletin*, October 1994 and *Flow of Funds Account*, March 1995; and Investment Company Institute, Washington, D.C., *Mutual Fund Fact Book*.

[20] Seiders, Michael G., op., cit. p. 41.

[21] *Mergers and Acquisitions, 1995 Almanac and Index*, May/June 1995, Volume 29, Number 6, pp. 48, 53.

[22] Securities Data Company, Newark, NJ, *Merger & Corporate Transactions Database*.

[23] Seiders, G. Michael, op., cit. p. 41.

[24] For 1994, statutory special deductions included the following: the various dividends received deductions; the deduction for dividends paid on certain preferred stock of public utilities; the deduction for dividends paid by regulated investment companies and real estate investment trusts; the special deduction for taxes paid by real estate investment trusts allowed under section 857; and the special deduction allowed small life insurance companies.

[25] It should be noted that the statistics for statutory special deductions include: (a) certain unused amounts reported by corporations without net income and, therefore, with no income subject to tax, as well as (b) unused portions attributable to some corporations with net income where the total of these deductions exceeded the amount needed to offset net income. These corporations also had no income

subject to tax. In addition, the relationship between net income and income subject to tax was defined differently for life insurance businesses and real estate investment trusts. Therefore, the net income shown in the statistics (which also includes the net income of S Corporations which was, in general, taxable to shareholders), minus statutory special deductions, will not yield the statistics shown for income subject to tax.

[26] The net operating loss deduction statistics are only for prior year losses, not previously deducted and "carried forward" to 1994; future-year losses carried back" as deductions for 1994 are unavailable.

[27] The Tax Reform Act of 1976 added the U.S. possessions tax credit in lieu of the ordinary foreign tax credit in order to provide a tax incentive for domestic corporations to invest in Puerto Rico or in U.S. possessions or territories (including American Samoa, Guam, Johnston Island, Midway Islands, and Wake Island).

[28] The orphan drug credit consists of a credit of 50.0 percent of the qualified clinical testing expenses paid or incurred before January 1, 1995, for certain drugs created for rare diseases and conditions. (See *U.S. Master Tax Guide*, 1995, 78th Edition, CCH Incorporated, para 1315.)

[29] The Empowerment Zone Employment credit is a new General Business Credit for Tax Year 1994 (Form 8844). The credit allows employers a credit for up to the first \$15,000 of wages paid to employees who are residents of an empowerment zone. (See *U.S. Master Tax Guide*, 1995, 78th Edition, CCH Incorporated, para 1339A.)

[30] Final CV's will be published in the upcoming *Statistics of Income, Corporation Income Tax Returns, 1994*, Publication 16, Section 3, "Description of the Sample and Limitations of the Data."

Acknowledgment

The author would like to thank Bertrand M. Überall, SOI mathematical statistician, for contributing the section on Data Sources and Limitations, and Figure G.

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Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size ¹

[All figures are estimates based on samples-money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets					
	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
ALL INDUSTRIES ³						
Number of returns.....	4,342,368	262,510	2,272,564	707,731	413,994	284,346
Total assets.....	23,446,206,586	--	69,321,491	114,531,418	146,695,227	200,550,575
Total receipts..... ⁴	13,360,007,157	193,980,574	459,827,978	391,556,844	376,169,876	448,293,093
Business receipts.....	11,883,614,939	122,893,404	449,322,666	383,953,703	367,529,355	438,284,938
Interest paid.....	611,155,531	49,856,745	2,706,260	3,450,688	3,822,406	4,887,949
Net income (less deficit)..... ⁴	577,277,530	-5,155,501	7,515,110	5,758,672	6,162,576	8,120,676
Total income tax ⁵	172,776,719	1,748,025	500,136	651,607	868,588	1,213,881
Income tax after credits ⁵	135,519,687	1,630,692	483,725	638,158	841,682	1,172,841
Net worth.....	7,031,240,884	--	-11,321,437	17,797,904	40,285,057	64,501,673
AGRICULTURE, FORESTRY, AND FISHING						
Number of returns.....	146,996	7,125	59,979	26,927	22,310	17,223
Total assets.....	79,893,306	--	2,043,643	4,392,786	8,067,161	12,187,348
Total receipts..... ⁴	100,907,153	790,887	7,130,534	8,962,373	9,072,186	14,217,364
Business receipts.....	93,874,803	476,181	6,867,947	8,248,798	8,261,258	13,021,792
Interest paid.....	2,372,577	24,698	107,292	206,658	242,038	358,188
Net income (less deficit)..... ⁴	1,314,303	94,111	136,140	-49,651	206,651	117,920
Total income tax ⁵	689,669	22,296	12,588	19,038	38,658	52,008
Income tax after credits ⁵	611,436	21,846	12,170	18,813	35,637	49,799
Net worth.....	29,266,842	--	-614,107	673,065	3,405,312	6,035,294
MINING						
Number of returns.....	35,371	1,740	16,494	5,024	3,944	3,455
Total assets.....	239,727,711	--	601,066	821,906	1,444,444	2,465,917
Total receipts..... ⁴	115,687,307	813,249	2,010,738	1,286,714	1,717,018	3,613,690
Business receipts.....	104,655,098	590,990	1,668,675	1,140,930	1,470,078	3,406,385
Interest paid.....	5,210,756	26,505	46,938	28,853	28,117	69,417
Net income (less deficit)..... ⁴	3,644,888	10,443	125,454	-62,345	16,456	61,137
Total income tax ⁵	1,605,727	9,574	2,613	*1,759	5,907	9,428
Income tax after credits ⁵	820,057	9,490	2,433	*1,759	5,007	9,363
Net worth.....	118,662,217	--	-1,181,842	-162,079	272,929	922,131
CONSTRUCTION						
Number of returns.....	432,965	22,112	229,551	70,343	42,021	32,046
Total assets.....	249,093,544	--	6,904,832	11,636,837	14,878,087	22,225,811
Total receipts..... ⁴	592,760,390	4,974,325	58,940,959	46,593,982	46,687,273	60,773,732
Business receipts.....	583,273,029	4,753,948	58,613,885	46,299,177	46,229,021	60,231,159
Interest paid.....	4,877,820	51,439	327,286	333,698	365,038	436,900
Net income (less deficit)..... ⁴	11,573,896	55,008	1,231,827	1,014,113	1,025,507	1,203,664
Total income tax ⁵	2,072,970	7,341	45,698	75,732	126,375	139,506
Income tax after credits ⁵	1,909,997	7,321	45,043	74,142	120,388	135,267
Net worth.....	78,241,990	--	188,149	3,542,962	4,507,673	7,436,711
MANUFACTURING						
Number of returns.....	312,383	14,522	114,879	45,532	37,600	33,061
Total assets.....	4,525,455,926	--	3,436,772	7,436,260	13,421,100	23,646,440
Total receipts..... ⁴	4,218,791,583	22,135,159	17,900,624	25,852,353	36,816,793	57,923,054
Business receipts.....	3,968,849,781	20,778,195	17,411,799	25,458,647	36,369,937	57,184,689
Interest paid.....	126,350,471	489,776	175,203	221,184	455,936	694,890
Net income (less deficit)..... ⁴	219,114,720	629,260	-142,119	51,583	538,566	1,049,585
Total income tax ⁵	74,398,479	444,442	19,570	44,749	86,238	193,399
Income tax after credits ⁵	49,275,037	367,655	19,133	43,289	84,548	178,430
Net worth.....	1,588,890,745	--	1,974,427	1,655,096	3,285,009	7,135,005

Footnotes at end of table.

Corporation Income Tax Returns, 1994

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size 1--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets--Continued					
	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
TRANSPORTATION AND PUBLIC UTILITIES						
Number of returns.....	186,474	11,593	98,695	29,374	16,915	11,963
Total assets.....	1,826,272,914	--	3,026,364	4,928,790	5,964,234	8,505,721
Total receipts..... ⁴	1,103,212,254	5,791,348	23,703,066	18,535,636	17,026,881	21,565,990
Business receipts.....	1,041,837,215	4,877,614	23,346,108	18,184,470	16,613,065	21,072,405
Interest paid.....	54,341,492	176,325	130,252	218,295	200,279	296,312
Net income (less deficit)..... ⁴	68,265,100	312,242	160,573	302,733	245,046	180,607
Total income tax..... ⁵	25,104,099	128,690	15,173	27,492	33,663	66,919
Income tax after credits..... ⁵	22,343,520	108,021	15,173	25,990	32,127	64,214
Net worth.....	619,079,353	--	-232,011	689,868	-1,199,409	2,057,643
WHOLESALE AND RETAIL TRADE						
Number of returns.....	1,106,363	60,002	488,370	220,448	132,846	85,830
Total assets.....	1,795,167,540	--	18,193,941	35,481,302	46,866,862	60,806,588
Total receipts..... ⁴	4,052,225,816	61,257,310	109,651,574	148,225,691	163,086,147	200,599,949
Business receipts.....	3,953,491,832	59,353,037	107,679,110	146,622,193	161,385,940	197,841,946
Interest paid.....	50,705,546	1,016,811	601,222	946,350	1,231,781	1,433,555
Net income (less deficit)..... ⁴	68,472,944	-1,026,973	-162,994	966,117	1,775,193	2,647,623
Total income tax..... ⁵	19,885,265	200,153	83,115	177,436	245,711	398,513
Income tax after credits..... ⁵	18,032,696	197,632	81,125	174,132	242,390	389,957
Net worth.....	492,047,619	--	-3,216,212	6,203,043	14,157,920	22,119,083
FINANCE, INSURANCE, AND REAL ESTATE						
Number of returns.....	681,671	52,931	291,402	112,403	76,912	56,442
Total assets.....	13,895,294,545	--	9,051,889	18,198,178	27,313,427	39,914,156
Total receipts..... ⁴	1,976,491,348	75,596,167	30,604,813	19,331,640	17,067,174	17,377,987
Business receipts.....	1,001,744,154	10,971,251	28,932,147	17,663,516	14,589,634	15,250,372
Interest paid.....	340,510,655	47,400,674	320,177	644,825	391,520	707,697
Net income (less deficit)..... ⁴	169,303,017	-4,714,387	1,058,627	423,416	644,385	752,647
Total income tax..... ⁵	39,014,557	760,854	84,230	71,633	136,722	149,026
Income tax after credits..... ⁵	34,055,667	749,102	82,275	69,860	134,778	147,724
Net worth.....	3,842,152,066	--	-2,733,448	-3,263,354	7,173,524	9,930,913
SERVICES						
Number of returns.....	1,424,394	89,748	962,260	196,824	80,849	43,878
Total assets.....	833,929,557	--	25,888,984	31,493,762	28,529,884	30,530,672
Total receipts..... ⁴	1,198,029,951	22,566,848	209,269,793	122,304,887	84,470,225	72,036,027
Business receipts.....	1,134,091,202	21,065,514	204,194,181	119,874,739	82,387,501	70,105,709
Interest paid.....	26,757,051	670,518	993,224	841,236	904,182	887,694
Net income (less deficit)..... ⁴	35,568,508	-524,182	5,111,330	3,111,229	1,721,617	2,118,891
Total income tax..... ⁵	9,990,309	173,708	234,948	230,415	195,199	204,805
Income tax after credits..... ⁵	8,455,643	168,658	224,171	226,820	186,692	197,807
Net worth.....	263,646,971	--	-1,394,701	8,494,941	6,246,941	9,554,830

Footnotes at end of table.

Corporation Income Tax Returns, 1994

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size ¹--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets--Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
ALL INDUSTRIES ³							
Number of returns.....	296,105	43,450	27,584	11,922	8,221	6,899	7,043
Total assets.....	622,752,583	301,453,256	424,684,771	420,068,459	584,488,009	1,095,048,889	19,466,611,909
Total receipts... ⁴	1,370,529,998	622,852,479	714,550,154	461,844,870	456,152,763	668,722,946	7,195,525,582
Business receipts.....	1,341,088,721	607,736,314	692,727,035	435,954,616	421,076,322	603,561,410	6,019,486,454
Interest paid.....	16,281,575	7,603,927	10,324,618	9,860,350	13,489,826	23,255,662	465,615,525
Net income (less deficit)... ⁴	24,023,252	12,179,807	16,785,323	12,817,779	16,188,534	30,724,075	442,157,227
Total income tax ⁵	4,692,728	2,708,084	4,065,727	3,971,170	5,227,930	9,736,294	137,392,549
Income tax after credits ⁵	4,520,848	2,585,998	3,759,346	3,591,556	4,788,722	8,355,903	103,150,217
Net worth.....	176,202,989	93,137,484	133,628,604	132,049,357	194,411,701	417,030,791	5,773,516,760
AGRICULTURE, FORESTRY, AND FISHING							
Number of returns.....	12,197	664	345	117	57	34	17
Total assets.....	22,470,104	4,565,235	4,942,226	3,918,028	4,101,869	4,733,072	8,471,835
Total receipts... ⁴	26,564,857	6,087,200	5,287,187	4,879,572	4,903,629	5,661,755	7,349,609
Business receipts.....	24,464,385	5,797,631	4,901,777	4,648,474	4,743,763	5,445,781	6,997,016
Interest paid.....	707,359	118,693	145,714	77,711	101,882	146,026	136,318
Net income (less deficit)... ⁴	-69,569	96,975	-9,824	102,987	13,098	66,085	609,382
Total income tax ⁵	124,747	41,546	45,954	40,334	45,547	32,594	214,359
Income tax after credits ⁵	120,752	40,195	43,857	38,138	43,184	31,802	155,244
Net worth.....	8,150,179	1,520,125	1,572,462	1,616,489	1,510,750	1,495,346	3,901,927
MINING							
Number of returns.....	3,066	721	460	149	108	97	112
Total assets.....	6,228,268	5,206,129	7,252,071	5,409,898	7,711,288	17,042,669	185,544,055
Total receipts... ⁴	5,020,435	4,495,045	5,395,927	4,005,594	4,255,060	11,264,486	71,809,352
Business receipts.....	4,540,235	3,966,443	4,851,397	3,663,781	3,642,351	10,314,876	65,398,957
Interest paid.....	127,362	112,842	148,037	108,558	156,290	369,104	3,988,734
Net income (less deficit)... ⁴	118,923	193,482	132,576	16,748	126,915	186,036	2,719,063
Total income tax ⁵	28,597	47,901	55,037	53,101	61,803	144,389	1,185,619
Income tax after credits ⁵	23,509	43,995	44,647	45,368	50,400	96,920	487,166
Net worth.....	2,068,071	2,393,042	3,537,961	2,228,990	4,051,211	9,089,438	95,442,365
CONSTRUCTION							
Number of returns.....	30,583	3,958	1,695	388	159	69	39
Total assets.....	62,975,036	27,105,581	24,991,208	13,463,462	11,359,241	11,432,796	42,120,652
Total receipts... ⁴	149,902,471	57,744,778	52,548,629	26,206,401	20,381,462	20,615,464	47,390,914
Business receipts.....	148,177,952	57,023,548	51,769,861	25,738,506	19,798,339	20,067,900	44,569,735
Interest paid.....	1,093,747	383,511	372,311	213,283	186,909	184,786	928,912
Net income (less deficit)... ⁴	2,800,097	1,175,699	1,089,444	467,223	397,014	128,663	985,637
Total income tax ⁵	492,344	228,163	204,759	126,087	115,855	119,127	391,983
Income tax after credits ⁵	466,657	217,466	198,795	116,428	107,134	116,643	304,713
Net worth.....	19,256,792	8,482,041	8,360,678	4,452,839	4,118,457	2,721,186	15,174,502
MANUFACTURING							
Number of returns.....	44,879	9,145	6,375	2,513	1,488	1,133	1,256
Total assets.....	100,624,244	63,596,749	98,757,669	87,171,081	104,503,935	177,139,560	3,845,722,116
Total receipts... ⁴	229,681,328	126,397,644	183,401,881	144,318,514	157,975,124	234,306,020	2,982,083,088
Business receipts.....	226,870,381	124,681,219	181,021,044	141,468,420	154,628,117	227,416,295	2,755,561,036
Interest paid.....	2,652,358	1,630,197	2,398,115	2,089,359	2,620,401	4,661,575	108,261,476
Net income (less deficit)... ⁴	6,334,271	4,259,989	7,709,930	6,167,722	6,716,360	12,692,099	173,107,473
Total income tax ⁵	1,255,423	888,164	1,607,946	1,642,825	2,130,270	4,225,784	61,859,670
Income tax after credits ⁵	1,195,530	835,367	1,419,458	1,413,572	1,840,567	3,210,371	38,667,116
Net worth.....	37,052,310	25,031,581	42,098,636	38,147,106	44,203,183	73,841,730	1,318,415,517

Footnotes at end of table.

Corporation Income Tax Returns, 1994

Table 1.--Selected Balance Sheet, Income Statement, and Tax Items, by Industrial Division and Asset Size ¹--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item and industrial division	Size of total assets--Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
TRANSPORTATION AND PUBLIC UTILITIES							
Number of returns.....	13,363	1,845	1,321	464	303	223	415
Total assets.....	29,190,022	12,795,430	20,197,848	16,020,119	21,566,126	36,068,325	1,668,009,935
Total receipts.....	59,974,657	20,527,899	27,908,114	21,043,295	22,583,577	28,509,496	836,042,296
Business receipts.....	58,544,587	19,936,526	26,739,515	20,050,035	20,956,656	26,917,167	784,599,065
Interest paid.....	991,022	490,171	667,616	509,996	1,019,933	1,331,628	48,309,664
Net income (less deficit).....	1,233,825	582,106	750,993	607,767	818,081	783,200	62,287,927
Total income tax ⁵	295,505	160,093	265,827	242,664	313,107	532,904	23,022,063
Income tax after credits ⁵	281,209	150,632	240,911	230,142	298,494	507,902	20,388,704
Net worth.....	6,650,792	3,129,652	5,067,452	4,016,955	5,708,319	6,487,691	584,303,582
WHOLESALE AND RETAIL TRADE							
Number of returns.....	93,516	13,941	7,365	1,973	947	617	507
Total assets.....	199,652,582	96,506,949	111,169,779	67,190,728	65,714,026	97,156,144	996,428,638
Total receipts.....	696,110,581	337,778,939	352,337,139	185,938,722	166,028,828	226,574,798	1,404,636,139
Business receipts.....	687,549,814	333,147,520	347,263,988	182,883,449	163,069,838	222,056,632	1,344,638,366
Interest paid.....	5,157,641	2,541,212	2,803,325	1,603,099	1,681,457	2,366,732	29,322,361
Net income (less deficit).....	8,954,584	4,676,360	5,783,701	2,922,762	3,487,900	4,714,051	33,734,619
Total income tax ⁵	1,450,630	754,974	1,019,749	700,568	937,959	1,512,105	12,404,353
Income tax after credits ⁵	1,427,502	741,375	989,155	660,630	891,236	1,446,712	10,790,848
Net worth.....	61,656,501	27,167,256	31,714,411	21,506,900	21,911,094	33,642,156	255,185,466
FINANCE, INSURANCE, AND REAL ESTATE							
Number of returns.....	57,201	8,435	7,223	5,340	4,645	4,334	4,403
Total assets.....	118,775,265	58,873,903	114,962,612	192,710,384	332,588,089	686,962,103	12,295,944,540
Total receipts.....	42,945,086	17,150,314	27,370,446	30,402,223	40,569,077	82,842,604	1,575,233,819
Business receipts.....	36,149,093	12,911,131	18,781,449	15,535,786	17,130,864	36,897,254	776,931,657
Interest paid.....	2,854,651	1,369,288	2,532,507	4,264,197	6,656,996	12,338,644	261,029,479
Net income (less deficit).....	966,846	339,528	253,472	1,969,681	3,963,323	9,667,037	153,978,443
Total income tax ⁵	435,252	255,681	439,840	762,406	1,143,368	2,182,621	32,592,924
Income tax after credits ⁵	418,320	248,106	429,405	723,948	1,113,961	2,101,493	27,836,694
Net worth.....	23,198,067	16,044,361	29,224,253	50,927,109	102,342,765	270,901,921	3,338,405,956
SERVICES							
Number of returns.....	41,143	4,722	2,792	977	515	392	294
Total assets.....	82,492,757	32,685,974	42,294,970	34,184,758	36,943,437	64,514,221	424,370,138
Total receipts.....	160,178,402	52,647,919	60,120,603	45,050,549	39,456,007	58,948,324	270,980,365
Business receipts.....	154,653,365	50,249,752	57,251,755	41,966,165	37,106,394	54,445,506	240,790,622
Interest paid.....	2,691,964	956,542	1,255,839	994,147	1,065,957	1,857,167	13,638,581
Net income (less deficit).....	3,673,572	858,328	1,047,403	562,890	665,842	2,486,904	14,734,683
Total income tax ⁵	610,158	331,561	417,963	403,185	480,022	986,769	5,721,576
Income tax after credits ⁵	587,296	308,861	384,473	363,329	443,745	844,060	4,519,731
Net worth.....	18,142,663	9,319,495	12,025,142	9,152,968	10,565,922	18,851,325	162,687,446

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

¹ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

² Zero assets class includes returns of liquidating or dissolving corporations which had disposed of all assets, final returns of merging companies whose assets were included in the returns of the acquiring corporations, part-year returns (except those newly-incorporated businesses), returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance companies providing separate data for U.S. branches, assets for which are included in the appropriate size class).

³ Includes "Nature of business not allocable" which is not shown separately.

⁴ Excludes net long-term capital gain reduced by net short-term capital loss of regulated investment companies and S Corporations (qualifying corporations electing to be taxed through shareholders).

⁵ For purposes of the statistics, includes not only regular tax, but alternative minimum tax, tax from recapture of investment and low-income housing credits and certain other taxes. By law, only regular tax could be reduced by tax credits.

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

Corporation Income Tax Returns, 1994

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets					
	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns.....	4,342,368	262,510	2,272,564	707,731	413,994	284,346
Total assets.....	23,446,206,586	--	69,321,491	114,531,418	146,695,227	200,550,575
Cash.....	853,076,121	--	17,308,829	21,312,438	21,893,198	25,551,755
Notes and accounts receivable.....	4,767,673,175	--	6,644,020	15,906,908	24,629,107	37,981,523
Less: Allowance for bad debts.....	115,154,287	--	46,497	249,517	270,517	521,640
Inventories.....	1,125,766,128	--	7,918,327	15,823,622	23,027,059	32,469,879
Investment in U.S. Government obligations.....	1,308,919,376	--	63,544	297,311	458,005	748,057
Tax-exempt securities.....	711,589,861	--	44,425	176,612	314,885	493,653
Other current assets.....	1,662,091,483	--	2,956,817	4,820,814	6,983,045	10,355,462
Loans to stockholders.....	85,343,725	--	5,174,614	5,994,675	5,396,708	4,815,569
Mortgage and real estate loans.....	1,660,947,165	--	392,272	1,365,876	1,829,691	2,734,605
Other investments.....	6,265,265,758	--	2,123,642	5,270,205	7,801,923	12,455,996
Depreciable assets.....	5,284,097,003	--	77,909,780	90,261,844	97,734,529	121,765,207
Less: Accumulated depreciation.....	2,438,539,251	--	56,306,169	58,096,779	59,593,563	70,959,252
Depletable assets.....	147,617,550	--	518,102	563,565	538,057	1,009,733
Less: Accumulated depletion.....	70,805,195	--	390,335	291,645	190,377	534,413
Land.....	239,430,463	--	1,689,898	4,889,162	9,521,974	14,707,394
Intangible assets.....	630,439,740	--	3,354,399	4,688,921	4,340,686	4,764,468
Less: Accumulated amortization.....	150,436,426	--	1,735,875	2,154,025	1,981,274	2,053,280
Other assets.....	1,478,884,199	--	1,701,697	3,951,432	4,262,090	4,765,859
Total liabilities.....	23,446,206,586	--	69,321,491	114,531,418	146,695,227	200,550,575
Accounts payable.....	1,606,156,180	--	11,118,688	14,376,062	20,116,343	28,889,432
Mortgages, notes, and bonds payable in less than 1 year.....	1,830,544,493	--	7,754,190	10,776,277	13,878,320	18,958,406
Other current liabilities.....	6,172,752,686	--	9,462,784	10,580,742	12,100,523	15,527,084
Loans from stockholders.....	294,315,214	--	33,140,958	23,936,055	22,913,315	21,280,264
Mortgages, notes, and bonds payable in 1 year or more.....	3,099,902,033	--	15,372,172	25,893,810	32,524,975	44,805,056
Other liabilities.....	3,411,295,097	--	3,794,135	11,170,568	4,876,694	6,588,659
Net worth.....	7,031,240,884	--	-11,321,437	17,797,904	40,285,057	64,501,673
Capital stock.....	2,132,453,838	--	16,658,070	14,813,826	15,250,690	18,829,254
Paid-in or capital surplus.....	4,789,687,457	--	15,666,338	16,094,412	17,923,896	19,935,336
Retained earnings, appropriated.....	81,281,367	--	297,912	370,136	686,409	754,318
Retained earnings, unappropriated.....	1,467,774,310	--	-17,583,246	-5,952,599	12,169,006	22,020,002
Other retained earnings (1120S).....	149,417,844	--	-22,456,559	-3,374,465	-1,324,969	8,698,308
Less: Cost of treasury stock.....	1,589,373,930	--	3,903,952	4,153,407	4,419,975	5,735,545
Total receipts.....	13,360,007,157	193,980,574	459,827,978	391,556,844	376,169,876	448,293,093
Business receipts.....	11,883,614,939	122,893,404	449,322,666	383,953,703	367,529,355	438,284,938
Interest.....	837,214,525	58,861,362	437,833	978,020	796,743	1,039,374
Interest on State and local Government obligations.....	44,424,838	318,559	5,025	20,740	31,344	59,583
Rents.....	81,809,466	796,899	353,648	450,418	650,517	758,397
Royalties.....	50,044,128	216,433	107,403	110,247	73,960	150,205
Net short-term capital gain less net long-term capital loss.....	10,997,054	93,940	31,537	52,049	81,017	43,141
Net long-term capital gain less net short-term capital loss.....	47,895,615	1,634,423	515,407	493,991	605,874	705,212
Net gain, noncapital assets.....	35,212,818	1,907,161	689,331	688,175	678,374	671,518
Dividends, domestic corporations.....	13,233,145	118,258	25,690	68,466	89,788	106,974
Dividends, foreign corporations.....	30,322,365	29,165	*4,005	*9,404	2,653	2,167
Other receipts.....	325,238,265	7,110,970	8,335,433	4,731,631	5,630,249	6,471,584

Footnotes at end of table.

Corporation Income Tax Returns, 1994

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets--Continued					
	Total ¹	Zero assets ²	\$1 under \$100,000	\$100,000 under \$250,000	\$250,000 under \$500,000	\$500,000 under \$1,000,000
	(1)	(2)	(3)	(4)	(5)	(6)
Total deductions.....	12,774,888,028	198,829,884	452,308,302	385,777,433	369,976,836	440,113,125
Cost of goods sold ³	7,624,876,881	78,258,123	162,880,631	184,770,219	204,136,526	267,300,137
Compensation of officers.....	281,813,040	4,589,242	64,092,397	37,068,915	26,998,520	24,209,931
Salaries and wages ⁴	1,124,366,115	14,246,027	64,258,116	50,986,852	43,309,219	45,108,222
Repairs.....	112,355,063	856,927	4,594,252	3,938,482	3,528,580	4,112,621
Bad debts.....	67,852,016	4,432,324	977,448	805,758	1,023,007	1,223,984
Rent on business property.....	220,021,860	3,592,412	20,847,490	14,684,191	10,940,698	10,459,949
Taxes paid.....	313,695,311	3,426,780	15,291,460	12,668,841	11,045,642	12,218,047
Interest paid.....	611,155,531	49,856,745	2,706,260	3,450,688	3,822,406	4,887,949
Contributions or gifts.....	7,102,825	45,010	95,753	69,475	87,199	90,863
Amortization.....	40,583,270	611,546	427,921	518,292	454,050	541,856
Depreciation.....	401,630,411	3,380,027	6,999,506	7,490,813	7,461,222	8,860,690
Depletion.....	9,423,790	66,285	27,603	19,421	17,792	39,451
Advertising.....	151,457,062	1,632,790	5,117,169	3,728,850	3,547,633	3,959,521
Pension, profit sharing, stock bonus and annuity plans.....	76,875,678	521,920	4,358,883	2,400,531	1,725,420	1,908,083
Employee benefit programs.....	160,454,207	1,338,978	3,661,269	3,250,655	3,313,341	3,971,928
Net loss, noncapital assets.....	31,642,356	4,402,761	598,225	422,895	279,855	407,358
Other deductions.....	1,539,582,613	27,571,987	95,373,921	59,502,554	48,285,727	50,812,535
Total receipts less total deductions.....	585,119,129	-4,849,309	7,519,675	5,779,412	6,193,040	8,179,968
Constructive taxable income from related foreign corporations.....	36,583,240	12,367	*460	--	*881	*291
Net income (less deficit).....	577,277,530	-5,155,501	7,515,110	5,758,672	6,162,576	8,120,676
Net income, total.....	739,502,875	10,326,070	20,936,332	14,512,802	13,279,869	15,720,771
Deficit, total.....	162,225,345	15,481,571	13,421,222	8,754,131	7,117,293	7,600,095
Net income (less deficit), Form 1120-A.....	27,466	-25,413	3,148	9,582	40,150	--
Net income (less deficit), Form 1120-F.....	-5,262,613	-5,262,613	--	--	--	--
Net income (less deficit), Form 1120S ⁵	73,951,541	-89,709	8,877,420	5,110,789	4,280,007	5,666,150
Statutory special deductions, total.....	142,297,660	3,257,010	2,507,519	1,965,099	1,642,156	1,724,254
Net operating loss deduction.....	48,901,938	2,032,456	2,485,921	1,913,428	1,570,600	1,641,768
Dividends received deduction.....	13,982,146	97,331	18,600	44,726	65,039	73,549
Public utility dividends paid deduction..	99,426	--	--	--	--	--
Income subject to tax.....	493,996,239	4,955,289	2,729,134	3,506,176	4,315,526	5,281,304
Income tax before credits, total ⁶.....	172,776,719	1,748,025	500,136	651,607	868,588	1,213,881
Regular tax.....	167,547,891	1,648,664	495,953	641,707	851,962	1,190,983
Personal Holding Company tax.....	12,296	*47	*1,200	*806	*1,257	*1,007
Recapture of investment and low- income housing credits.....	54,924	--	--	--	--	--
Alternative minimum tax.....	4,459,253	43,467	1,755	3,683	15,453	20,749
Environmental tax.....	620,502	5,117	*50	*17	*63	45
Foreign tax credit.....	25,401,339	11,238	*7,618	*177	*2,840	4,796
U.S. possessions tax credit.....	3,792,925	57,849	31	155	18	4,527
Orphan drug credit.....	21,166	2,836	--	--	--	--
Nonconventional source fuel credit.....	592,083	*43	*116	*424	*443	*89
General business credit.....	4,109,836	16,821	8,047	9,560	15,189	21,478
Prior-year minimum tax credit.....	3,339,643	28,546	*598	3,133	8,417	10,151
Total income tax after credits.....	135,519,687	1,630,692	483,725	638,158	841,682	1,172,841

Footnotes at end of table.

Corporation Income Tax Returns, 1994

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size 1--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets--Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	296,105	43,450	27,584	11,922	8,221	6,899	7,043
Total assets.....	622,752,583	301,453,256	424,684,771	420,068,459	584,488,009	1,095,048,889	19,466,611,909
Cash.....	60,171,683	25,632,146	30,980,915	27,085,026	30,915,411	47,387,125	544,837,596
Notes and accounts receivable.....	134,006,300	67,689,499	101,240,223	109,197,443	149,687,206	235,983,546	3,884,707,400
Less: Allowance for bad debts.....	2,206,512	1,436,247	2,361,707	2,779,594	4,070,628	6,351,356	94,860,072
Inventories.....	124,084,905	63,187,415	72,107,421	45,577,528	46,171,853	64,376,026	631,022,094
Investment in U.S. Government obligations.....	3,736,105	3,295,884	13,101,978	29,735,958	51,297,885	93,784,007	1,112,400,641
Tax-exempt securities.....	2,370,093	1,642,681	5,765,188	11,364,709	24,783,532	61,667,478	602,966,604
Other current assets.....	33,503,485	17,002,841	24,386,268	22,352,843	27,624,242	55,336,929	1,456,768,737
Loans to stockholders.....	9,236,838	3,063,339	2,733,565	1,796,018	1,756,995	2,549,480	42,825,924
Mortgage and real estate loans.....	6,130,718	2,579,020	5,422,839	13,102,872	32,007,937	72,752,932	1,522,628,402
Other investments.....	43,981,404	26,440,950	45,395,164	59,844,758	104,060,178	256,230,230	5,701,661,308
Depreciable assets.....	327,532,533	140,876,157	179,692,841	131,693,096	141,049,024	228,767,385	3,746,814,608
Less: Accumulated depreciation.....	178,980,763	72,613,768	89,232,916	62,254,362	63,849,942	100,718,564	1,625,933,172
Depletable assets.....	2,496,954	1,596,079	2,881,210	3,022,096	4,347,251	7,773,081	122,871,422
Less: Accumulated depletion.....	1,155,168	588,923	1,330,289	1,540,911	2,196,298	2,997,710	59,589,127
Land.....	36,849,653	12,959,259	15,127,855	10,583,079	10,775,764	14,204,074	108,122,350
Intangible assets.....	13,923,453	9,275,481	12,409,076	12,957,043	20,047,371	40,945,988	503,732,854
Less: Accumulated amortization.....	5,802,878	4,855,169	4,767,434	4,142,153	5,736,483	10,409,076	106,798,778
Other assets.....	12,873,781	5,706,613	11,132,574	12,473,010	15,816,710	33,767,316	1,372,433,119
Total liabilities.....	622,752,583	301,453,256	424,684,771	420,068,459	584,488,009	1,095,048,889	19,466,611,909
Accounts payable.....	93,778,295	43,060,900	56,154,583	44,613,544	49,307,190	79,384,183	1,165,356,959
Mortgages, notes, and bonds payable in less than 1 year.....	86,203,690	50,201,838	57,096,663	36,662,132	37,246,545	53,892,072	1,457,874,359
Other current liabilities.....	54,966,589	31,092,007	64,805,488	113,188,405	187,140,706	330,483,991	5,343,404,366
Loans from stockholders.....	51,173,415	14,044,222	13,945,544	6,830,314	6,935,544	8,272,801	91,842,784
Mortgages, notes, and bonds payable in 1 year or more.....	130,017,421	56,167,923	76,264,738	61,644,543	74,018,459	136,815,199	2,446,377,737
Other liabilities.....	30,410,184	13,748,882	22,789,152	25,080,163	35,427,865	69,169,852	3,188,238,944
Net worth.....	176,202,989	93,137,484	133,628,604	132,049,357	194,411,701	417,030,791	5,773,516,760
Capital stock.....	43,822,845	21,670,306	28,143,779	29,685,153	40,318,742	85,359,908	1,817,901,265
Paid-in or capital surplus.....	74,395,844	43,332,872	71,183,690	84,776,642	137,678,521	317,028,955	3,991,670,952
Retained earnings, appropriated.....	1,835,667	630,452	1,132,716	769,356	1,114,207	2,728,710	70,961,482
Retained earnings, unappropriated.....	29,397,294	4,817,618	1,629,151	-1,547,006	6,618,713	17,634,363	1,398,571,015
Other retained earnings (1120S).....	40,849,017	27,783,905	37,597,613	22,472,341	17,166,937	14,328,437	7,677,278
Less: Cost of treasury stock.....	14,097,678	5,097,668	6,058,344	4,107,129	8,485,419	20,049,581	1,513,265,232
Total receipts.....	1,370,529,998	622,852,479	714,550,154	461,844,870	456,152,763	668,722,946	7,195,525,582
Business receipts.....	1,341,088,721	607,736,314	692,727,035	435,954,616	421,076,322	603,561,410	6,019,486,454
Interest.....	3,557,592	1,928,475	5,083,359	9,912,012	17,660,344	34,505,617	702,453,794
Interest on State and local Government obligations.....	245,314	162,128	439,889	863,623	1,732,068	4,197,065	36,349,500
Rents.....	2,316,649	1,031,846	1,795,765	1,381,600	1,718,848	2,938,716	67,616,163
Royalties.....	453,164	182,818	363,578	505,801	714,369	1,815,275	45,350,874
Net short-term capital gain less net long-term capital loss.....	133,787	80,238	131,557	199,745	369,803	916,590	8,863,648
Net long-term capital gain less net short-term capital loss.....	1,910,442	1,152,944	1,198,395	1,086,938	1,146,370	2,222,351	35,223,266
Net gain, noncapital assets.....	1,825,417	819,773	1,250,764	939,501	1,035,516	1,620,701	23,086,587
Dividends, domestic corporations.....	398,405	226,219	254,340	282,763	251,739	613,525	10,796,979
Dividends, foreign corporations.....	52,780	35,189	78,661	170,449	291,874	856,027	28,789,991
Other receipts.....	18,547,727	9,496,535	11,226,810	10,547,822	10,155,509	15,475,669	217,508,326

Footnotes at end of table.

Corporation Income Tax Returns, 1994

Table 2.--Selected Balance Sheet, Income Statement, and Tax Items, by Asset Size ¹--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars; size of total assets is in whole dollars.]

Item	Size of total assets--Continued						
	\$1,000,000 under \$5,000,000	\$5,000,000 under \$10,000,000	\$10,000,000 under \$25,000,000	\$25,000,000 under \$50,000,000	\$50,000,000 under \$100,000,000	\$100,000,000 under \$250,000,000	\$250,000,000 or more
	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Total deductions.....	1,346,298,472	610,529,521	697,441,282	448,331,549	438,396,847	634,414,959	6,752,469,820
Cost of goods sold ³	935,860,173	450,414,734	506,923,005	311,461,614	292,923,689	407,286,587	3,822,661,441
Compensation of officers.....	46,511,391	14,067,936	12,950,777	6,875,295	5,963,719	6,909,055	31,575,863
Salaries and wages ⁴	114,128,711	47,107,701	53,524,803	36,549,043	38,317,107	56,485,084	560,345,232
Repairs.....	8,999,245	3,104,303	3,499,761	2,270,041	2,368,912	3,894,819	71,187,121
Bad debts.....	3,880,888	1,681,867	2,101,253	1,758,803	2,026,516	3,136,167	44,804,002
Rent on business property.....	21,483,825	7,126,348	8,359,531	5,809,099	6,205,869	8,899,031	101,613,415
Taxes paid.....	29,922,149	11,276,047	13,272,910	8,811,606	8,807,343	13,181,081	173,773,406
Interest paid.....	16,281,575	7,603,927	10,324,618	9,860,350	13,489,826	23,255,662	465,615,525
Contributions or gifts.....	258,298	107,032	167,633	134,801	177,970	323,228	5,545,564
Amortization.....	1,678,040	1,105,097	1,551,628	1,316,231	1,500,998	3,101,451	27,776,159
Depreciation.....	23,556,006	10,179,090	13,496,686	9,961,863	11,192,223	17,730,352	281,321,933
Depletion.....	152,902	180,281	207,046	267,941	258,203	515,373	7,671,491
Advertising.....	10,861,217	4,772,261	6,250,455	4,821,331	4,476,253	7,751,722	94,537,861
Pension, profit sharing, stock bonus and annuity plans.....	4,740,990	1,909,623	2,248,002	1,568,723	1,528,721	2,500,127	51,464,656
Employee benefit programs.....	11,295,889	5,086,994	6,290,299	5,090,224	5,200,621	8,471,048	103,482,960
Net loss, noncapital assets.....	1,364,465	762,309	1,599,928	1,864,727	1,979,998	3,200,066	14,759,769
Other deductions.....	115,322,708	44,043,972	54,672,947	39,909,856	41,978,878	67,774,105	894,333,422
Total receipts less total deductions.....	24,231,526	12,322,958	17,108,872	13,513,321	17,755,916	34,307,987	443,055,762
Constructive taxable income from related foreign corporations.....	37,040	18,978	116,340	168,081	164,685	613,153	35,450,965
Net income (less deficit).....	24,023,252	12,179,807	16,785,323	12,817,779	16,188,534	30,724,075	442,157,227
Net income, total.....	43,349,889	20,668,801	27,175,158	21,344,797	24,142,372	42,119,307	485,926,707
Deficit, total.....	19,326,637	8,488,993	10,389,835	8,527,017	7,953,839	11,395,232	43,769,480
Net income (less deficit), Form 1120-A.....	--	--	--	--	--	--	--
Net income (less deficit), Form 1120-F.....	--	--	--	--	--	--	--
Net income (less deficit), Form 1120S ⁵	17,198,244	8,521,788	10,500,329	5,519,739	4,117,240	3,199,216	1,050,326
Statutory special deductions, total ⁶.....	3,740,779	2,026,508	3,206,878	3,202,109	4,736,968	11,180,762	103,107,617
Net operating loss deduction.....	3,342,428	1,701,174	2,522,809	1,971,590	2,195,896	3,863,172	23,660,697
Dividends received deduction.....	310,497	204,440	232,466	279,058	298,959	750,763	11,606,718
Public utility dividends paid deduction.....	--	--	--	--	77	9	99,340
Income subject to tax ⁷.....	15,301,039	7,875,769	11,635,897	11,632,889	14,827,619	27,377,537	384,558,060
Income tax before credits, total ⁸.....	4,692,728	2,708,084	4,065,727	3,971,170	5,227,930	9,736,294	137,392,549
Regular tax.....	4,541,650	2,634,297	3,928,237	3,952,709	5,077,367	9,451,342	133,133,019
Personal Holding Company tax.....	2,610	*705	535	*4	19	132	3,975
Recapture of investment and low- income housing credits.....	*43	*408	*260	*849	73	32	53,259
Alternative minimum tax.....	146,238	69,520	128,127	113,850	136,408	252,626	3,527,376
Environmental tax.....	589	1,265	5,120	8,331	14,424	30,986	554,493
Foreign tax credit.....	15,574	14,713	73,425	89,604	124,704	399,952	24,656,697
U.S. possessions tax credit.....	16,417	19,104	96,735	163,230	141,301	667,024	2,626,534
Orphan drug credit.....	--	--	--	470	509	1,468	15,884
Nonconventional source fuel credit.....	3,022	*1,057	3,126	1,161	6,615	3,900	572,087
General business credit.....	71,456	43,262	76,034	54,724	79,153	170,730	3,543,381
Prior-year minimum tax credit.....	65,411	43,950	57,060	70,425	86,926	137,317	2,827,710
Total income tax after credits.....	4,520,848	2,585,998	3,759,346	3,591,556	4,788,722	8,355,903	103,150,217

¹ Estimate should be used with caution because of the small number of sample returns on which it was based.

**Amount is less than \$500.

³ Excludes Foreign Sales Corporations (Form 1120-FSC) and Interest-Charge Domestic International Sales Corporations (Form 1120 IC-DISC).

⁴ Zero assets class includes returns of liquidating or dissolving corporations which had disposed of all assets, final returns of merging companies whose assets were included in the returns of the acquiring corporations, part-year returns (except those of newly-incorporated businesses), returns of foreign corporations with income "effectively connected" with a U.S. trade or business (except foreign insurance providing separate data for U.S. branches, assets for which are included in the appropriate size class).

⁵ Beginning with the Statistics of Income, 1994 Corporation Source Book, Publication 1053, the term "cost of sales and operations" was replaced with "cost of goods sold."

⁶ Prior to the publication of the Statistics of Income, 1994 Corporation Source Book, Publication 1053, data for "salaries and wages" was included in the totals for "other deductions."

⁷ Net Income of S Corporations was taxed (with few exceptions) through their shareholders. Therefore, the net income of these corporations was excluded from income subject to tax.

⁸ Also includes deductions for dividends paid by regulated investment companies and real estate investment trusts. These deductions are not shown separately.

⁹ See Footnote 5.

¹⁰ For purposes of the statistics, all of the taxes shown above (except the regular tax) plus certain others not shown, are included in both income tax before and after credits.

By law tax credits could only offset regular tax.

NOTE: Detail may not add to totals due to rounding.

Foreign-Controlled Domestic Corporations, 1994

by James R. Hobbs

For Tax Year 1994, the 54,620 domestic corporations each "controlled" by a foreign "person" generated \$1.4 trillion of total receipts and reported total assets amounting to \$2.3 trillion. These corporations, 1.3 percent of the U.S. total, accounted for 10.3 percent of the receipts and 10.0 percent of the assets reported on U.S. corporation income tax returns. They also represented 7.0 percent of the "taxable income" and 7.4 percent of the total income tax after credits reported by all corporations.

The net income (less deficit) reported by foreign-controlled domestic corporations (FCDC's) for tax purposes under the Internal Revenue Code was \$21.9 billion for 1994. This was an increase over the \$11.2 billion of net profits reported for 1993 [1]. Placed in context, the net income (less deficit) reported on all corporation income tax returns increased from \$498.2 billion for 1993 to \$577.3 billion for 1994 [2].

Of all the FCDC's, 21,369 reported (positive) net income for 1994, totaling \$44.7 billion, a 24.5 percent increase over the \$35.9 billion of net income for 1993. The profitable companies for 1994 also reported \$34.4 billion of taxable income after statutory special deductions (i.e., "income subject to tax" shown in the statistics), 22.9 percent higher than their taxable income for 1993. The U.S. tax liability (i.e., "total income tax after credits") of FCDC's was \$10.1 billion, 23.5 percent greater than that of the previous year.

For 1994, the 2,488 "large" companies (i.e., those with at least \$250 million of assets, or with at least \$50 million of receipts, or with both) accounted for most of the key financial items of all FCDC's: 91.9 percent of total assets, 90.4 percent of total receipts, 87.2 percent of taxable income, and 86.2 percent of total income tax after credits. After an overview of all FCDC's, this article focuses on the large foreign-controlled domestic companies and compares them on industry and age bases to large domestic corporations that were not controlled by foreign persons.

Direct Foreign Investment in the United States

Direct foreign investment in the United States can take several forms, including corporations, partnerships, and even joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise to control and participate in managing its operations [3]. In regard to corporations, a foreign

investor can either gain control of an existing U.S. company, create a new company incorporated in the United States, or operate in the United States through a branch of a foreign corporation.

There are numerous factors involved in the decision of a foreign investor to operate in the United States through either a domestic or foreign corporation [4]. This article focuses on domestic corporations that are controlled by a foreign person [5]. Control is generally defined as ownership by any foreign person or entity (including an individual, corporation, partnership, estate, or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. (This is discussed in greater depth in the Data Sources and Limitations section. Also, a description of foreign persons and an explanation of the rules of ownership attribution are given in the Explanation of Selected Terms section.)

This article includes two basic tables that show balance sheet, income statement, and tax items, as well as various ratios. Table 1 includes information for all FCDC's by selected industrial groupings and selected countries. Country information is based on the location of the owner's country of residence, incorporation, organization, creation, or administration, as reported on tax returns filed with the Internal Revenue Service (IRS). Table 2 presents information on "large" FCDC's, classified by selected industrial groupings, selected countries, and age of the companies. For comparison purposes, this table also contains data for large domestic corporations that were not controlled by foreign persons. Domestic corporations that are not foreign controlled can file on Form 1120, *U.S. Corporation Income Tax Return*; Form 1120-A, *U.S. Corporation Short-Form Income Tax Return*; Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. FCDC's can also file tax returns on Forms 1120, 1120-L, 1120-PC, 1120-REIT, and 1120-RIC, but not on 1120-A. Because FCDC's cannot file Forms 1120S, *U.S. Income Tax Return for an S Corporation*, and because S Corporations are mostly taxable income reporting, but not taxpaying, entities (in that income is taxed to the shareholders), these forms were excluded from the data for domestically-controlled corporations shown in the figures and tables of this article. Also, FCDC's cannot file Forms 1120-F, *U.S. Income Tax Return of a Foreign Corporation*. Domestically-controlled corporation data shown in this article do not include Forms 1120-F, al-

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though data for all corporation returns do include these forms (as well as Forms 1120S).

Foreign-Controlled Domestic Corporations

Growth of Corporations

Direct foreign investment in the United States through foreign-controlled domestic corporations grew steadily and substantially during the 1985-1994 period [6]. Total receipts of FCDC's grew from \$0.5 trillion for 1985 to \$1.4 trillion for 1994, a 166.5 percent increase using current dollars. In comparison, total receipts reported on all U.S. corporation income tax returns grew from \$8.4 trillion for 1985 to \$13.4 trillion for 1994, a 59.5 percent increase [7]. As a result of the rapid growth rate of FCDC's, their share of the receipts reported on all corporate returns increased from 6.1 percent for 1985 to 10.3 percent for 1994 (see Figure A).

The growth of FCDC's can also be measured from the early 1970's, when a question concerning foreign ownership of companies was first placed on the corporation income tax return. For 1971, these companies reported \$39.2 billion of total receipts, just 2.1 percent of the \$1.9

trillion reported for all corporations.

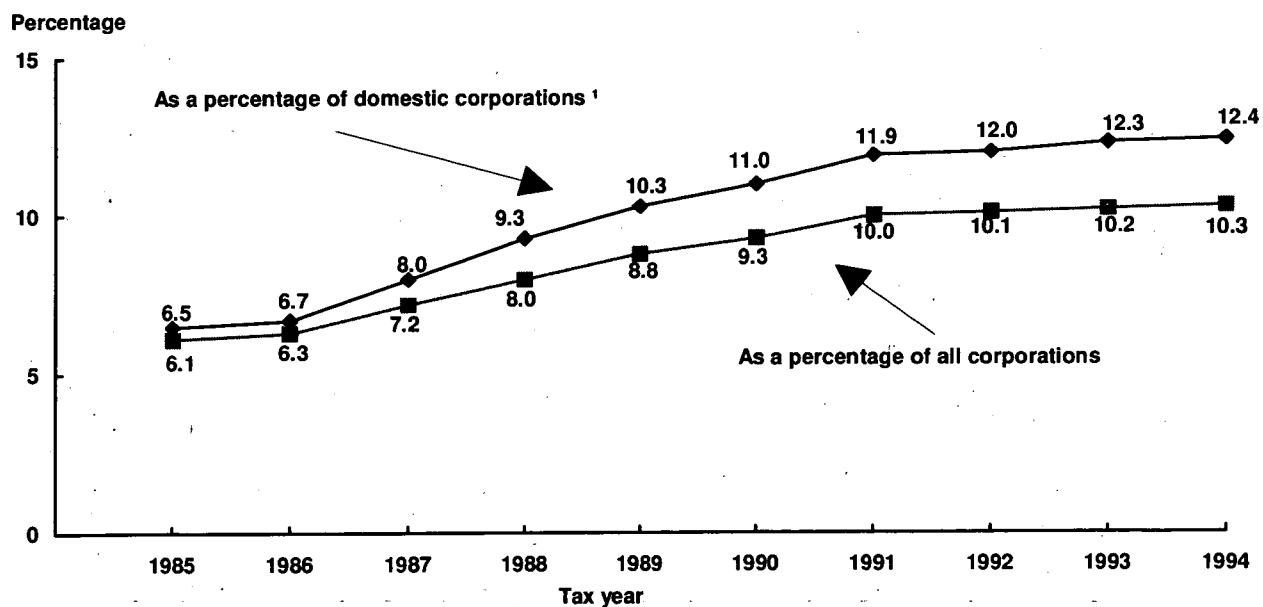
Figure A also shows that FCDC total receipts as a percentage of the total receipts of domestic corporations (excluding Forms 1120S) increased from 6.5 percent for 1985 to 12.4 percent for 1994. While the receipts of FCDC's increased at a greater pace than did those of domestic corporations not foreign controlled during this 10-year period, the profit margin (as measured by the percentage of net income less deficit to total receipts) of FCDC's was consistently lower than that of the other domestic corporations (see Figure B).

Figures A and B provide a global, or first, comparison of FCDC's to other domestic corporations. However, a more complete comparison requires that the data take into account characteristics other than just ownership status, such as the industrial activities, sizes, and ages within the two groups of corporations. Later in this article, this type of comparison is presented for the returns of "large" corporations.

There were an estimated 54,620 returns of foreign-controlled domestic corporations for 1994, a slight increase over the 54,001 returns for 1993. (FCDC's, like

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of Other Corporations, Based on Total Receipts, Tax Years 1985-1994

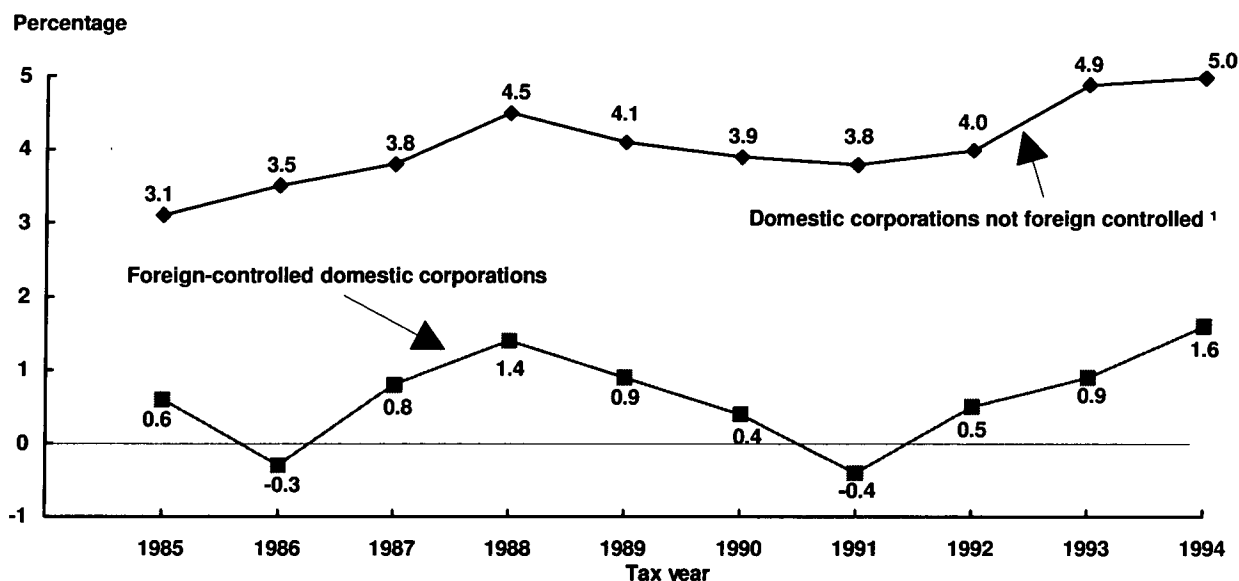


¹ Excludes Forms 1120S, U.S. Income Tax Return for an S Corporation.

Foreign-Controlled Domestic Corporations, 1994

Figure B

Foreign-Controlled Domestic Corporations Compared to Domestic Corporations not Foreign Controlled: Net Income (Less Deficit) as a Percentage of Total Receipts, Tax Years 1985-1994



¹ Excludes Forms 1120S, U. S. Income Tax Return for an S Corporation.

most other corporations, could file consolidated returns for affiliated groups of domestic corporations. To the extent that they did, the data included in this article actually represent more companies than the stated number of returns.) Returns of FCDC's comprised a rather constant percentage of all U.S. corporation income tax returns, between 1.1 and 1.4 percent for each year between 1985 and 1994. This is in contrast to the rising percentage of receipts (and also assets) they reported over this period.

Industry Characteristics

In the preceding section it was stated that FCDC receipts grew from 6.1 percent of all corporate receipts for 1985 to 10.3 percent for 1994. This growth can be viewed more specifically on an industrial basis. The four most significant industrial divisions (or groups) for FCDC's have been wholesale trade; manufacturing; finance, insurance, and real estate; and services. Using total receipts as the measure, the growth during the 1985-1994 period of FCDC's as a percentage of all corporations for these four groups was: for wholesale trade, 16.2 percent to 23.2 percent; for manufacturing, 7.2 percent to 13.1 percent; for finance, insurance, and real estate, 3.5 percent to 7.8

percent; and for services, 2.4 percent to 5.4 percent. Thus, FCDC's in all four groups made significant increases over this period.

For 1994, foreign-controlled domestic corporations were involved in every type of industrial activity, but, based on number of returns, 82.1 percent were concentrated in four industrial groupings: (1) finance, insurance, and real estate (17,619 returns); (2) wholesale trade (13,405 returns); (3) services (7,725 returns); and (4) manufacturing (6,071 returns). (In general, data are presented only for broad industrial classifications; they do not focus on more specific industrial subgroups underlying these broad classifications. The Data Sources and Limitations section discusses how returns were classified by industry.)

While the services industrial division comprised a substantial number of the total returns filed by FCDC's, these companies tended to have small amounts of receipts and assets when compared to companies in the other three groupings. For this reason, most of the remaining discussion on industry characteristics focuses on companies classified in finance, insurance, and real estate; wholesale trade; and manufacturing.

Based on assets, two industrial divisions dominated the

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total for 1994. Finance, insurance, and real estate and manufacturing accounted for \$1.1 trillion and \$0.7 trillion of total assets, respectively, for a combined 76.5 percent of the \$2.3 trillion of assets for all FCDC's. These two divisions made up a similar portion of the total assets reported on returns of other corporations. In this respect, FCDC's closely mirrored other corporations.

Alternatively, on the basis of total receipts, manufacturing and wholesale trade continued to be the two primary industrial categories for FCDC's for 1994. Manufacturers reported \$0.6 trillion of receipts, while wholesalers reported \$0.4 trillion. These two groups accounted for 72.9 percent of the \$1.4 trillion of total receipts recorded for all FCDC's. This percentage was substantially higher than the comparable one (42.8 percent) for other corporations that filed U.S. corporation income tax returns.

Companies classified in different industries often have different financial characteristics. For instance, the comparative levels of total assets and total receipts of companies primarily engaged in wholesale trade activities differ significantly from those primarily engaged in finance, insurance, and real estate activities. FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (as of the end of their accounting periods), resulting in \$1.80 of receipts for each dollar of assets for 1994. Companies classified in finance, insurance, and real estate reported large amounts of assets, but relatively small amounts of receipts. These FCDC's produced only \$.14 of receipts for each dollar of assets. Other corporations in these two industrial categories had similar characteristics.

While foreign-controlled domestic corporations accounted for one-tenth of the \$13.4 trillion of total receipts reported by all corporations filing U.S. income tax returns for 1994, these companies played disproportionately larger roles in certain industrial groups. For instance, FCDC's produced very substantial parts of the total receipts reported for mining (30.8 percent) and wholesale trade (23.2 percent). FCDC's also accounted for 13.1 percent of the receipts reported by all manufacturing companies. Conversely, FCDC involvement in the agriculture, forestry, and fishing; construction; transportation and public utilities; retail trade; services; and finance, insurance, and real estate industrial divisions was relatively low for 1994, accounting for only 1.7, 1.9, 2.4, 3.5, 5.4, and 7.8 percents, respectively, of the receipts for all companies classified in these categories.

While FCDC's accounted for 30.8 percent of the receipts for all mining companies for 1994, companies in this industrial division are not a major source of FCDC activity. Thus, they are not a major focus of this article.

In comparison to the four industrial groupings shown in Table 1, mining accounted for only 1.7 percent of the total FCDC returns for 1994, 2.6 percent of the total FCDC receipts, and 3.1 percent of the total FCDC assets.

Statistics classified by industry do have certain limitations, which are discussed more thoroughly in the Data Sources and Limitations section, below. However, a brief point should be made here. FCDC's accounted for 23.2 percent of the receipts of all companies classified as wholesalers. This percentage may be subject to certain limitations. For example, certain U.S. companies (not foreign controlled) and their subsidiaries may have been involved in both the manufacturing and wholesaling of products and reported tax information for these activities on a single (consolidated) income tax return, which was classified under manufacturing, rather than trade. Conversely, many domestic companies controlled by foreign corporations acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These domestic companies would have been classified in the wholesale trade industrial grouping.

Country Characteristics

Domestic corporations can be controlled by "persons" resident in any country throughout the world. However, for 1994, owners from 10 countries controlled 59.2 percent of the 54,620 domestic corporations classified as 50-percent-or-more controlled by a foreign person (see Table 1). (The countries represent the geographic location of the direct foreign owner's place of residence in the case of individuals, and place of incorporation, organization, creation, or administration in the case of other persons. Because holding companies located in a country different from that of the ultimate owner may directly own the stock of U.S. affiliates, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. No data on the extent of this potential limitation are available.) The 32,336 corporations controlled by persons from the 10 countries accounted for the major portion of the most significant financial items (such as, total assets, 90.4 percent; total receipts, 88.3 percent; total taxable income, 83.9 percent; and, total income tax after credits, 89.7 percent) for all FCDC's.

Domestic corporations controlled by Japanese persons had assets of \$559 billion and total receipts of \$400 billion for 1994, amounts easily larger than those for any other country. These assets and receipts represented 23.9 and 29.2 percents of the respective totals for all FCDC's. (Companies controlled by Japanese persons also accounted for the largest amount of assets and receipts for each of the

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years in the 1985-1993 period.) Finance, insurance, and real estate companies accounted for \$296 billion, 53.0 percent, of the Japanese-controlled assets. Nearly \$265 billion, 66.2 percent, of the Japanese receipts were produced by wholesale trade companies.

Although Japanese-controlled domestic corporations accounted for the largest part of the assets and receipts reported by all FCDC's, they did not file the largest number of returns, and they did not report the largest amounts of taxable income and total income tax after credits for 1994. Canadian-controlled domestic corporations filed the most returns, 11,322; Japanese-controlled domestic corporations were second with 6,867; and United Kingdom-controlled domestic corporations were third with 4,242. The U.K.-controlled companies reported the largest amounts of taxable income and total U.S. income taxes after credits (\$8.0 billion and \$2.5 billion, respectively), with Japanese-controlled companies second (\$5.7 billion and \$1.9 billion), and Netherlands-controlled companies third (\$3.3 billion and \$1.2 billion).

Domestic corporations controlled by persons in the United Kingdom accounted for the second largest amount (\$193 billion) of FCDC receipts for 1994, as well as the second largest amount for the 1985-1993 period as a whole. These receipts represented 14.1 percent of the 1994 receipts for all FCDC's. Most of the U.K. receipts, totaling \$108 billion, were reported by manufacturers.

For 1994, Japanese-controlled domestic corporations reported a combined (positive) net income of \$2.0 billion on \$400.0 billion of receipts, while U.K.-controlled companies reported net income totaling \$6.9 billion on \$192.8 billion of receipts. There are many factors that may have caused the difference in the percentages of profits divided by receipts (0.51 percent versus 3.58 percent, respectively; see column 47 of Table 1) for these two countries. Although many of these causal factors are

FCDC's of Japanese persons accounted for the largest part of all FCDC receipts. The United Kingdom was second.

beyond the scope of this article, it is noteworthy to look at the reported profits and losses on a country/industry basis. In the manufacturing industrial division, the percentages were similar (2.27 percent and 2.60 percent) for the two countries. Japanese-controlled corporations reported a net income of \$1.8 billion on \$79.4 billion of receipts, while U.K.-controlled companies reported net income of \$2.8 billion on \$107.8 billion of receipts. However, there was a substantial difference between the two countries in the case of companies classified under finance, insurance, and

real estate. Japanese-controlled corporations reported a net deficit of \$0.9 billion on \$25.7 billion of receipts, while U.K.-controlled companies reported a (positive) net income of \$1.9 billion on \$27.2 billion of receipts. The primary cause of this difference was real estate companies. The companies with Japanese ownership reported a net deficit of \$1.4 billion and receipts of \$3.5 billion. In comparison, companies with U.K. ownership reported a small amount of net income (less than \$0.1 billion) on receipts of \$2.5 billion. For the wholesale trade area, both Japanese- and U.K.-controlled companies reported \$1.3 billion of net profits, but on very different levels of receipts (\$264.7 billion for Japan and \$24.4 billion for the United Kingdom).

Receipts, Deductions, and Profits

A domestic corporation, whether controlled by a foreign person or not, could have business activities in foreign countries, as well as in the United States. The estimates shown in this article include business activities in the United States, as well as certain foreign activities as reported on tax returns of domestic corporations. Whether from domestic or foreign sources, income includes receipts from sales and operations, as well as investment income. However, income is reported differently, depending on whether it is earned through a branch or through a foreign subsidiary of a domestic corporation. "Total receipts" shown in this article includes the receipts of foreign branch operations of U.S. companies. Also included in these receipts are dividends remitted to U.S. corporations by their foreign subsidiaries. However, for the statistics, two items of constructive taxable income from related foreign corporations (i.e., includable income from Controlled Foreign Corporations and foreign dividend "gross-up") are not included in "total receipts." These two items are, however, reflected in the data for "net income (less deficit)" [8]. (See the Explanation of Selected Terms section.)

The receipts and deductions shown in this article for foreign-controlled domestic corporations do not include amounts generated by their foreign parent companies. However, FCDC's could have had business transactions with their foreign parent companies (as well as with other related foreign persons), and FCDC receipts and deductions stemming from these transactions are included in the statistics [9].

Approximately 91 percent of the \$1.4 trillion of total receipts reported by domestic corporations controlled by a foreign person consisted of "business receipts" (i.e., receipts from sales and operations). These same companies reported \$1.3 trillion of total deductions for 1994. Cost of goods

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sold was 67 percent of the total.

It is noteworthy to look at the "gross profit" of FCDC's. Gross profit is the difference between business receipts and cost of goods sold. The manufacturing and wholesale trade industrial groupings accounted for most of the reported amounts of business receipts and cost of goods sold. Manufacturers had substantially higher gross profits than did wholesalers. As shown in column 39 of Table 1, for every dollar of business receipts, manufacturers reported \$.69 of cost of goods sold. By comparison, wholesalers reported \$.84 of cost of goods sold for each dollar of business receipts.

Total receipts less total deductions for FCDC's amounted to a positive \$21.0 billion for 1994. This is somewhat different from the \$21.9 billion of net income (less deficit) reported by these companies. Total receipts less total deductions includes all of the income "actually" (as opposed to "constructively") received by corporations and reported on tax returns. Unlike net income (less deficit), total receipts less total deductions includes non-taxable interest on State and local Government obligations and excludes the two items of constructive taxable income from related foreign corporations described herein. For 1994, FCDC's received \$0.7 billion of tax-exempt interest on State and local Government obligations and reported \$1.7 billion of constructive taxable income.

The previous paragraph discussed the difference, for statistical purposes, between total receipts less total deductions and net income (less deficit). It is also important to make a distinction between (positive) net income and taxable income (i.e., "income subject to tax" shown in the statistics). Because certain statutory special deductions, including the "net operating loss" deduction, were available to most companies in computing their taxable income, the statistics for net income are generally larger than the amounts shown for taxable income.

Net income (less deficit) for foreign-controlled domestic corporations was \$21.9 billion for 1994, up from the \$11.2 billion for 1993. Net income (less deficit) reported on all corporation income tax returns also increased between 1993 and 1994, from \$498.2 billion to \$577.3 billion.

The performance of FCDC's in three of the four principal industrial groups shown in Table 1 improved for 1994. Companies whose principal business activity was in manufacturing reported \$13.8 billion of net income (less deficit), a significant rise from the \$8.4 billion of income reported for 1993. Wholesalers also reported a substantial increase in net income (\$3.4 billion) for 1994, compared to the \$0.5 billion for the previous year. The services group improved its performance by reducing overall net losses from \$0.7 billion for 1993 to \$0.4 billion for 1994. How-

ever, the performance of the finance, insurance, and real estate group in regard to net income decreased to \$2.2 billion from \$2.8 billion for the previous year.

The \$21.9 billion of net income (less deficit) was the result of 21,369 corporations reporting \$44.7 billion of (positive) profits and 33,251 companies reporting \$22.8 billion of deficits [10]. Thus, fewer than 4 out of every 10 (39.1 percent) domestic corporations with foreign owners reported a (positive) profit for 1994. In comparison, 55.3 percent of all other corporations filing U.S. income tax returns for the same year reported a (positive) profit. The percentage of FCDC's reporting a profit for 1994 was within the range of percentages for the 1985-1993 period as a whole, varying between 38.7 percent and 43.3 percent. Also, while the (positive) profits of FCDC's increased from \$35.9 billion for 1993 to \$44.7 billion for 1994, and deficits decreased from \$24.7 billion to \$22.8 billion, the number of FCDC's reporting profits actually decreased between 1993 and 1994 (from 22,007 to 21,369), and the number reporting losses increased (from 31,994 to 33,251).

The percentage of companies reporting (positive) profits varied among the different industrial groups. About half of the FCDC's classified in manufacturing (51.4 percent), services (48.8 percent), and wholesale trade (44.2 percent) reported profits for 1994. However, less than one-third (31.2 percent) of the companies classified in finance, insurance, and real estate reported profits. Real estate companies primarily accounted for this low percentage, with only 3,888 of the 13,301 returns classified in this industry reporting profits (29.2 percent).

Over six out of every 10 FCDC's reported a deficit for 1994. Collectively, these companies had \$22.8 billion in deficits, a small decrease from the \$24.7 billion of deficits reported for 1993. Deficits could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see "net operating loss deduction" in the Explanation of Selected Terms section). When a company "carried back" a deficit to a previous tax year, it could file either Form 1120X, *Amended U.S. Corporation Income Tax Return*, or Form 1139, *Corporation Application for Tentative Refund*. These forms are not included in the statistics for foreign-controlled domestic corporations. However, net operating losses carried forward to Tax Year 1994 from years prior to then are included in the statistics as part of the computation of "income subject to tax" (discussed below).

Taxes

For 1994, foreign-controlled domestic corporations reported \$34.4 billion of "income subject to tax" (or

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taxable income, i.e., the base on which tax was computed, for purposes of the statistics), resulting in \$11.9 billion of "regular" tax. The \$12.9 billion of total income tax before credits reported by FCDC's consisted of the regular tax plus the alternative minimum tax, the environmental tax, the Personal Holding Company tax, the tax from the recapture of low-income housing credits, and the tax from the recapture of investment credits. The alternative minimum tax was \$0.8 billion for 1994. The remaining taxes comprised a very small part of the total.

The difference between the \$44.7 billion of positive profits (or net income) and \$34.4 billion of income subject to tax was, for the most part, the result of statutory special deductions. These deductions were allowed for most corporations in computing their taxable income and, in the statistics, include the deduction for "net operating losses" (NOL's) from prior years. For 1994, the net operating loss deduction was \$9.4 billion and accounted for over 87 percent of the total statutory special deductions. (See the Explanation of Selected Terms section for a discussion of the net operating loss deduction.) FCDC's reduced their 1994 net income by 21 percent, using NOL's carried over from prior years. (NOL's carried back to 1994 from Tax Year 1995 and beyond are not included in the statistics shown in this article.)

Tax credits totaling \$2.8 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations to \$10.1 billion for 1994. The largest credits claimed were \$1.8 billion of foreign tax credits, \$0.4 billion of prior-year minimum tax credits, and \$0.3 billion each of general business credits and U.S. possessions tax credits. Other credits included the orphan drug credit and the nonconventional source fuel credit. The \$10.1 billion of total U.S. income tax after credits represents the tax liability as originally reported by taxpayers. However, it does not include any changes made by taxpayers through amended returns or by IRS as a result of examination or enforcement activities.

Interestingly, while the amount of FCDC profits and tax liabilities increased between 1993 and 1994, the percentages of these companies reporting (positive) net income and tax liabilities actually decreased for 1994. Approximately 39.1 percent of all FCDC's had positive amounts of net income for 1994, and 29.6 percent reported U.S. income tax liabilities (i.e., total income tax after credits). By comparison, for the previous year, the percentages

were 40.8 and 30.4, respectively. The percentages of FCDC's that had net income and U.S. income tax liabilities varied considerably among countries, as well as among different industrial groups. For 1994, of the 10 countries shown in Table 1, Sweden had the lowest percentages of companies both with net income (14.0 percent) and with U.S. income tax liabilities (13.8 percent), while Switzerland had the highest percentages (62.7 and 55.0, respectively). Among the four industrial groupings shown in the same table, the finance, insurance, and real estate group had the lowest respective percentages (31.2 and 20.5), while manufacturing had the highest percentages (51.4 and 48.0).

"Large" Foreign-Controlled Domestic Corporations

"Large" companies accounted for the majority of the key FCDC financial items. For purposes of this article, large companies were those with at least \$250 million of total assets, or \$50 million of business receipts, or both. (Within the finance, insurance, and real estate industrial group, total receipts were used in place of business receipts for selecting the large companies. Total receipts includes both business receipts (i.e., gross receipts from sales and operations plus investment income.) Both size of assets and size of receipts were used to select these large companies in order to obtain maximum coverage of three primary industrial groups: manufacturing; wholesale trade; and finance, insurance, and real estate [11]. The services group was not separately covered for this large-company analysis. Only 6.4 percent of the large FCDC's were classified as service companies.

As previously discussed, certain industries have different characteristics from other industries. For instance, companies classified in the wholesale trade industrial group generally report large amounts of receipts compared to their end-of-year assets. By comparison, corporations classified in the finance, insurance, and real estate industrial group generally report large amounts of assets compared to their receipts. If only assets or receipts were used to select the large companies, then one of these industrial groups would have greater coverage in comparison to the other group. Table 2 shows data for the large FCDC's by selected industrial groups. This table also contains data for large domestic corporations that were not foreign owned (i.e., that were owned by domestic persons, or in which ownership by each separate foreign person was less than 50 percent).

Data shown in Table 2 are the focus of this section of the article which covers large FCDC's in comparison to

FCDC's reported \$10 billion of total U.S. income taxes after credits for 1994.

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other large domestic corporations. In addition to presenting data by selected industrial groups, Table 2 also presents data by selected countries of the foreign owners of the domestic corporations, and by age of both the FCDC's and the other domestic corporations. Regarding the age of corporations, two categories are used: "new" and "old." Each company included in the study was placed into one of these categories based on the year of incorporation reported on the company's income tax return. Certain limitations of the data presented by age of the corporations are discussed later in this article.

For 1994, large companies reported 91.9 percent of the total assets, 90.4 percent of the total receipts, 87.2 percent of the taxable income, and 86.2 percent of the total income tax after credits, of all the FCDC's. While accounting for most of these key financial items, these 2,488 companies comprised just 4.6 percent of the number of income tax returns filed by FCDC's.

Table 2 shows that there were 13,789 large domestic corporations that did not have controlling foreign owners for 1994. Large companies accounted for even less of the total number of income tax returns filed by domestic corporations without foreign owners (excluding Forms 1120-F and 1120S), only 0.6 percent. However, like the FCDC's, the large companies comprised the majority of the key financial items of this group of returns: 89.0 percent of total assets, 74.9 percent of total receipts, 86.9 percent of taxable income, and 86.4 percent of total income tax after credits.

Large FCDC's generally report greater profits than do the smaller FCDC's. For 1994, large FCDC's reported a combined positive amount of \$25.4 billion of net income (less deficit), while the smaller companies reported a combined loss of \$3.5 billion. Later in this article, the profitability of the large FCDC's is compared to that of large domestically-controlled corporations. This comparison includes industry and age characteristics of the corporations. It also includes country characteristics for the FCDC's.

Industry Characteristics

The industrial classification of the large companies is somewhat different as between domestic corporations that are foreign controlled and those that are not. For 1994, about 32.5 percent of the large domestic companies without foreign owners were classified in the finance, insurance, and real estate industrial group. For the large FCDC's, this group accounted for only 15.2 percent of the companies. Conversely, large FCDC's were more commonly classified in manufacturing (39.8 percent versus 25.0 percent) and wholesale trade (26.8 percent versus

12.5 percent) compared to the large domestic companies that were not foreign controlled.

Table 2 shows selected items and percentages for large domestic corporations, both foreign- and domestically-controlled. In comparing the percentages between the two groups of returns, this article focuses on each of the three industrial groupings shown in the table, rather than on the data for all industries. By doing so, the effect of different financial characteristics in different industries (previously discussed) is minimized.

In each of the three industrial groupings shown in Table 2, the percentage of returns reporting amounts of positive net income was significantly less for the FCDC's than for the domestically-controlled large companies. The smallest differences were for manufacturers (72.9 percent versus 81.0 percent) and wholesalers (75.1 percent versus 83.4 percent). (See column 32 of the table.) The largest difference was in the finance, insurance, and real estate group, with 83.0 percent of the domestically-controlled companies reporting profits, while only 64.7 percent of the FCDC's did so. This group contained a wide variation of business activities and corresponding profits. For instance, 87.4 percent of domestically-controlled banks and credit agencies reported profits (i.e., positive net income), while 71.1 percent of their FCDC counterparts reported profits. In comparison, 57.3 percent of domestically-controlled real estate companies reported profits, while only 38.1 percent of their FCDC counterparts were profitable.

Another key ratio is net income (less deficit) to total receipts (column 47 of Table 2). Once again, for each of the three industrial divisions shown in this table, domestically-controlled companies reported significantly higher percentages than did their foreign-controlled counterparts. The differences were: (1) for finance, insurance, and real estate, 10.3 percent for domestically-controlled companies, compared to 2.8 percent for FCDC's; (2) for manufacturing, 6.2 percent versus 2.7 percent; and (3) for wholesale trade, 2.2 percent versus 0.8 percent.

A third method of comparing the profitability of large FCDC's to other large domestic corporations focuses on retained earnings. Column 11 of Table 2 shows the total of unappropriated and appropriated retained earnings of the corporations. The amounts were reported in the end-of-year balance sheets of the corporations' books of account. They represent earnings and profits of the corporations retained from normal and discontinued operations of previous years, as well as from "extraordinary" gains and losses. For 1994, large FCDC's reported \$7.3 billion of negative retained earnings, while other large domestic corporations reported \$1,543.9 billion of positive retained earnings. It should be noted that retained earnings are

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components of net worth and thus affect the ratio of net income (less deficit) to net worth, which is shown in column 46 of Table 2.

While the differences in the ratios between domestically-controlled large companies and their foreign-controlled counterparts for taxable income (i.e., "income subject to tax") compared to total receipts were substantial, these differences were generally somewhat smaller than the differences discussed above for net income (less deficit) compared to total receipts. However, in the finance, insurance, and real estate group, the differences narrowed substantially. The difference in net income (less deficit) as a percentage of total receipts for this group was 10.3 percent for domestically-controlled companies compared to 2.8 percent for FCDC's. In calculating the taxable income as a percentage of the total receipts reported by these companies, the difference had narrowed to 6.2 percent for domestically-controlled companies versus 3.7 percent for FCDC's. This "narrowing" effect reflects to some extent the relatively large amount of statutory special deductions claimed by domestically-controlled large companies classified in the finance, insurance, and real estate group.

Table 2 also includes the ratio of total income tax after credits to total receipts (column 54). The total income tax after credits reported by both domestically-controlled companies (\$107.3 billion) and by FCDC's (\$8.7 billion) represents the tax liability of these companies as originally reported on their U.S. income tax returns. However, it does not take into account either of the following changes: (1) amended returns filed by the corporations, or (2) adjustments made by IRS as a result of examination or enforcement activities. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits.

In using total income tax after credits as a percentage of total receipts, it should also be noted that a small portion of total income tax after credits (for example, the recapture tax on investment credit) does not relate to the current-year total receipts reported by corporations. However, this is not considered to be a major limitation in using the percentage because the regular tax and the alternative minimum tax represented 99 percent or more of the total income tax for both domestically-controlled companies and FCDC's.

In each of the three industrial groupings shown in Table 2, the percentage of total income tax after credits divided by total receipts was higher for domestically-controlled corporations than it was for FCDC's. The finance, insur-

ance, and real estate group had the highest percentages for both domestically-controlled corporations (1.8 percent) and for FCDC's (1.2 percent). While these percentages appear to be more similar than the percentages previously discussed, the large domestically-controlled corporations classified in this group reported 47.2 percent more taxes after credits than did the FCDC's when based on the same level of receipts. The differences in this percentage were significantly greater between large domestically-controlled corporations and large FCDC's in the other two industrial groups. The differences were: (1) for manufacturing, 1.4 percent versus 0.8 percent; and (2) for wholesale trade, 0.6 percent versus 0.4 percent. Thus, for manufacturing, as an example, large domestically-controlled corporations reported 69.9 percent more taxes after credits than did the large FCDC's when based on the same level of receipts.

The differences in financial characteristics of different industries once again become evident when reviewing the percentages shown in Table 2. For instance, when the percentage of net income (less deficit) divided by total receipts (column 47) is used, the finance, insurance, and real estate group has a substantially higher percentage (2.8 percent for large FCDC's) than does the wholesale trade group (0.8 percent). However, when total assets is used as the denominator in place of total receipts (column 45), the difference is reversed (large FCDC's in finance, insurance, and real estate have a 0.4 percentage and those in wholesale trade have a 1.5 percentage). Because the distribution of industrial activities is not the same for large FCDC's as it is for domestically-controlled companies, this again illustrates the importance of comparing domestically-controlled companies to FCDC's on an industrial basis.

Age Characteristics

Table 2 shows data for both large FCDC's and other large domestic corporations by the age of the corporations. "New" corporations are those with years of incorporation of 1992 and after reported on their income tax returns (for example, in answer to Form 1120, page 1, question C). "Old" corporations are those incorporated in 1991 and before, or with unknown (i.e., unreported) dates of incorporation.

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies which fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified into just one of the categories based on the year of incorporation of the parent company. Another limitation is the case of an old corporation reorganizing

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itself and, as a result, becoming a new corporation and reporting a recent year of incorporation. Here, a new corporation is not necessarily the same as a new business. A third limitation is that the year of incorporation is an item which is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return form. Thus, it is subject to greater levels of taxpayer reporting and data entry errors. Despite these limitations, it is believed that an analysis of the data by age of the corporations is meaningful. Further, there is no known bias in the accuracy of the year of incorporation between FCDC's and other domestic corporations.

Looking at the age characteristics of both large FCDC's and other large domestic corporations provides some additional information on the attributes of FCDC's. First, most of the large corporations were old corporations. For the FCDC's, 2,281 of the 2,488 large corporations were old corporations; 91.7 percent. The other large domestic corporations were very similar to FCDC's in this respect with 91.4 percent being old corporations (i.e., 12,605 out of 13,789).

New companies (both FCDC's and other domestic corporations) tend to report lower profits than do their older counterparts. Looking at net income (less deficit) as

a percentage of total receipts, new FCDC's had a ratio of 1.35 for 1994, while old FCDC's had a ratio of 2.10. For other large domestic corporations, the ratio was 5.77 for new companies and

6.29 for old companies. (See column 47 of Table 2.) Thus, in addition to comparing FCDC's to other domestic corporations on the bases of industry and size, this article uses the same age groupings for the comparisons.

There are six unique industry and age combinations of the large corporations shown in Table 2 by which FCDC's can be compared to other domestic corporations. In five of the six, the ratio of net income (less deficit) to total receipts was substantially lower for FCDC's than it was for other domestic corporations. In manufacturing, new FCDC's had a ratio of 1.35, compared to 4.62 percent for other domestic corporations. Within this same industrial group, the ratio for old FCDC's was 2.73 and that for other old domestic corporations was 6.25.

In the finance, insurance, and real estate group, new corporations had ratios of net income (less deficit) to total receipts of 1.29 (FCDC's) and 13.59 (other domestic corporations). The older corporations had ratios of 2.88

(FCDC's) and 10.20 (other domestic corporations). Due to the diverse business activities of this group, as previously mentioned, further analysis of the specific industries might identify additional variations not apparent from the industrial division (or group) totals. However, this is beyond the scope of this article.

For wholesalers, the older corporations had ratios of 0.77 (FCDC's) and 2.31 (other domestic corporations). The one exception of the six cases is new corporations whose primary industrial activities were classified under wholesale trade. The 66 large FCDC's in this group reported amounts of net income (less deficit) equaling 1.37 percent of their total receipts, while their domestically-controlled counterparts, numbering 78, reported a slightly smaller percentage; 1.24. In the next section of this article, country detail of the large FCDC's is examined.

Country Characteristics

Within each industrial grouping in Table 2, there are six countries shown for the FCDC's. The country information is based on the location of the owner's country of residence, incorporation, organization, creation, or administration, as reported on the U.S. income tax returns of the foreign-controlled domestic corporations. (See the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis.) The six countries were selected for the table based on the largest aggregated amounts of total receipts at the "all industries" level. FCDC's controlled by persons from these six countries accounted for 71.5 percent of the number of returns, 78.5 percent of the assets, and 80.0 percent of the total receipts of the 2,488 large FCDC's.

More specifically, Japanese owners controlled 663 of the 2,488 large FCDC's, which was the largest portion (26.6 percent). These corporations accounted for 23.5 percent of the assets and 30.0 percent of the receipts of all large FCDC's. Nearly three-fourths of these corporations were either manufacturers or wholesalers.

United Kingdom owners controlled the second highest number of large FCDC's, 301, or 12.1 percent of the total. Following the United Kingdom, Canada had 257 large FCDC's, the Netherlands had 212, Germany had 199, and France had 147.

FCDC's with United Kingdom owners also had the second largest total assets and total receipts of all large FCDC's. These 301 corporations accounted for 16.9 percent of the assets and 14.6 percent of the receipts of all large FCDC's.

Within a given industrial and age grouping, domestic corporations controlled by owners in different foreign

Nearly 92 percent of the large FCDC's were "old" corporations.

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Figure C

"Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Net Income (Less Deficit) as a Percentage of Total Receipts, by Age of Corporations and Selected Industrial Groupings and Countries, Tax Year 1994

Industry and age of corporations	Net income (less deficit) divided by total receipts					
	Domestic corporations not foreign controlled ¹	All countries	Foreign-controlled domestic corporations			
			Lowest percentage ²		Highest percentage ²	
			Percentage	Country	Percentage	Country
	(1)	(2)	(3)	(4)	(5)	(6)
Manufacturing:						
New corporations.....	4.62	1.35	1.03	Germany	6.15	France
Old corporations.....	6.25	2.73	1.60	France	3.02	Germany
Wholesale trade:						
New corporations.....	1.24	1.37	-0.80	Germany	7.38	United Kingdom
Old corporations.....	2.31	0.77	-1.71	Germany	4.67	United Kingdom
Finance, insurance, and real estate:						
New corporations.....	13.59	1.29	-8.13	Canada	9.66	Netherlands
Old corporations.....	10.20	2.88	1.00	Germany	7.34	United Kingdom

¹ Excludes Forms 1120S, U.S. Income Tax Return for an S Corporation.

² Within each industry/age group, the foreign countries (among the six shown in Table 2, i.e., Canada, France, Germany, Japan, Netherlands, and the United Kingdom) with the lowest and highest percentages are shown in columns 3 through 6.

NOTES: "Large" corporations were those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts were used in lieu of business receipts for the finance, insurance, and real estate division). "New" corporations were those with dates of incorporation between 1992 and 1995; "old" corporations were those with dates of incorporation prior to 1992.

countries had different levels of profitability. Sometimes the differences were comparatively small, such as for old FCDC's classified as manufacturers. The ratios of net income (less deficit) to total receipts for the six countries ranged from a low of 1.60 for France to a high of 3.02 for Germany. (See Figure C.) Sometimes the differences among countries were comparatively large, such as for new FCDC's classified in the finance, insurance, and real estate group. The ratios for the six countries ranged from a low of -8.13 for Canada to a high of 9.66 for the Netherlands. In this latter case, the large difference may be the result, at least in part, of different industrial activities within the finance, insurance, and real estate group.

For all three industrial groups shown in Figure C, the range in profitability ratios of the six countries of owners of FCDC's was considerably greater for new corporations than it was for older corporations. Here, the range is considered to be the difference between the lowest profitability ratio and the highest profitability ratio within a given industry/age group. For example, in manufacturing, the range for the new corporations was 5.12 (i.e., the difference between 6.15 for France and 1.03 for Germany), while it was only 1.42 for the older corporations.

Summary

Direct foreign investment in the United States through FCDC's continued to grow for 1994. While total assets

reported on all U.S. corporation income tax returns increased by 7.5 percent over the previous year, assets of domestic corporations controlled by foreign persons increased by 11.5 percent [12]. As a result, the percentage of total corporate assets accounted for by FCDC's increased to 10.0 percent. In addition, the share of total corporate receipts accounted for by FCDC's increased to 10.3 percent. Between 1993 and 1994, receipts reported by all corporations increased by 8.9 percent, while the receipts of FCDC's increased at a faster pace, by 9.5 percent.

Two industrial groupings (manufacturing and wholesale trade) generated nearly three-fourths of the total receipts of all FCDC's. From a country perspective, domestic corporations controlled by persons in Japan had total receipts of \$400 billion, 29.2 percent of the FCDC total. In addition, the United Kingdom, the Netherlands, and Germany accounted for 14.1, 10.7, and 9.6 percents, respectively, of the total.

The collective net income (less deficit) reported by foreign-controlled domestic corporations increased to \$21.9 billion, compared to \$11.2 billion for 1993. This reflects both an increase in (positive) net income (from \$35.9 billion to \$44.7 billion) and a decrease in deficits (from \$24.7 to \$22.8 billion). Total income tax after credits moved in the same direction as net income, increasing from \$8.2 billion for 1993 to \$10.1 billion for 1994.

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Of the 54,620 foreign-controlled domestic corporations, 2,488 "large" companies accounted for 86 percent or more of the total amounts of key financial items (e.g., total assets, total receipts, taxable income, and total income tax after credits). In comparing these large companies to large domestically-controlled companies on industry and age bases, in most cases the ratios related to profitability, e.g., net income (less deficit) compared to total receipts, were substantially smaller for the FCDC's. While this article has been able to compare the profits of FCDC's to other domestic corporations on the same bases of size, industry, and age, additional research is needed to explain the remaining differences in the profitability of the two groups of companies [13].

Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income--1994, Corporation Income Tax Returns* [14].

Alternative Minimum Tax.--This tax was designed to ensure that a taxpayer with substantial economic income would not avoid significant tax liability through a legitimate use of exclusions, deductions, and credits. It is included in the statistics shown for both total income tax before (and after) credits.

Attribution Rules.--In regard to domestic corporations that are 50 percent or more owned by one foreign "person," these rules provide that an individual shall be considered as owning the stock of a corporation if it is owned, directly or indirectly, by or for his or her family. The family of an individual includes his or her spouse, brothers and sisters, ancestors, and lineal descendants. For more information on these rules, see section 267(c) of the Internal Revenue Code. However, if a corporation is owned by two or more unrelated persons, neither of which owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these persons may have met the 50-percent-or-more ownership criterion.

Business Receipts.--These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of "cost of goods sold" or as "taxes paid"); others reported their receipts after adjustment for these taxes. Business receipts include rents reported as the principal business income by real estate operators and certain manufacturing, public utility, trade, and service corporations. In the finance, insurance, and real estate industries, business

receipts include such banking items as fees, commissions, trust department earnings, and service charges. Interest, the principal operating income of banking and savings institutions, was excluded from business receipts, but included in the separate statistics for "interest received." Also in the finance, insurance, and real estate division, premium income of most insurance companies was included in business receipts.

Cost of Goods Sold.--This item generally consisted of the direct costs incurred by corporations in producing goods or providing services. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and certain overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, sales and excise taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers in cost of goods sold schedules were transferred to their respective and separate deduction categories. For studies prior to Tax Year 1994, "cost of sales and operations" was used in place of this item. For an explanation of the difference between these two items, see *Statistics of Income--1994, Corporation Income Tax Returns*.

Foreign Person.--A foreign person (or entity) is defined as a person other than a U.S. person. A U.S. person includes: (1) a citizen or resident of the United States, (2) a domestic partnership, (3) a domestic corporation, and (4) any estate or trust (other than a foreign estate or trust). Section 7701 of the Internal Revenue Code further defines the term, U.S. person.

Income Subject to Tax.--For most corporations, income subject to tax, i.e., taxable income, was defined by Internal Revenue Code section 63 and consisted of net income minus certain statutory special deductions. There were special provisions in the Code for determining the taxable income of life insurance companies, regulated investment companies, and real estate investment trusts. On Form 1120, this item was reported on page 1, line 30.

Net Income (or Deficit).--This is the difference between taxable receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. In this article, it is also referred to as either "profits" or "losses." It reflects not only actual receipts, but "constructive" receipts as well (i.e., certain income from Controlled Foreign Corporations and from the foreign taxes deemed paid on foreign dividends received). Tax-exempt interest on State and local Government obligations is excluded from this item, but is included in "total receipts." Because

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certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their "taxable income" (or "income subject to tax"), the statistics for net income are generally larger than the amounts shown for (U.S.) "income subject to tax" (i.e., the base on which the regular income tax was computed). See also the discussion of the "net operating loss deduction." On Form 1120, this item was reported on page 1, line 28.

Net Operating Loss Deduction (NOLD).--A statutory "net operating loss" (NOL) for a given tax year could be carried back, in general, 3 years to reduce the taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward and offset against income for a period not exceeding 15 years. The amount of the deduction included in the statistics, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (1994) tax year. Losses incurred after the 1994 Tax Year and carried back to that year at a later date could not be reported on the tax returns used for this article. Net operating losses on which the 1994 deduction was based include: (1) the excess of ordinary and necessary business expenses over income for previous loss years, and (2) statutory special deductions claimed for a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

Net Worth.--This item represented the stockholders' equity in the corporation, i.e., total assets less the claims of creditors. It is the net result of adding capital stock, paid-in or capital surplus, appropriated retained earnings, unappropriated retained earnings, and then subtracting the cost of treasury stock. Treasury stock is common or preferred stock originally issued by the corporation which has been reacquired and held at the end of the accounting period by the issuing corporation.

Number of Returns.--The data contained in this article include the number of returns filed for Tax Year 1994. For expedient reasons, the number of returns is sometimes referred to in this article as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit. The number of returns shown in this article represents returns of "active" corporations, i.e., those which reported any

income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with IRS were for active corporations.

Statutory Special Deductions.--This item was the sum of: (1) deductions for net operating losses of prior years, (2) inter-corporate dividends received deductions, (3) deductions for dividends paid on certain preferred stock of public utilities, (4) deductions for dividends paid by regulated investment companies and real estate investment trusts, and (5) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts. Since these deductions were allowed by law, in addition to ordinary and necessary business deductions, they are shown in the statistics as deductions from net income. In general, net income less statutory special deductions equals income subject to tax.

Total Assets.--This item represented those assets reported in the end-of-year balance sheets of the corporations' books of account. Total assets were net amounts after reduction by accumulated depreciation, accumulated amortization, accumulated depletion, and the reserve for bad debts.

Total Income Tax After Credits.--For 1994, total income tax was primarily comprised of the regular tax imposed on corporate income subject to tax (92.5 percent of the total tax) and the alternative minimum tax (6.4 percent). Some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture tax on investment credits. Thus, a small number of corporations without net income and regular tax reported such taxes on their income tax returns. These taxes were included in the statistics for total income tax. For 1994, the credits used to reduce total income tax primarily included the foreign tax credit (66.3 percent of the total credits), the prior-year minimum tax credit (14.2 percent), the general business credit (9.5 percent), and the U.S. possessions tax credit (9.1 percent). The statistics shown for this item may differ somewhat from the actual income tax collections and the final income tax liability of corporations for Tax Year 1994. Adjustments could be made to income tax returns after they were filed, which could affect the final tax liability. Such adjustments are not reflected in the statistics. Adjustments could result from tax examination and enforcement activities by IRS, or the use of carryback provisions for net operating losses and unused foreign tax and general business credits by taxpayers. This item is computed within the Statistics of Income corporate program.

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Total Receipts.--This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts, before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local Government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. This term, however, excludes certain taxable income from related foreign corporations that is only constructively received by the domestic corporation. Also, the statistics for this term exclude long-term capital gains of regulated investment companies. This item is computed within the Statistics of Income corporate program.

Total Receipts Less Total Deductions.--This item differs from "net income (less deficit)" for statistical purposes in that it includes nontaxable interest received on State and local Government obligations, and excludes constructive taxable income from related foreign corporations. This item is computed within the Statistics of Income corporate program.

Data Sources and Limitations

Sample

The statistics for domestic corporations controlled by a foreign person are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the 1994 statistics include data from the small numbers of other corporation income tax returns filed on Forms 1120-L (*U.S. Life Insurance Company Income Tax Return*), 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*). As previously mentioned, FCDC's could not file Forms 1120-F and 1120S.

Form 1120 sampled returns were stratified based on the size of total assets and the size of "proceeds" (which was used as a measure of income and was the larger of the absolute value of net income or deficit or the absolute value of "cash flow," i.e., net income plus depreciation and depletion). Forms 1120-L, 1120-RIC, 1120-REIT, and

1120-PC were sampled based solely on the size of total assets.

For 1994, the sampling rates for Forms 1120 alone (the overwhelming majority of the returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of \$50 million or more, or with "proceeds" of \$10 million or more, were selected for the study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income--1994, Corporation Income Tax Returns*.

Because the data presented are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the appendix to this publication. For a more detailed discussion of the CV's applicable to the corporation statistics, see *Statistics of Income--1994, Corporation Income Tax Returns*.

Nonsampling Limitations

Most of the data in this article relate to Tax Year 1994, defined to cover returns with accounting periods that ended during the 12-month span beginning in July 1994 and ending in June 1995. Additionally, the sampling frame for the 1994 statistics consisted of tax returns which posted to the IRS Business Master File between July 1994 and June 1996. As a result of the 12-month span for ending accounting periods, the statistics shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1994, that span was from August 1993 through June 1995. Nevertheless, most of the income and expenses are, in fact, associated with Calendar Year 1994.

Returns were selected for this study based on taxpayers' responses to two questions that appeared on the various types of Form 1120. The first question asked whether any "foreign person" owned, directly or indirectly, 25 percent or more of the filing corporation's voting stock at any time during the tax year. If this question was answered "yes," then a second question asked for the percentage owned [15]. If the first question was answered "yes," and the second question was answered with a percentage between 50 and 100, then the return was included in the FCDC statistics [16, 17]. Taxpayers sometimes incorrectly answered these questions, or did not answer them at all. However, prior to tabulation, corporations with large amounts of assets and with changes in foreign ownership status between 1993 and 1994 were researched and the answers to the questions were verified. These large corporations have a dominating effect on the estimates for

balance sheet, income statement, and tax items.

Each return used for the statistics had an industry code reported, or was assigned one during statistical processing. This code was used as a classifier of the returns. The industry code represented the principal business activity (i.e., the activity which accounted for the largest portion of the total receipts) of the corporation filing the return. However, a given return may have been for a company engaged in several business activities or may have been a consolidated return filed for an affiliated group of corporations that conducted different business activities. To the extent that some consolidated (and non-consolidated) corporations were engaged in many types of business activities, the data in this article are not entirely related to the industrial activity under which they are shown.

There is an additional limitation related to data presented by industrial classification. Companies that sell similar products may not be classified in the same industry. For instance, those FCDC's that were primarily U.S. distributors of products made in foreign countries by their parent or other related companies, were classified as wholesalers. However, other domestic corporations that were also distributors and that were included in consolidated returns covering the manufacture and distribution of similar products may have been classified as manufacturers.

Each return used for the statistics also had a foreign country code assigned during statistical processing which identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. The code was also used as a classifier of the returns. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate parent, the data may not be entirely related to the foreign country under which they are shown.

Notes and References

- [1] For 1993 data covering FCDC's, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 1993," Internal Revenue Service, *Statistics of Income Bulletin*, Publication 1136, Fall 1996, Volume 16, Number 2.
- [2] Total corporate data come from Internal Revenue Service, *Statistics of Income Bulletin*, Publication 1136, Spring 1997, Volume 16, Number 4, and unpublished tabulations.
- [3] Direct investment is different from portfolio investment in that the latter exerts no control over the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of the corporation. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments, an increase in the value of the shares of stock, or both.
- [4] Sections 7701(a)(4) and (5) of the Internal Revenue Code define a domestic corporation as one created or organized in the United States or under the laws of the United States or any State. A foreign corporation is "one which is not domestic."
- [5] There will be separate tabulations covering branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business in Internal Revenue Service, *Statistics of Income--1994, Corporation Income Tax Returns*, Publication 16, currently planned for publication in the Fall of 1997.
- [6] For additional information on foreign investment in the United States, see U.S. Department of Commerce, Bureau of Economic Analysis (BEA) reports. BEA periodically produces several data sets related to this subject, including: (a) *United States Department of Commerce News*, "U.S. Net International Investment Position, 1995," BEA 96-20, July 2, 1996; (b) *United States Department of Commerce News*, "Foreign Investors' Spending to Acquire or Establish U.S. Businesses Continued to Increase in 1995," BEA 96-21, July 9, 1996; and (c) *United States Department of Commerce News*, "U.S. International Transactions: Fourth Quarter and Year 1996," BEA 97-06, March 13, 1997. The data in these news releases may not be directly comparable to the information shown in this article because of definitional differences such as those relating to time periods covered and levels of foreign ownership.
- [7] Beginning with Tax Year 1988, returns of Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations were excluded from the Statistics of Income totals for all U.S. corporation income tax returns. Previously, they were included in those totals. Because these returns accounted for such a small portion of the total for most financial items, this change is not considered to be significant in terms of year-to-year comparisons.

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- [8] In general, the computation of net income (less deficit) can be shown as follows:
- Begin With:* Total Receipts
(Includes Business Receipts)
 - Less:* Total Deductions
(Includes Cost of Goods Sold)
 - Equals:* Total Receipts Less Total Deductions
 - Plus:* Constructive Taxable Income from Related Foreign Corporations
 - Less:* Tax-exempt Interest on State and Local Government Obligations
 - Equals:* Net Income (Less Deficit)
- [9] For the most recent detailed information on transactions between FCDC's and their related foreign persons, see "Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 1992," Internal Revenue Service, *Statistics of Income Bulletin*, Publication 1136, Fall 1996, Volume 16, Number 2. While the above-mentioned article provides more complete information on transactions between FCDC's and their related foreign persons, the reader may want to review columns 6 and 9 of Tables 1 and 2 of this article for data on loans to and from the stockholders of FCDC's. At the end of their 1994 accounting periods, FCDC's had \$57.0 billion of outstanding loans from their stockholders, while making \$15.7 billion of loans to their stockholders. The principal stockholders of FCDC's are foreign "persons," usually foreign corporations.
- [10] The 33,251 companies reporting a deficit may include a small number of "break-even" companies, i.e., those whose receipts and deductions were equal.
- [11] Most, if not all, of the large FCDC's and other domestic corporations were selected for this study at the 100 percent sampling rate. Therefore, sampling error is not considered to be a major concern for the large-corporation data. A complete discussion on sampling rates is contained in *Statistics of Income--1994, Corporation Income Tax Returns*.
- [12] The 11.5 percent increase between 1993 and 1994 in the assets of domestic corporations controlled by foreign persons, as well as the 7.5 percent increase for all corporations, may overstate the actual "growth in investment." Assets are generally reported at book

value on tax returns (i.e., at the value at the time of acquisition). The book value of newly-acquired assets is generally greater than the book value of similar assets they replaced. Therefore, new corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations comprised a different portion of FCDC's than they did for other companies, the comparability of 11.5 percent to 7.5 percent (above) may be limited.

- [13] See Grubert, Harry, "Another Look at the Low Taxable Income of Foreign-Controlled Companies in the United States," unpublished manuscript, 1997.
- [14] *Statistics of Income--1994, Corporation Income Tax Returns*, Publication 16, is currently planned for publication in the Fall of 1997.
- [15] On Form 1120, Page 3, Schedule K, the actual questions were: "(10) Did one foreign person at any time during the tax year own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of stock of the corporation entitled to vote, or (b) the total value of all classes of stock of the corporation?" and "(10a) If 'Yes,' enter percentage owned." There was an additional question used for the country distribution of these statistics, which was "(10b) If 'Yes,' enter owner's country."
- [16] Returns for this study may exclude certain domestic companies that are effectively controlled by foreign persons, such as public companies in which "control" may be exercised with as little as 10 to 20 percent of the stock holdings.
- [17] *Statistics of Income* also compiles statistics for the domestic corporations with 25 to 49 percent foreign ownership. If a company was classified as an FCDC based on 50-percent-or-more foreign stock ownership, then it was not included in the 25-to-49 percent foreign ownership category, even if it had an unrelated foreign owner with 25 to 49 percent stock ownership. For 1994, there were only 4,074 returns which indicated a level of foreign ownership between 25 and 49 percent. These companies reported \$116.5 billion of assets, \$65.1 billion of receipts, \$2.1 billion of taxable income, and \$0.6 billion of total income tax after credits. All of these amounts were small in comparison to data for the FCDC's.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries

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

Selected industrial groupings and countries	Number of returns			Assets			Current liabilities
	Total	With net income	With total income tax after credits	Total	Inventories	Loans to stockholders	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All industries ¹	54,620	21,369	16,186	2,339,033	131,863	15,717	1,092,301
Australia.....	374	182	172	71,068	3,019	1,669	13,310
Belgium.....	159	78	70	16,308	1,908	*1	5,256
Canada.....	11,322	5,375	3,494	201,505	8,679	732	58,963
France.....	2,381	1,168	1,068	205,475	8,984	1,680	82,642
Germany.....	3,339	1,374	1,274	157,439	14,013	72	69,346
Japan.....	6,867	2,483	2,091	558,630	39,832	1,019	358,977
Netherlands.....	1,587	854	444	307,316	10,004	1,263	103,921
Sweden.....	535	75	74	29,632	2,846	*1,276	17,844
Switzerland.....	1,530	959	841	187,101	7,913	280	120,394
United Kingdom.....	4,242	1,893	1,460	380,134	17,738	6,581	150,116
Manufacturing ¹	6,071	3,123	2,915	653,726	64,715	1,937	198,629
Australia.....	33	25	25	8,892	974	--	4,005
Belgium.....	*19	*15	*15	*5,524	*607	--	*710
Canada.....	1,573	1,022	986	65,235	5,111	*298	19,663
France.....	200	122	122	48,724	5,529	*211	13,890
Germany.....	585	369	364	61,891	9,314	36	19,138
Japan.....	991	482	461	61,819	9,775	13	24,497
Netherlands.....	146	87	88	135,643	5,896	*208	34,001
Sweden.....	80	42	44	9,788	2,116	*8	2,949
Switzerland.....	287	221	165	60,217	6,359	*260	22,506
United Kingdom.....	517	307	288	134,004	11,877	849	35,370
Wholesale trade ¹	13,405	5,931	4,524	246,656	46,364	943	144,841
Australia.....	*49	*43	*44	*1,564	*144	--	*295
Belgium.....	93	32	27	1,024	214	*9	472
Canada.....	921	528	300	7,346	1,743	*15	3,127
France.....	420	205	143	4,466	870	*36	2,011
Germany.....	1,156	440	416	22,194	3,202	*8	12,796
Japan.....	1,824	989	769	143,817	26,229	672	91,041
Netherlands.....	498	165	163	14,991	2,441	*18	6,954
Sweden.....	239	14	13	2,552	643	*9	1,187
Switzerland.....	244	193	185	4,717	1,197	*14	2,429
United Kingdom.....	985	653	378	17,926	2,778	*120	5,377
Finance, insurance, and real estate ¹	17,619	5,503	3,618	1,135,459	2,482	12,195	669,580
Australia.....	131	38	29	5,204	3	1,609	3,251
Belgium.....	29	24	20	3,709	9	*9	2,360
Canada.....	4,724	1,812	992	105,223	573	159	30,425
France.....	354	173	149	137,031	24	*1,422	62,028
Germany.....	935	320	273	55,578	4	*5	31,362
Japan.....	2,164	529	453	296,163	793	325	222,674
Netherlands.....	258	125	75	125,983	166	*986	56,162
Sweden.....	204	*10	*10	16,019	4	*1,263	13,123
Switzerland.....	469	182	184	118,678	44	*5	94,416
United Kingdom.....	785	305	206	168,979	422	5,404	94,208
Services ¹	7,725	3,772	2,754	151,127	6,031	147	35,401
Australia.....	*92	*70	*67	*36,591	*1,525	*9	*1,603
Belgium.....	*4	**	**	*130	*21	*1	*103
Canada.....	1,873	1,232	539	5,004	172	*63	1,080
France.....	517	423	407	7,319	1,082	*3	1,100
Germany.....	280	138	136	3,961	110	*17	2,515
Japan.....	860	208	184	44,313	2,139	*1	14,727
Netherlands.....	323	195	58	18,357	272	*32	3,799
Sweden.....	*5	**	**	*290	*44	--	*146
Switzerland.....	342	*214	*211	1,990	67	--	520
United Kingdom.....	713	253	226	23,664	224	*23	6,392

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Noncurrent liabilities		Net worth		Total receipts	Business receipts
	Total	Loans from stockholders	Total	Retained earnings		
	(8)	(9)	(10)	(11)	(12)	(13)
All Industries ¹	743,428	56,999	503,303	-78,013	1,369,526	1,243,386
Australia.....	28,341	903	29,417	-3,873	20,502	17,761
Belgium.....	4,203	28	6,849	2,173	18,234	17,515
Canada.....	98,040	7,362	44,502	717	110,926	99,641
France.....	90,885	3,874	31,948	-9,697	89,983	78,266
Germany.....	45,227	2,293	42,866	-2,005	131,438	123,544
Japan.....	116,759	14,352	82,894	-30,408	400,047	368,950
Netherlands.....	99,057	4,619	104,338	8,352	146,964	133,525
Sweden.....	4,907	649	6,881	-460	24,212	22,457
Switzerland.....	41,447	3,821	25,260	-3,124	74,585	62,795
United Kingdom.....	149,235	12,293	80,784	-12,880	192,840	171,521
Manufacturing ¹	230,992	20,245	224,105	-5,831	554,382	529,544
Australia.....	2,742	*79	2,145	-1,741	8,092	7,937
Belgium.....	*2,006	--	*2,808	*1,098	*5,805	*5,635
Canada.....	21,799	2,506	23,773	4,443	53,847	51,936
France.....	18,272	1,717	16,562	-6,081	40,715	38,992
Germany.....	17,404	729	25,348	-512	62,984	60,410
Japan.....	17,196	1,281	20,126	-7,156	79,449	77,806
Netherlands.....	28,988	2,043	72,654	16,452	77,414	74,472
Sweden.....	2,518	*347	4,321	-108	12,263	12,054
Switzerland.....	24,445	2,277	13,266	-4,534	46,200	43,642
United Kingdom.....	73,411	7,743	25,223	-9,779	107,827	100,962
Wholesale trade ¹	59,313	5,331	42,502	-10,206	443,422	430,589
Australia.....	*425	*17	*844	*98	*1,266	*1,253
Belgium.....	129	*17	422	7	1,701	1,676
Canada.....	2,568	609	1,651	-710	16,461	16,037
France.....	1,069	*285	1,387	-1,139	8,470	8,314
Germany.....	5,593	762	3,805	-1,332	34,759	33,091
Japan.....	28,474	1,507	24,301	-1,138	264,735	257,826
Netherlands.....	6,273	164	1,764	-706	21,730	21,096
Sweden.....	673	*59	692	127	5,891	5,284
Switzerland.....	813	169	1,476	171	8,741	8,578
United Kingdom.....	8,686	1,010	3,862	-1,299	24,357	23,109
Finance, insurance, and real estate ¹	334,925	21,416	130,954	-23,702	154,963	82,979
Australia.....	895	33	1,058	-475	511	183
Belgium.....	1,011	*9	338	-41	163	*11
Canada.....	63,700	2,431	11,098	-3,387	18,001	10,762
France.....	63,575	1,624	11,429	363	18,864	9,928
Germany.....	14,627	316	9,589	825	12,388	9,753
Japan.....	52,913	8,859	20,576	-17,026	25,742	6,109
Netherlands.....	49,685	1,462	20,136	-839	21,853	14,389
Sweden.....	1,347	*233	1,548	-492	4,453	3,613
Switzerland.....	14,491	1,069	9,771	1,971	15,128	6,189
United Kingdom.....	47,910	1,879	26,862	4,190	27,246	16,851
Services ¹	65,175	4,251	50,551	-22,097	65,223	56,364
Australia.....	*21,661	*70	*13,327	*-1,930	*7,329	*5,340
Belgium.....	*11	--	*16	*-47	*106	*99
Canada.....	2,880	779	1,044	-1,422	5,462	5,104
France.....	5,130	*55	1,089	-1,839	3,211	2,878
Germany.....	712	*199	734	-304	2,885	2,560
Japan.....	13,260	1,838	16,325	-3,652	15,514	13,425
Netherlands.....	8,424	*450	6,134	-5,307	8,755	6,936
Sweden.....	*98	*1	*46	*-40	*537	*505
Switzerland.....	1,191	*209	278	-676	2,205	2,126
United Kingdom.....	7,294	248	9,978	-2,977	11,554	10,411

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Interest received ²	Total deductions	Cost of goods sold	Interest paid	Taxes paid	Total receipts less total deductions
	(14)	(15)	(16)	(17)	(18)	(19)
All industries ¹	75,039	1,348,566	899,823	72,276	20,850	20,960
Australia.....	2,240	20,515	12,389	2,943	304	-13
Belgium.....	249	17,620	13,152	441	248	614
Canada.....	6,561	108,662	68,031	5,394	1,708	2,264
France.....	6,476	89,173	60,980	4,129	1,244	810
Germany.....	3,460	129,273	86,630	4,022	2,067	2,164
Japan.....	20,686	398,181	303,765	19,785	3,451	1,866
Netherlands.....	8,299	144,142	93,447	6,685	2,153	2,822
Sweden.....	742	23,649	15,664	578	317	563
Switzerland.....	8,506	73,407	34,980	8,996	1,474	1,178
United Kingdom.....	12,458	185,981	103,806	13,147	5,160	6,859
Manufacturing ¹	8,556	541,644	365,367	20,175	9,959	12,738
Australia.....	102	8,147	6,072	207	133	-55
Belgium.....	*85	*5,744	*4,152	*201	*83	*61
Canada.....	560	52,887	37,930	1,467	771	960
France.....	428	40,102	26,915	1,358	667	613
Germany.....	633	61,098	41,640	1,438	1,057	1,886
Japan.....	582	77,688	62,435	1,504	953	1,761
Netherlands.....	1,563	75,915	55,252	2,437	1,057	1,499
Sweden.....	53	11,849	8,414	205	146	413
Switzerland.....	1,079	45,330	22,675	2,077	944	869
United Kingdom.....	2,865	105,161	61,060	7,494	3,375	2,666
Wholesale trade ¹	4,416	440,139	363,243	7,654	3,512	3,283
Australia.....	*6	*1,281	*941	*31	*22	*-15
Belgium.....	5	1,674	1,452	13	16	27
Canada.....	113	16,311	13,380	225	144	150
France.....	52	8,427	6,894	90	96	43
Germany.....	686	35,207	26,806	1,112	332	-448
Japan.....	2,515	263,456	221,422	4,194	1,501	1,279
Netherlands.....	262	21,398	17,031	493	163	331
Sweden.....	67	5,439	4,387	90	45	452
Switzerland.....	43	8,558	6,670	110	104	183
United Kingdom.....	320	23,134	17,530	613	318	1,222
Finance, insurance, and real estate ¹	56,031	152,417	41,907	35,134	3,042	2,546
Australia.....	173	532	*96	199	18	-22
Belgium.....	132	160	--	140	*(*)	2
Canada.....	5,363	17,389	5,285	2,871	252	612
France.....	5,570	18,608	9,830	2,104	279	256
Germany.....	1,920	12,087	3,757	1,187	191	301
Japan.....	16,766	26,650	2,100	12,818	511	-908
Netherlands.....	5,834	21,011	6,308	2,467	385	842
Sweden.....	606	4,777	*1,724	258	104	-323
Switzerland.....	7,348	14,998	*2,945	6,717	270	130
United Kingdom.....	8,436	25,142	7,967	3,603	619	2,105
Services ¹	3,854	65,698	26,576	5,636	1,663	-474
Australia.....	*1,788	*7,566	*3,398	*2,360	*60	*-237
Belgium.....	*6	*118	*79	*9	*1	*-13
Canada.....	120	5,371	1,238	249	203	90
France.....	140	3,239	800	166	90	-28
Germany.....	88	2,741	1,174	58	77	144
Japan.....	618	15,719	7,004	957	293	-205
Netherlands.....	550	8,782	3,366	922	239	-27
Sweden.....	*9	*534	*415	*11	*4	*3
Switzerland.....	29	2,266	1,165	55	124	-61
United Kingdom.....	375	11,391	4,411	564	314	163

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Net income (less deficit)	Net income	Deficit	Statutory special deductions		Income subject to tax
				Total	Net operating loss deduction	
	(20)	(21)	(22)	(23)	(24)	(25)
All Industries ¹	21,949	44,724	22,775	10,698	9,359	34,351
Australia.....	25	826	801	121	118	705
Belgium.....	651	802	151	76	69	727
Canada.....	2,223	4,233	2,010	1,289	957	2,985
France.....	952	2,520	1,568	813	753	1,709
Germany.....	2,163	3,754	1,590	893	759	2,907
Japan.....	2,043	8,048	6,004	2,328	2,219	5,742
Netherlands.....	2,777	4,216	1,438	1,015	794	3,294
Sweden.....	572	1,049	477	171	155	879
Switzerland.....	1,199	2,281	1,082	448	375	1,892
United Kingdom.....	6,912	9,752	2,840	1,811	1,509	7,982
Manufacturing ¹	13,821	21,368	7,547	4,803	4,072	16,641
Australia.....	-41	205	246	*67	*66	*139
Belgium.....	*61	*66	*5	*58	*58	*8
Canada.....	970	1,537	568	626	373	942
France.....	754	1,711	958	551	515	1,161
Germany.....	1,951	2,269	318	541	453	1,730
Japan.....	1,801	3,028	1,227	1,127	1,091	1,903
Netherlands.....	1,527	1,833	306	439	335	1,396
Sweden.....	427	475	47	39	29	436
Switzerland.....	904	1,554	650	295	278	1,262
United Kingdom.....	2,803	4,640	1,838	611	446	4,064
Wholesale trade ¹	3,367	7,390	4,023	2,073	1,976	5,325
Australia.....	*-15	*11	*25	*8	*8	*2
Belgium.....	27	33	6	*14	*7	*20
Canada.....	150	350	200	94	93	256
France.....	44	156	112	35	32	121
Germany.....	-437	655	1,093	227	220	429
Japan.....	1,322	2,696	1,374	743	722	1,960
Netherlands.....	332	539	207	140	107	399
Sweden.....	452	471	19	*98	*98	*372
Switzerland.....	183	217	34	37	36	180
United Kingdom.....	1,253	1,327	75	351	338	977
Finance, insurance, and real estate ¹	2,165	7,961	5,796	1,967	1,533	6,223
Australia.....	-27	59	85	26	*25	*32
Belgium.....	2	21	18	*1	*3	*20
Canada.....	560	1,196	636	259	198	941
France.....	246	370	124	152	134	221
Germany.....	224	280	56	75	37	249
Japan.....	-879	1,291	2,171	263	217	1,042
Netherlands.....	762	1,161	399	200	124	1,052
Sweden.....	-327	*47	373	*15	*10	*33
Switzerland.....	118	378	260	83	*27	351
United Kingdom.....	1,942	2,175	232	493	404	1,687
Services ¹	-377	2,186	2,563	609	593	1,584
Australia.....	*-230	*5	*235	*2	*2	*3
Belgium.....	*-13	*2	*14	--	--	*2
Canada.....	90	235	145	100	94	141
France.....	-18	104	122	14	*13	91
Germany.....	145	183	38	*5	*3	178
Japan.....	-140	648	788	78	75	570
Netherlands.....	-24	255	279	160	160	95
Sweden.....	*3	*7	*4	--	--	*7
Switzerland.....	-62	*54	116	*13	*13	*41
United Kingdom.....	178	503	325	157	153	346

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Income tax before credits			Credits		Total income tax after credits
	Total	Regular tax	Alternative minimum tax	Total	Foreign tax credit	
	(26)	(27)	(28)	(29)	(30)	(31)
All Industries ¹	12,858	11,900	829	2,768	1,835	10,090
Australia.....	253	246	6	169	*142	84
Belgium.....	281	254	26	142	*136	139
Canada.....	1,096	1,023	69	95	20	1,001
France.....	660	590	67	159	124	501
Germany.....	1,104	1,005	96	126	56	979
Japan.....	2,232	1,990	230	371	242	1,862
Netherlands.....	1,354	1,147	128	187	128	1,167
Sweden.....	310	306	3	94	*23	216
Switzerland.....	684	656	25	103	13	581
United Kingdom.....	2,903	2,781	108	380	229	2,523
Manufacturing ¹	6,263	5,793	369	1,527	991	4,736
Australia.....	51	*48	*2	*2	*(3)	49
Belgium.....	*23	*3	*20	*(3)	*(3)	*23
Canada.....	366	324	40	54	*8	312
France.....	438	404	32	118	91	321
Germany.....	649	600	48	66	24	583
Japan.....	728	661	64	75	18	654
Netherlands.....	639	487	77	104	63	536
Sweden.....	154	152	*1	42	*18	118
Switzerland.....	460	439	19	87	*5	373
United Kingdom.....	1,457	1,418	31	206	90	1,251
Wholesale trade ¹	2,049	1,824	216	192	55	1,857
Australia.....	*2	*(3)	*2	--	--	*2
Belgium.....	*7	*7	*(3)	*(3)	*(3)	*7
Canada.....	91	86	4	*1	*(3)	90
France.....	43	40	*3	*2	*2	41
Germany.....	177	146	30	9	*1	168
Japan.....	803	677	122	67	7	736
Netherlands.....	169	137	31	14	*2	155
Sweden.....	*131	*130	*(3)	*47	--	*84
Switzerland.....	64	61	*3	1	*(3)	63
United Kingdom.....	351	339	11	46	41	305
Finance, Insurance, and real estate ¹	2,272	2,156	104	206	144	2,065
Australia.....	12	*11	*(3)	*(3)	*(3)	11
Belgium.....	*7	*7	*(3)	*(3)	*(3)	*7
Canada.....	328	324	4	14	*1	314
France.....	104	76	28	*37	*31	67
Germany.....	98	86	12	23	*23	75
Japan.....	386	362	20	58	49	328
Netherlands.....	372	368	3	6	*2	367
Sweden.....	*12	*11	*1	*5	*5	*7
Switzerland.....	123	122	*1	*13	*7	110
United Kingdom.....	619	589	28	17	15	602
Services ¹	584	540	42	206	189	378
Australia.....	*1	*1	*(3)	*(3)	*(3)	*1
Belgium.....	*1	*1	--	*(3)	*(3)	*1
Canada.....	50	46	*4	*6	*2	44
France.....	32	30	3	*(3)	--	32
Germany.....	61	61	*(3)	*2	*1	59
Japan.....	214	198	15	161	*158	53
Netherlands.....	39	33	7	*2	*2	37
Sweden.....	*2	*2	--	*(3)	*(3)	*2
Switzerland.....	*15	*14	*(3)	*2	*1	*13
United Kingdom.....	131	119	11	30	25	100

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Percentages					
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	Total liabilities divided by net worth
	Divided by total number of returns		Divided by total assets			
	(32)	(33)	(34)	(35)	(36)	(37)
All industries ¹	39.12	29.63	46.70	31.78	21.52	364.74
Australia.....	48.66	45.99	18.73	39.88	41.39	141.59
Belgium.....	49.06	44.03	32.23	25.77	42.00	138.11
Canada.....	47.47	30.86	29.26	48.65	22.08	352.80
France.....	49.06	44.86	40.22	44.23	15.55	543.15
Germany.....	41.15	38.16	44.05	28.73	27.23	267.28
Japan.....	36.16	30.45	64.26	20.90	14.84	573.91
Netherlands.....	53.81	27.98	33.82	32.23	33.95	194.54
Sweden.....	14.02	13.83	60.22	16.56	23.22	330.64
Switzerland.....	62.68	54.97	64.35	22.15	13.50	640.70
United Kingdom.....	44.63	34.42	39.49	39.26	21.25	370.56
Manufacturing ¹	51.44	48.02	30.38	35.33	34.28	191.71
Australia.....	75.76	75.76	45.04	30.84	24.12	314.55
Belgium.....	*78.95	*78.95	*12.85	*36.31	*50.83	*96.72
Canada.....	64.97	62.68	30.14	33.42	36.44	174.41
France.....	61.00	61.00	28.51	37.50	33.99	194.19
Germany.....	63.08	62.22	30.92	28.12	40.96	144.16
Japan.....	48.64	46.52	39.63	27.82	32.56	207.16
Netherlands.....	59.59	60.27	25.07	21.37	53.56	86.70
Sweden.....	52.50	55.00	30.13	25.73	44.15	126.52
Switzerland.....	77.00	57.49	37.37	40.59	22.03	353.92
United Kingdom.....	59.38	55.71	26.39	54.78	18.82	431.28
Wholesale trade ¹	44.24	33.75	58.72	24.05	17.23	480.34
Australia.....	*87.76	*89.80	*18.86	*27.17	*53.96	*85.31
Belgium.....	34.41	29.03	46.09	12.60	41.21	142.42
Canada.....	57.33	32.57	42.57	34.96	22.47	344.94
France.....	48.81	34.05	45.03	23.94	31.06	222.06
Germany.....	38.06	35.99	57.66	25.20	17.14	483.29
Japan.....	54.22	42.16	63.30	19.80	16.90	491.81
Netherlands.....	33.13	32.73	46.39	41.85	11.77	749.83
Sweden.....	5.86	5.44	46.51	26.37	27.12	268.79
Switzerland.....	79.10	75.82	51.49	17.24	31.29	219.65
United Kingdom.....	66.29	38.38	30.00	48.45	21.54	364.14
Finance, insurance, and real estate ¹	31.23	20.53	58.97	29.50	11.53	767.07
Australia.....	29.01	22.14	62.47	17.20	20.33	391.87
Belgium.....	82.76	68.97	63.63	27.26	9.11	997.34
Canada.....	38.36	21.00	28.91	60.54	10.55	848.13
France.....	48.87	42.09	45.27	46.39	8.34	1,098.99
Germany.....	34.22	29.20	56.43	26.32	17.25	479.60
Japan.....	24.45	20.93	75.19	17.87	6.95	1,339.36
Netherlands.....	48.45	29.07	44.58	39.44	15.98	525.66
Sweden.....	*4.90	*4.90	81.92	8.41	9.66	934.75
Switzerland.....	38.81	39.23	79.56	12.21	8.23	1,114.59
United Kingdom.....	38.85	26.24	55.75	28.35	15.90	529.07
Services ¹	48.83	35.65	23.42	43.13	33.45	198.96
Australia.....	*76.09	*72.83	*4.38	*59.20	*36.42	*174.56
Belgium.....	**	**	*79.23	*8.46	*12.31	*712.50
Canada.....	65.78	28.78	21.58	57.55	20.86	379.31
France.....	81.82	78.72	15.03	70.09	14.88	572.08
Germany.....	49.29	48.57	63.49	17.98	18.53	439.65
Japan.....	24.19	21.40	33.23	29.92	36.84	171.44
Netherlands.....	60.37	17.96	20.70	45.89	33.42	199.27
Sweden.....	**	**	*50.34	*33.79	*15.86	*530.43
Switzerland.....	*62.57	*61.70	26.13	59.85	13.97	615.47
United Kingdom.....	35.48	31.70	27.01	30.82	42.17	137.16

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. – Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Percentages -- Continued						
	Total receipts divided by total assets	Cost of goods sold divided by		Interest paid divided by total receipts	Total receipts less total deductions divided by		
		Business receipts	Inventories		Total assets	Net worth	Total receipts
	(38)	(39)	(40)	(41)	(42)	(43)	(44)
All Industries ¹	58.55	72.37	682.39	5.28	0.90	4.16	1.53
Australia.....	28.85	69.75	410.37	14.35	-0.02	-0.04	-0.06
Belgium.....	111.81	75.09	689.31	2.42	3.77	8.96	3.37
Canada.....	55.05	68.28	783.86	4.86	1.12	5.09	2.04
France.....	43.79	77.91	678.76	4.59	0.39	2.54	0.90
Germany.....	83.49	70.12	618.21	3.06	1.37	5.05	1.65
Japan.....	71.61	82.33	762.62	4.95	0.33	2.25	0.47
Netherlands.....	47.82	69.98	934.10	4.55	0.92	2.70	1.92
Sweden.....	81.71	69.75	550.39	2.39	1.90	8.18	2.33
Switzerland.....	39.86	55.71	442.06	12.06	0.63	4.66	1.58
United Kingdom.....	50.73	60.52	585.22	6.82	1.80	8.49	3.56
Manufacturing ¹	84.80	69.00	564.58	3.64	1.95	5.68	2.30
Australia.....	91.00	76.50	623.41	2.56	-0.62	-2.56	-0.68
Belgium.....	*105.09	*73.68	*684.02	*3.46	*1.10	*2.17	*1.05
Canada.....	82.54	73.03	742.12	2.72	1.47	4.04	1.78
France.....	83.56	69.03	486.80	3.34	1.26	3.70	1.51
Germany.....	101.77	68.93	447.07	2.28	3.05	7.44	2.99
Japan.....	128.52	80.24	638.72	1.89	2.85	8.75	2.22
Netherlands.....	57.07	74.19	937.11	3.15	1.11	2.06	1.94
Sweden.....	125.29	69.80	397.64	1.67	4.22	9.56	3.37
Switzerland.....	76.72	51.96	356.58	4.50	1.44	6.55	1.88
United Kingdom.....	80.47	60.48	514.10	6.95	1.99	10.57	2.47
Wholesale trade ¹	179.77	84.36	783.46	1.73	1.33	7.72	0.74
Australia.....	*80.95	*75.10	*653.47	*2.45	*-0.96	*-1.78	*-1.18
Belgium.....	166.11	86.63	678.50	0.76	2.64	6.40	1.59
Canada.....	224.08	83.43	767.64	1.37	2.04	9.09	0.91
France.....	189.66	82.92	792.41	1.06	0.96	3.10	0.51
Germany.....	156.61	81.01	837.16	3.20	-2.02	-11.77	-1.29
Japan.....	184.08	85.88	844.19	1.58	0.89	5.26	0.48
Netherlands.....	144.95	80.73	697.71	2.27	2.21	18.76	1.52
Sweden.....	230.84	83.02	682.27	1.53	17.71	65.32	7.67
Switzerland.....	185.31	77.76	557.23	1.26	3.88	12.40	2.09
United Kingdom.....	135.88	75.86	631.03	2.52	6.82	31.64	5.02
Finance, insurance, and real estate ¹	13.65	50.50	1,688.44	22.67	0.22	1.94	1.64
Australia.....	9.82	*52.46	*3,200.00	38.94	-0.42	-2.08	-4.31
Belgium.....	4.39	--	--	85.89	0.05	0.59	1.23
Canada.....	17.11	49.11	922.34	15.95	0.58	5.51	3.40
France.....	13.77	99.01	40,958.33	11.15	0.19	2.24	1.36
Germany.....	22.29	38.52	93,925.00	9.58	0.54	3.14	2.43
Japan.....	8.69	34.38	264.82	49.79	-0.31	-4.41	-3.53
Netherlands.....	17.35	43.84	3,800.00	11.29	0.67	4.18	3.85
Sweden.....	27.80	*47.72	*43,100.00	5.79	-2.02	-20.87	-7.25
Switzerland.....	12.75	*47.58	*6,693.18	44.40	0.11	1.33	0.86
United Kingdom.....	16.12	47.28	1,887.91	13.22	1.25	7.84	7.73
Services ¹	43.16	47.15	440.66	8.64	-0.31	-0.94	-0.73
Australia.....	*20.03	*63.63	*222.82	*32.20	*-0.65	*-1.79	*-3.23
Belgium.....	*81.54	*79.80	*376.19	*8.49	*-10.00	*-81.25	*-12.26
Canada.....	109.15	24.26	719.77	4.56	1.80	8.62	1.65
France.....	43.87	27.80	73.94	5.17	-0.38	-2.57	-0.87
Germany.....	72.84	45.86	1,067.27	2.01	3.64	19.62	4.99
Japan.....	35.01	52.17	327.44	6.17	-0.46	-1.26	-1.32
Netherlands.....	47.69	48.53	1,237.50	10.53	-0.15	-0.44	-0.31
Sweden.....	*185.17	*82.18	*943.18	*2.05	*1.03	*6.52	*0.56
Switzerland.....	110.80	54.80	1,738.81	2.49	-3.07	-21.94	-2.77
United Kingdom.....	48.83	42.37	1,969.20	4.88	0.69	1.63	1.41

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

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

Selected industrial groupings and countries	Percentages -- Continued			Net operating loss deduction divided by net income
	Net income (less deficit) divided by			
	Total assets	Net worth	Total receipts	
	(45)	(46)	(47)	(48)
All industries ¹	0.94	4.36	1.60	20.93
Australia.....	0.04	0.08	0.12	14.29
Belgium.....	3.99	9.51	3.57	8.60
Canada.....	1.10	5.00	2.00	22.61
France.....	0.46	2.98	1.06	29.88
Germany.....	1.37	5.05	1.65	20.22
Japan.....	0.37	2.46	0.51	27.57
Netherlands.....	0.90	2.66	1.89	18.83
Sweden.....	1.93	8.31	2.36	14.78
Switzerland.....	0.64	4.75	1.61	16.44
United Kingdom.....	1.82	8.56	3.58	15.47
Manufacturing ¹	2.11	6.17	2.49	19.06
Australia.....	-0.46	-1.91	-0.51	*32.20
Belgium.....	*1.10	*2.17	*1.05	*87.88
Canada.....	1.49	4.08	1.80	24.27
France.....	1.55	4.55	1.85	30.10
Germany.....	3.15	7.70	3.10	19.96
Japan.....	2.91	8.95	2.27	36.03
Netherlands.....	1.13	2.10	1.97	18.28
Sweden.....	4.36	9.88	3.48	6.11
Switzerland.....	1.50	6.81	1.96	17.89
United Kingdom.....	2.09	11.11	2.60	9.61
Wholesale trade ¹	1.37	7.92	0.76	26.74
Australia.....	*-0.96	*-1.78	*-1.18	*72.73
Belgium.....	2.64	6.40	1.59	*21.21
Canada.....	2.04	9.09	0.91	26.57
France.....	0.99	3.17	0.52	20.51
Germany.....	-1.97	-11.48	-1.26	33.59
Japan.....	0.92	5.44	0.50	26.78
Netherlands.....	2.21	18.82	1.53	19.85
Sweden.....	17.71	65.32	7.67	*20.81
Switzerland.....	3.88	12.40	2.09	16.59
United Kingdom.....	6.99	32.44	5.14	25.47
Finance, insurance, and real estate ¹	0.19	1.65	1.40	19.26
Australia.....	-0.52	-2.55	-5.28	*42.37
Belgium.....	0.05	0.59	1.23	*1.54
Canada.....	0.53	5.05	3.11	16.56
France.....	0.18	2.15	1.30	36.22
Germany.....	0.40	2.34	1.81	13.21
Japan.....	-0.30	-4.27	-3.41	16.81
Netherlands.....	0.60	3.78	3.49	10.68
Sweden.....	-2.04	-21.12	-7.34	*21.28
Switzerland.....	0.10	1.21	0.78	*7.14
United Kingdom.....	1.15	7.23	7.13	18.57
Services ¹	-0.25	-0.75	-0.58	27.13
Australia.....	*-0.63	*-1.73	*-3.14	*40.00
Belgium.....	*-10.00	*-81.25	*-12.26	--
Canada.....	1.80	8.62	1.65	40.00
France.....	-0.25	-1.65	-0.56	*12.50
Germany.....	3.66	19.75	5.03	*1.64
Japan.....	-0.32	-0.86	-0.90	11.57
Netherlands.....	-0.13	-0.39	-0.27	62.75
Sweden.....	*1.03	*6.52	*0.56	--
Switzerland.....	-3.12	-22.30	-2.81	*24.07
United Kingdom.....	0.75	1.78	1.54	30.42

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 1. -- Foreign-Controlled Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries -- Continued

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

Selected industrial groupings and countries	Percentages -- Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
All industries ¹	1.47	6.83	2.51	0.43	2.00	0.74
Australia.....	0.99	2.40	3.44	0.12	0.29	0.41
Belgium.....	4.46	10.61	3.99	0.85	2.03	0.76
Canada.....	1.48	6.71	2.69	0.50	2.25	0.90
France.....	0.83	5.35	1.90	0.24	1.57	0.56
Germany.....	1.85	6.78	2.21	0.62	2.28	0.74
Japan.....	1.03	6.93	1.44	0.33	2.25	0.47
Netherlands.....	1.07	3.16	2.24	0.38	1.12	0.79
Sweden.....	2.97	12.77	3.63	0.73	3.14	0.89
Switzerland.....	1.01	7.49	2.54	0.31	2.30	0.78
United Kingdom.....	2.10	9.88	4.14	0.66	3.12	1.31
Manufacturing ¹	2.55	7.43	3.00	0.72	2.11	0.85
Australia.....	*1.56	*6.48	*1.72	0.55	2.28	0.61
Belgium.....	*0.14	*0.28	*0.14	*0.42	*0.82	*0.40
Canada.....	1.44	3.96	1.75	0.48	1.31	0.58
France.....	2.38	7.01	2.85	0.66	1.94	0.79
Germany.....	2.80	6.82	2.75	0.94	2.30	0.93
Japan.....	3.08	9.46	2.40	1.06	3.25	0.82
Netherlands.....	1.03	1.92	1.80	0.40	0.74	0.69
Sweden.....	4.45	10.09	3.56	1.21	2.73	0.96
Switzerland.....	2.10	9.51	2.73	0.62	2.81	0.81
United Kingdom.....	3.03	16.11	3.77	0.93	4.96	1.16
Wholesale trade ¹	2.16	12.53	1.20	0.75	4.37	0.42
Australia.....	*0.13	*0.24	*0.16	*0.13	*0.24	*0.16
Belgium.....	*1.95	*4.74	*1.18	*0.68	*1.66	*0.41
Canada.....	3.48	15.51	1.56	1.23	5.45	0.55
France.....	2.71	8.72	1.43	0.92	2.96	0.48
Germany.....	1.93	11.27	1.23	0.76	4.42	0.48
Japan.....	1.36	8.07	0.74	0.51	3.03	0.28
Netherlands.....	2.66	22.62	1.84	1.03	8.79	0.71
Sweden.....	*14.58	*53.76	*6.31	*3.29	*12.14	*1.43
Switzerland.....	3.82	12.20	2.06	1.34	4.27	0.72
United Kingdom.....	5.45	25.30	4.01	1.70	7.90	1.25
Finance, insurance, and real estate ¹	0.55	4.75	4.02	0.18	1.58	1.33
Australia.....	*0.61	*3.02	*6.26	0.21	1.04	2.15
Belgium.....	*0.54	*5.92	*12.27	*0.19	*2.07	*4.29
Canada.....	0.89	8.48	5.23	0.30	2.83	1.74
France.....	0.16	1.93	1.17	0.05	0.59	0.36
Germany.....	0.45	2.60	2.01	0.13	0.78	0.61
Japan.....	0.35	5.06	4.05	0.11	1.59	1.27
Netherlands.....	0.84	5.22	4.81	0.29	1.82	1.68
Sweden.....	*0.21	*2.13	*0.74	*0.04	*0.45	*0.16
Switzerland.....	0.30	3.59	2.32	0.09	1.13	0.73
United Kingdom.....	1.00	6.28	6.19	0.36	2.24	2.21
Services ¹	1.05	3.13	2.43	0.25	0.75	0.58
Australia.....	*0.01	*0.02	*0.04	*(3)	*0.01	*0.01
Belgium.....	*1.54	*12.50	*1.89	*0.77	*6.25	*0.94
Canada.....	2.82	13.51	2.58	0.88	4.21	0.81
France.....	1.24	8.36	2.83	0.44	2.94	1.00
Germany.....	4.49	24.25	6.17	1.49	8.04	2.05
Japan.....	1.29	3.49	3.67	0.12	0.32	0.34
Netherlands.....	0.52	1.55	1.09	0.20	0.60	0.42
Sweden.....	*2.41	*15.22	*1.30	*0.69	*4.35	*0.37
Switzerland.....	*2.06	*14.75	*1.86	*0.65	*4.68	*0.59
United Kingdom.....	1.46	3.47	2.99	0.42	1.00	0.87

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

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

¹ Includes industrial groups and/or countries, as appropriate, not specifically listed.

² Excludes interest received on State and local Government obligations.

³ For money amounts, less than \$500,000. For percentages, less than 0.005 percent.

NOTE: This table presents separate data for the 10 largest countries, based on total receipts (column 12) for 1994, at the all-industries level.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Number of returns			Assets			Current liabilities
	Total	With net income	With total income tax after credits	Total	Inventories	Loans to stockholders	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All Industries¹:							
Domestic corporations not foreign controlled...	13,789	11,102	9,732	17,842,800	628,553	29,963	7,129,897
New corporations.....	1,183	845	611	713,311	22,326	1,998	219,472
Old corporations.....	12,605	10,258	9,120	17,129,489	606,227	27,966	6,910,424
Foreign-controlled domestic corporations¹.....	2,488	1,743	1,787	2,149,238	114,417	14,052	1,024,142
New corporations.....	207	137	139	133,101	8,065	165	77,969
Old corporations.....	2,281	1,607	1,648	2,016,137	106,352	13,888	946,172
Selected countries:							
Canada.....	257	183	185	178,781	7,063	461	52,607
New corporations.....	25	14	14	8,118	439	(³)	2,144
Old corporations.....	231	169	171	170,663	6,624	461	50,463
France.....	147	100	108	197,745	8,099	1,601	79,749
New corporations.....	6	3	3	4,673	1,194	(³)	894
Old corporations.....	141	97	105	193,071	6,905	1,601	78,855
Germany.....	199	160	169	145,054	11,847	39	65,186
New corporations.....	9	6	6	944	226	(³)	750
Old corporations.....	190	153	162	144,110	11,620	39	64,437
Japan.....	663	454	467	505,028	36,057	903	339,475
New corporations.....	49	36	36	67,839	2,431	3	51,049
Old corporations.....	614	418	432	437,189	33,626	900	288,426
Netherlands.....	212	143	147	298,155	9,241	1,237	101,068
New corporations.....	22	**	**	13,882	301	37	8,956
Old corporations.....	190	**	**	284,273	8,940	1,200	92,112
United Kingdom.....	301	219	224	363,405	16,318	6,028	144,618
New corporations.....	24	16	17	15,455	1,370	100	3,962
Old corporations.....	277	203	207	347,950	14,948	5,928	140,656
Manufacturing:							
Domestic corporations not foreign controlled...	3,446	2,792	2,856	3,463,875	251,624	16,506	1,053,626
New corporations.....	243	160	159	84,386	9,621	326	18,598
Old corporations.....	3,203	2,632	2,697	3,379,489	242,003	16,180	1,035,029
Foreign-controlled domestic corporations¹.....	991	722	750	622,961	58,840	1,845	187,231
New corporations.....	64	40	42	27,742	3,176	53	10,534
Old corporations.....	926	682	708	595,219	55,664	1,793	176,697
Selected countries:							
Canada.....	108	85	86	61,762	4,473	285	18,506
New corporations.....	10	6	7	6,418	296	(³)	1,293
Old corporations.....	98	79	79	55,345	4,177	285	17,213
France.....	69	45	49	47,327	5,256	208	13,517
New corporations.....	4	**	**	1,358	212	(³)	287
Old corporations.....	65	**	**	45,968	5,043	208	13,230
Germany.....	109	90	96	57,409	8,162	36	17,685
New corporations.....	8	**	**	849	183	(³)	693
Old corporations.....	101	**	**	56,560	7,978	36	16,992
Japan.....	241	169	177	54,602	8,715	11	21,364
New corporations.....	13	6	6	3,525	615	(³)	1,784
Old corporations.....	229	163	171	51,077	8,100	11	19,580
Netherlands.....	64	45	46	134,454	5,707	208	33,544
New corporations.....	4	**	**	679	104	37	128
Old corporations.....	60	**	**	133,775	5,603	172	33,415
United Kingdom.....	136	102	107	130,529	11,336	809	34,202
New corporations.....	5	**	**	6,422	682	(³)	1,853
Old corporations.....	131	**	**	124,107	10,655	809	32,349

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Number of returns			Assets			Current liabilities
	Total	With net income	With total income tax after credits	Total	Inventories	Loans to stockholders	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Wholesale trade:							
Domestic corporations not foreign controlled....	1,723	1,437	1,434	378,196	92,211	758	210,325
New corporations.....	78	51	54	15,094	4,206	372	5,429
Old corporations.....	1,645	1,386	1,380	363,102	88,004	386	204,896
Foreign-controlled domestic corporations¹.....	666	500	503	218,796	38,469	865	126,626
New corporations.....	66	52	52	28,210	3,316	109	9,957
Old corporations.....	601	449	451	190,587	35,152	756	116,669
Selected countries:							
Canada.....	47	34	34	5,729	1,293	15	2,091
New corporations.....	7	**	**	655	117	(³)	225
Old corporations.....	40	**	**	5,074	1,176	15	1,866
France.....	21	15	18	3,488	591	36	1,453
New corporations.....	**	**	**	638	101	(³)	440
Old corporations.....	**	**	**	2,850	491	36	1,012
Germany.....	52	40	41	19,611	2,369	3	11,541
New corporations.....	**	**	**	95	43	(³)	57
Old corporations.....	**	**	**	19,516	2,326	3	11,484
Japan.....	254	193	195	135,919	24,202	671	86,183
New corporations.....	20	**	**	17,307	1,816	3	6,126
Old corporations.....	234	**	**	118,612	22,387	668	80,057
Netherlands.....	44	28	29	13,790	2,098	18	6,326
New corporations.....	8	8	8	737	110	(³)	195
Old corporations.....	36	20	21	13,053	1,988	18	6,131
United Kingdom.....	35	27	25	16,024	2,324	97	4,375
New corporations.....	5	**	**	6,360	500	97	1,133
Old corporations.....	30	**	**	9,665	1,825	(³)	3,242
Finance, insurance, and real estate:							
Domestic corporations not foreign controlled....	4,480	3,717	2,163	11,234,574	118,141	5,428	5,251,683
New corporations.....	550	456	197	424,518	1,373	1,227	167,216
Old corporations.....	3,930	3,262	1,967	10,810,056	116,768	4,201	5,084,468
Foreign-controlled domestic corporations¹.....	377	244	244	1,046,353	1,372	10,956	645,033
New corporations.....	30	17	17	64,257	97	(³)	54,272
Old corporations.....	347	227	227	982,096	1,274	10,956	590,761
Selected countries:							
Canada.....	38	24	24	94,493	413	8	28,015
New corporations.....	**	**	**	755	--	(³)	459
Old corporations.....	**	**	**	93,738	413	8	27,555
France.....	28	20	19	134,434	--	1,351	60,944
New corporations.....	--	--	--	--	--	--	--
Old corporations.....	28	20	19	134,434	--	1,351	60,944
Germany.....	16	**	**	51,849	--	(³)	30,416
New corporations.....	--	--	--	--	--	--	--
Old corporations.....	16	**	**	51,849	--	(³)	30,416
Japan.....	97	52	54	268,776	452	221	215,205
New corporations.....	11	6	6	46,853	--	(³)	43,047
Old corporations.....	86	46	48	221,924	452	221	172,157
Netherlands.....	32	23	23	122,103	37	984	55,205
New corporations.....	3	3	3	9,892	--	(³)	8,256
Old corporations.....	29	20	20	112,211	37	984	46,949
United Kingdom.....	55	45	44	162,518	369	4,984	92,756
New corporations.....	4	**	**	1,525	97	(³)	585
Old corporations.....	51	**	**	160,994	272	4,984	92,170

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations--Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Noncurrent liabilities		Net worth		Total receipts	Business receipts
	Total	Loans from stockholders	Total	Retained earnings		
	(8)	(9)	(10)	(11)	(12)	(13)
All industries¹:						
Domestic corporations not foreign controlled....	5,219,181	63,430	5,493,722	1,543,907	7,211,689	6,112,966
New corporations.....	193,895	1,204	299,944	30,260	280,936	248,371
Old corporations.....	5,025,286	62,226	5,193,779	1,513,647	6,930,753	5,864,595
Foreign-controlled domestic corporations¹.....	656,237	35,257	468,860	-7,271	1,238,364	1,123,102
New corporations.....	37,281	1,438	17,851	-5,539	77,784	71,239
Old corporations.....	618,956	33,820	451,009	-1,732	1,160,580	1,051,863
Selected countries:						
Canada.....	87,066	4,042	39,108	5,677	94,373	84,718
New corporations.....	4,420	264	1,554	-482	8,727	8,164
Old corporations.....	82,646	3,778	37,554	6,159	85,646	76,553
France.....	87,869	3,123	30,126	-7,433	84,569	73,443
New corporations.....	4,012	(²)	-233	-1,493	3,033	2,961
Old corporations.....	83,857	3,123	30,359	-5,939	81,536	70,481
Germany.....	41,761	1,276	38,106	-1,535	119,288	111,963
New corporations.....	32	(²)	-163	-378	1,514	1,457
Old corporations.....	41,730	1,276	37,944	-1,157	117,773	110,506
Japan.....	85,268	7,421	80,285	-5,165	371,084	342,924
New corporations.....	12,253	195	4,538	-101	31,091	27,242
Old corporations.....	73,015	7,226	75,748	-5,064	339,994	315,681
Netherlands.....	93,644	3,073	103,443	13,308	141,471	128,702
New corporations.....	2,808	112	2,117	14	3,537	2,732
Old corporations.....	90,836	2,961	101,325	13,295	137,934	125,970
United Kingdom.....	141,917	9,540	76,869	-4,141	180,443	160,112
New corporations.....	7,559	651	3,934	-1,247	12,984	12,328
Old corporations.....	134,358	8,889	72,936	-2,894	167,458	147,784
Manufacturing:						
Domestic corporations not foreign controlled....	1,207,524	29,034	1,202,725	617,338	2,865,518	2,653,617
New corporations.....	32,458	306	33,331	6,180	80,775	78,404
Old corporations.....	1,175,066	28,728	1,169,394	611,157	2,784,743	2,575,213
Foreign-controlled domestic corporations¹.....	220,407	17,811	215,323	3,279	519,596	495,912
New corporations.....	9,733	666	7,475	-3,811	25,716	24,704
Old corporations.....	210,674	17,145	207,848	7,090	493,880	471,208
Selected countries:						
Canada.....	20,364	2,068	22,892	4,735	49,417	47,601
New corporations.....	3,749	162	1,375	-501	4,469	3,969
Old corporations.....	16,615	1,906	21,517	5,236	44,948	43,632
France.....	17,875	1,551	15,935	-5,559	38,988	37,372
New corporations.....	715	(²)	356	-23	1,203	1,159
Old corporations.....	17,159	1,551	15,579	-5,536	37,785	36,213
Germany.....	16,239	570	23,486	-418	57,114	54,680
New corporations.....	18	(²)	139	-349	1,265	1,216
Old corporations.....	16,221	570	23,347	-68	55,849	53,464
Japan.....	14,684	594	18,554	-4,448	72,740	71,285
New corporations.....	602	32	1,139	-167	3,654	3,542
Old corporations.....	14,082	563	17,415	-4,281	69,086	67,743
Netherlands.....	28,603	1,989	72,307	16,637	76,235	73,387
New corporations.....	331	98	220	-45	753	750
Old corporations.....	28,273	1,891	72,087	16,682	75,482	72,637
United Kingdom.....	71,904	7,438	24,423	-7,496	104,443	97,766
New corporations.....	2,124	301	2,445	-1,281	6,364	6,166
Old corporations.....	69,780	7,138	21,979	-6,215	98,079	91,600

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Noncurrent liabilities		Net worth		Total receipts	Business receipts
	Total	Loans from stockholders	Total	Retained earnings		
	(8)	(9)	(10)	(11)	(12)	(13)
Wholesale trade:						
Domestic corporations not foreign controlled....	80,056	1,799	87,816	47,720	557,390	537,079
New corporations.....	4,480	476	5,186	2,678	36,313	35,932
Old corporations.....	75,577	1,323	82,630	45,042	521,077	501,147
Foreign-controlled domestic corporations¹.....	53,232	3,253	38,938	-2,823	393,205	381,698
New corporations.....	14,778	322	3,474	-159	38,748	37,578
Old corporations.....	38,454	2,931	35,464	-2,664	354,457	344,120
Selected countries:						
Canada.....	2,157	385	1,481	-21	12,862	12,520
New corporations.....	322	91	108	47	3,220	3,189
Old corporations.....	1,835	294	1,373	-69	9,642	9,331
France.....	782	176	1,253	-809	6,885	6,775
New corporations.....	18	(³)	180	-96	1,249	1,239
Old corporations.....	764	176	1,073	-712	5,636	5,536
Germany.....	5,143	607	2,927	-1,438	30,512	28,961
New corporations.....	14	(³)	24	-29	249	241
Old corporations.....	5,129	607	2,903	-1,409	30,263	28,720
Japan.....	26,806	886	22,930	1,167	252,156	245,775
New corporations.....	9,669	14	1,512	-81	23,259	22,451
Old corporations.....	17,136	872	21,418	1,247	228,896	223,324
Netherlands.....	5,966	144	1,498	-443	19,638	19,055
New corporations.....	380	14	162	3	847	843
Old corporations.....	5,586	130	1,336	-446	18,791	18,211
United Kingdom.....	8,424	913	3,226	-670	21,149	19,973
New corporations.....	4,153	197	1,073	76	4,810	4,562
Old corporations.....	4,270	715	2,153	-746	16,340	15,411
Finance, insurance, and real estate:						
Domestic corporations not foreign controlled....	2,758,125	20,503	3,214,766	588,356	1,484,240	741,884
New corporations.....	57,864	111	199,438	12,424	54,467	29,494
Old corporations.....	2,710,261	20,392	3,015,327	575,933	1,429,773	712,389
Foreign-controlled domestic corporations¹.....	286,139	10,549	115,181	10,109	143,989	77,407
New corporations.....	4,946	317	5,039	-50	5,586	1,662
Old corporations.....	281,193	10,231	110,141	10,160	138,403	75,745
Selected countries:						
Canada.....	57,848	1,058	8,630	1,367	16,139	9,869
New corporations.....	242	(³)	54	-14	160	137
Old corporations.....	57,606	1,058	8,577	1,381	15,979	9,731
France.....	62,636	1,342	10,854	781	18,490	9,760
New corporations.....	--	--	--	--	--	--
Old corporations.....	62,636	1,342	10,854	781	18,490	9,760
Germany.....	13,576	(³)	7,857	999	11,946	9,526
New corporations.....	--	--	--	--	--	--
Old corporations.....	13,576	(³)	7,857	999	11,946	9,526
Japan.....	31,691	4,934	21,881	-771	22,865	4,746
New corporations.....	1,952	150	1,853	136	3,546	622
Old corporations.....	29,739	4,784	20,028	-907	19,319	4,124
Netherlands.....	47,215	367	19,682	1,611	21,229	14,034
New corporations.....	900	(³)	736	49	735	13
Old corporations.....	46,315	367	18,946	1,562	20,494	14,021
United Kingdom.....	45,061	816	24,702	5,899	26,394	16,426
New corporations.....	813	117	126	-40	384	281
Old corporations.....	44,248	698	24,575	5,939	26,010	16,146

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

(Money amounts are in millions of dollars)

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Interest received ²	Total deductions	Cost of goods sold	Interest paid	Taxes paid	Total receipts less total deductions
	(14)	(15)	(16)	(17)	(18)	(19)
All industries¹:						
Domestic corporations not foreign controlled.....	639,364	6,757,683	3,887,866	415,314	186,170	454,006
New corporations.....	19,514	263,359	155,471	13,757	7,311	17,577
Old corporations.....	619,850	6,494,324	3,732,395	401,557	178,859	436,429
Foreign-controlled domestic corporations¹.....	71,426	1,213,821	817,843	66,943	17,923	24,543
New corporations.....	4,540	76,800	51,797	4,512	919	984
Old corporations.....	66,885	1,137,022	766,046	62,431	17,004	23,559
Selected countries:						
Canada.....	6,184	92,057	58,907	4,761	1,329	2,316
New corporations.....	251	8,664	5,283	471	182	63
Old corporations.....	5,933	83,393	53,624	4,290	1,146	2,254
France.....	6,315	83,717	58,103	3,945	1,117	853
New corporations.....	15	3,000	2,355	52	22	33
Old corporations.....	6,300	80,717	55,748	3,894	1,095	819
Germany.....	3,298	117,510	78,328	3,787	1,837	1,777
New corporations.....	8	1,504	1,100	24	39	11
Old corporations.....	3,289	116,007	77,228	3,763	1,798	1,767
Japan.....	19,397	367,017	284,610	18,017	2,832	4,067
New corporations.....	3,200	30,891	21,007	2,586	200	199
Old corporations.....	16,196	336,126	263,603	15,431	2,633	3,868
Netherlands.....	8,105	138,461	90,399	6,369	2,002	3,011
New corporations.....	563	3,330	1,591	514	58	207
Old corporations.....	7,543	135,131	88,808	5,855	1,944	2,804
United Kingdom.....	12,230	173,688	97,485	12,779	4,831	6,755
New corporations.....	265	12,418	7,701	505	186	566
Old corporations.....	11,965	161,270	89,784	12,275	4,644	6,189
Manufacturing:						
Domestic corporations not foreign controlled.....	62,754	2,711,125	1,794,467	95,572	75,622	154,394
New corporations.....	758	77,139	53,546	2,164	1,501	3,637
Old corporations.....	61,996	2,633,986	1,740,921	93,407	74,121	150,757
Foreign-controlled domestic corporations¹.....	8,355	506,843	341,258	19,450	9,280	12,753
New corporations.....	382	25,394	16,247	935	460	322
Old corporations.....	7,973	481,449	325,011	18,514	8,820	12,431
Selected countries:						
Canada.....	543	48,417	34,840	1,398	694	1,000
New corporations.....	225	4,422	1,500	443	155	47
Old corporations.....	318	43,995	33,340	955	539	953
France.....	420	38,450	25,801	1,321	631	538
New corporations.....	5	1,129	855	38	14	74
Old corporations.....	415	37,321	24,946	1,284	617	464
Germany.....	611	55,480	37,582	1,347	933	1,634
New corporations.....	2	1,253	891	12	38	13
Old corporations.....	609	54,227	36,691	1,335	895	1,622
Japan.....	544	70,717	57,454	1,330	840	2,023
New corporations.....	59	3,544	2,908	101	35	110
Old corporations.....	484	67,173	54,546	1,229	805	1,913
Netherlands.....	1,539	74,700	54,458	2,401	1,038	1,534
New corporations.....	2	727	514	13	12	26
Old corporations.....	1,537	73,974	53,944	2,388	1,026	1,508
United Kingdom.....	2,832	101,855	58,937	7,423	3,304	2,588
New corporations.....	75	6,264	3,722	198	83	99
Old corporations.....	2,757	95,590	55,215	7,225	3,221	2,489

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Interest received ²	Total deductions	Cost of goods sold	Interest paid	Taxes paid	Total receipts less total deductions
	(14)	(15)	(16)	(17)	(18)	(19)
Wholesale trade:						
Domestic corporations not foreign controlled.....	10,089	546,123	463,773	10,499	5,304	11,267
New corporations.....	80	35,860	31,011	320	304	453
Old corporations.....	10,008	510,263	432,762	10,178	5,000	10,814
Foreign-controlled domestic corporations¹.....	4,223	390,024	324,698	7,102	2,831	3,181
New corporations.....	430	38,220	29,694	821	271	528
Old corporations.....	3,793	351,804	295,004	6,281	2,560	2,653
Selected countries:						
Canada.....	107	12,763	10,649	191	104	99
New corporations.....	2	3,181	2,922	16	16	39
Old corporations.....	105	9,582	7,726	175	88	60
France.....	47	6,794	5,770	71	73	91
New corporations.....	9	1,239	1,196	11	1	11
Old corporations.....	38	5,556	4,574	61	72	80
Germany.....	657	31,043	23,746	1,071	270	-531
New corporations.....	6	251	209	12	1	-2
Old corporations.....	651	30,792	23,537	1,059	269	-529
Japan.....	2,453	250,842	211,668	4,045	1,339	1,313
New corporations.....	320	23,161	17,255	564	131	98
Old corporations.....	2,132	227,682	194,413	3,481	1,208	1,215
Netherlands.....	255	19,346	15,493	473	130	292
New corporations.....	1	812	564	16	3	35
Old corporations.....	254	18,534	14,930	457	127	257
United Kingdom.....	308	20,061	15,341	579	270	1,088
New corporations.....	74	4,459	3,073	158	79	351
Old corporations.....	235	15,603	12,268	421	192	737
Finance, insurance, and real estate:						
Domestic corporations not foreign controlled.....	532,277	1,303,831	465,796	229,283	25,608	180,409
New corporations.....	17,694	45,541	21,129	6,215	1,085	8,926
Old corporations.....	514,583	1,258,290	444,667	223,068	24,523	171,483
Foreign-controlled domestic corporations¹.....	53,354	139,451	40,091	32,110	2,459	4,538
New corporations.....	3,620	5,503	1,035	2,552	57	83
Old corporations.....	49,734	133,948	39,056	29,558	2,402	4,454
Selected countries:						
Canada.....	5,073	15,435	5,011	2,488	177	704
New corporations.....	20	173	79	8	8	-13
Old corporations.....	5,053	15,262	4,932	2,481	169	717
France.....	5,475	18,245	9,783	2,043	259	245
New corporations.....	--	--	--	--	--	--
Old corporations.....	5,475	18,245	9,783	2,043	259	245
Germany.....	1,819	11,687	3,669	1,115	172	259
New corporations.....	--	--	--	--	--	--
Old corporations.....	1,819	11,687	3,669	1,115	172	259
Japan.....	15,713	22,580	1,432	11,674	376	285
New corporations.....	2,819	3,562	388	1,918	25	-15
Old corporations.....	12,894	19,018	1,045	9,756	351	300
Netherlands.....	5,712	20,316	6,217	2,305	345	913
New corporations.....	557	664	(³)	436	16	71
Old corporations.....	5,155	19,652	6,217	1,870	329	842
United Kingdom.....	8,290	24,290	7,903	3,429	574	2,105
New corporations.....	101	362	69	119	5	22
Old corporations.....	8,189	23,928	7,835	3,310	569	2,083

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

(Money amounts are in millions of dollars)

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Net income (less deficit) (20)	Net income (21)	Deficit (22)	Statutory special deductions		Income subject to tax (25)
				Total (23)	Net operating loss deduction (24)	
All Industries:						
Domestic corporations not foreign controlled.....	451,985	494,959	42,975	101,718	22,142	396,018
New corporations.....	16,216	19,457	3,241	7,145	1,329	12,442
Old corporations.....	435,769	475,502	39,733	94,573	20,813	383,576
Foreign-controlled domestic corporations¹.....	25,425	38,171	12,747	8,513	7,306	29,960
New corporations.....	1,051	1,955	904	375	300	1,594
Old corporations.....	24,374	36,217	11,843	8,138	7,007	28,367
Selected countries:						
Canada.....	2,276	3,134	858	859	580	2,309
New corporations.....	62	113	51	16	12	101
Old corporations.....	2,214	3,021	808	843	568	2,208
France.....	997	2,119	1,123	707	660	1,415
New corporations.....	44	125	82	4	3	122
Old corporations.....	953	1,994	1,041	703	657	1,293
Germany.....	1,716	2,984	1,268	750	620	2,279
New corporations.....	11	39	29	(³)	(³)	39
Old corporations.....	1,705	2,945	1,239	749	620	2,240
Japan.....	4,250	6,809	2,559	1,843	1,752	4,986
New corporations.....	203	396	194	103	100	293
Old corporations.....	4,047	6,413	2,366	1,740	1,652	4,693
Netherlands.....	2,965	3,897	932	870	656	3,118
New corporations.....	212	217	6	50	46	167
Old corporations.....	2,753	3,679	926	820	610	2,952
United Kingdom.....	6,795	8,966	2,171	1,604	1,311	7,401
New corporations.....	604	679	76	102	76	578
Old corporations.....	6,192	8,287	2,095	1,503	1,235	6,824
Manufacturing:						
Domestic corporations not foreign controlled.....	177,896	190,527	12,631	13,107	6,361	177,728
New corporations.....	3,731	4,709	978	351	259	4,362
Old corporations.....	174,165	185,818	11,653	12,756	6,102	173,366
Foreign-controlled domestic corporations¹.....	13,835	19,475	5,640	4,218	3,510	15,331
New corporations.....	347	774	427	116	91	662
Old corporations.....	13,488	18,701	5,213	4,102	3,419	14,669
Selected countries:						
Canada.....	1,010	1,346	336	598	347	778
New corporations.....	47	70	23	8	5	66
Old corporations.....	963	1,275	312	590	342	712
France.....	678	1,540	863	500	475	1,041
New corporations.....	74	115	40	4	3	111
Old corporations.....	604	1,426	822	496	472	930
Germany.....	1,700	1,907	206	482	396	1,426
New corporations.....	13	39	26	(³)	(³)	39
Old corporations.....	1,688	1,867	180	481	395	1,388
Japan.....	2,062	2,708	646	949	921	1,760
New corporations.....	115	143	28	20	20	123
Old corporations.....	1,947	2,565	618	930	901	1,637
Netherlands.....	1,562	1,780	218	409	305	1,374
New corporations.....	26	32	6	21	21	11
Old corporations.....	1,536	1,748	212	389	284	1,362
United Kingdom.....	2,724	4,411	1,688	555	391	3,891
New corporations.....	99	150	51	31	12	120
Old corporations.....	2,624	4,261	1,637	524	379	3,771

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Net income (less deficit)	Net income	Deficit	Statutory special deductions		Income subject to tax
				Total	Net operating loss deduction	
	(20)	(21)	(22)	(23)	(24)	(25)
Wholesale trade:						
Domestic corporations not foreign controlled.....	12,482	13,548	1,065	1,218	1,030	12,336
New corporations.....	452	551	99	13	10	541
Old corporations.....	12,030	12,997	967	1,205	1,021	11,795
Foreign-controlled domestic corporations¹.....	3,267	5,865	2,598	1,658	1,572	4,215
New corporations.....	532	638	106	134	128	504
Old corporations.....	2,735	5,227	2,492	1,524	1,444	3,711
Selected countries:						
Canada.....	99	218	119	60	59	158
New corporations.....	39	42	2	6	6	35
Old corporations.....	60	176	117	54	53	123
France.....	92	110	19	27	24	84
New corporations.....	11	11	(³)	(³)	(³)	11
Old corporations.....	81	100	19	27	24	73
Germany.....	-520	473	993	188	180	286
New corporations.....	-2	(³)	2	(³)	(³)	(³)
Old corporations.....	-518	473	991	188	180	286
Japan.....	1,358	2,319	961	643	625	1,682
New corporations.....	98	99	(³)	71	71	27
Old corporations.....	1,259	2,220	961	572	554	1,655
Netherlands.....	292	456	164	126	93	330
New corporations.....	35	35	(³)	(³)	(³)	35
Old corporations.....	258	422	164	126	93	296
United Kingdom.....	1,118	1,161	43	308	295	853
New corporations.....	355	368	13	39	33	329
Old corporations.....	763	793	30	269	262	524
Finance, insurance, and real estate:						
Domestic corporations not foreign controlled.....	153,219	168,274	15,055	78,182	6,839	92,446
New corporations.....	7,404	8,375	971	5,765	177	2,733
Old corporations.....	145,815	159,899	14,084	72,417	6,662	89,713
Foreign-controlled domestic corporations¹.....	4,056	6,397	2,342	1,338	976	5,277
New corporations.....	72	276	203	51	13	235
Old corporations.....	3,983	6,122	2,138	1,287	962	5,043
Selected countries:						
Canada.....	653	869	216	79	54	794
New corporations.....	-13	(³)	13	1	(³)	(³)
Old corporations.....	666	869	203	78	54	794
France.....	237	287	50	120	103	169
New corporations.....	--	--	--	--	--	--
Old corporations.....	237	287	50	120	103	169
Germany.....	120	120	(³)	55	20	108
New corporations.....	--	--	--	--	--	--
Old corporations.....	120	120	(³)	55	20	108
Japan.....	318	1,000	682	145	104	867
New corporations.....	-17	148	165	10	6	139
Old corporations.....	335	852	517	136	98	728
Netherlands.....	833	1,080	247	147	75	1,022
New corporations.....	71	71	(³)	7	7	64
Old corporations.....	762	1,009	247	140	68	959
United Kingdom.....	1,932	1,999	68	421	336	1,583
New corporations.....	22	32	10	(³)	(³)	32
Old corporations.....	1,909	1,967	58	421	336	1,550

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

(Money amounts are in millions of dollars)

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Income tax before credits			Credits		Total income tax after credits
	Total	Regular tax	Alternative minimum tax	Total	Foreign tax credit	
	(26)	(27)	(28)	(29)	(30)	(31)
All Industries¹:						
Domestic corporations not foreign controlled.....	140,623	136,951	3,139	33,305	23,211	107,319
New corporations.....	4,679	4,338	322	830	337	3,849
Old corporations.....	135,944	132,613	2,816	32,475	22,875	103,469
Foreign-controlled domestic corporations¹.....	11,334	10,451	757	2,641	1,766	8,694
New corporations.....	631	555	71	99	74	532
Old corporations.....	10,703	9,896	686	2,542	1,693	8,162
Selected countries:						
Canada.....	860	804	52	81	14	778
New corporations.....	37	35	1	(³)	(³)	36
Old corporations.....	823	769	51	81	14	742
France.....	558	492	63	156	123	403
New corporations.....	43	42	(³)	1	1	42
Old corporations.....	516	450	63	155	122	361
Germany.....	889	794	92	104	40	785
New corporations.....	14	13	(³)	(³)	(³)	14
Old corporations.....	875	781	92	104	40	771
Japan.....	1,958	1,737	210	343	223	1,616
New corporations.....	158	102	54	14	13	145
Old corporations.....	1,800	1,635	157	329	210	1,471
Netherlands.....	1,292	1,088	125	183	125	1,109
New corporations.....	62	58	4	5	4	57
Old corporations.....	1,230	1,030	122	178	121	1,052
United Kingdom.....	2,702	2,587	101	353	219	2,349
New corporations.....	214	202	11	49	45	165
Old corporations.....	2,488	2,385	90	304	174	2,184
Manufacturing:						
Domestic corporations not foreign controlled.....	63,421	62,125	1,030	23,046	16,678	40,375
New corporations.....	1,561	1,522	34	349	99	1,212
Old corporations.....	61,860	60,603	996	22,697	16,578	39,164
Foreign-controlled domestic corporations¹.....	5,796	5,350	346	1,491	986	4,305
New corporations.....	246	231	14	37	17	209
Old corporations.....	5,549	5,119	332	1,453	968	4,096
Selected countries:						
Canada.....	310	270	39	52	8	258
New corporations.....	23	23	(³)	(³)	(³)	23
Old corporations.....	287	247	38	52	8	235
France.....	396	363	31	116	90	280
New corporations.....	39	39	(³)	--	--	39
Old corporations.....	357	324	31	116	90	241
Germany.....	545	497	46	61	24	484
New corporations.....	14	13	(³)	(³)	(³)	14
Old corporations.....	531	484	46	61	24	470
Japan.....	671	613	54	72	17	599
New corporations.....	44	43	(³)	4	4	39
Old corporations.....	627	570	54	68	13	559
Netherlands.....	631	479	76	104	63	527
New corporations.....	7	4	3	--	--	7
Old corporations.....	624	476	72	104	63	520
United Kingdom.....	1,397	1,360	29	191	87	1,206
New corporations.....	51	42	9	4	3	47
Old corporations.....	1,346	1,318	21	187	85	1,159

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Income tax before credits			Credits		Total income tax after credits
	Total	Regular tax	Alternative minimum tax	Total	Foreign tax credit	
	(26)	(27)	(28)	(29)	(30)	(31)
Wholesale trade:						
Domestic corporations not foreign controlled.....	4,343	4,292	37	878	750	3,465
New corporations.....	191	188	2	13	10	178
Old corporations.....	4,152	4,104	35	865	740	3,287
Foreign-controlled domestic corporations¹.....	1,682	1,464	209	176	48	1,506
New corporations.....	231	175	54	14	12	216
Old corporations.....	1,452	1,289	155	162	37	1,289
Selected countries:						
Canada.....	59	54	3	(³)	(³)	58
New corporations.....	13	12	1	--	--	13
Old corporations.....	45	42	3	(³)	(³)	45
France.....	31	29	3	2	2	30
New corporations.....	4	4	--	1	1	3
Old corporations.....	28	25	3	1	1	27
Germany.....	129	99	29	8	(³)	121
New corporations.....	(³)	(³)	(³)	(³)	(³)	(³)
Old corporations.....	129	99	29	8	(³)	121
Japan.....	709	585	121	59	4	650
New corporations.....	63	9	53	(³)	(³)	63
Old corporations.....	646	576	67	59	4	587
Netherlands.....	146	115	30	11	(³)	135
New corporations.....	12	12	--	(³)	(³)	12
Old corporations.....	134	103	30	11	(³)	123
United Kingdom.....	310	298	10	45	41	265
New corporations.....	116	115	(³)	13	11	102
Old corporations.....	194	183	10	31	30	163
Finance, insurance, and real estate:						
Domestic corporations not foreign controlled.....	31,464	30,909	522	4,607	3,484	26,856
New corporations.....	980	951	24	32	7	948
Old corporations.....	30,484	29,958	498	4,576	3,477	25,908
Foreign-controlled domestic corporations¹.....	1,940	1,843	87	171	114	1,769
New corporations.....	84	82	(³)	10	9	75
Old corporations.....	1,856	1,761	87	162	105	1,694
Selected countries:						
Canada.....	280	278	1	14	1	266
New corporations.....	(³)	(³)	(³)	--	--	(³)
Old corporations.....	280	278	1	14	1	266
France.....	86	59	27	37	31	49
New corporations.....	--	--	--	--	--	--
Old corporations.....	86	59	27	37	31	49
Germany.....	48	37	11	8	8	40
New corporations.....	--	--	--	--	--	--
Old corporations.....	48	37	11	8	8	40
Japan.....	319	303	13	55	47	264
New corporations.....	50	48	(³)	10	9	41
Old corporations.....	268	254	13	46	38	223
Netherlands.....	362	357	3	5	2	357
New corporations.....	22	22	--	--	--	22
Old corporations.....	340	335	3	5	2	334
United Kingdom.....	582	554	26	11	10	570
New corporations.....	11	11	--	--	--	11
Old corporations.....	570	542	26	11	10	559

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages					
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	Total liabilities divided by net worth
	Divided by total number of returns		Divided by total assets			(37)
	(32)	(33)	(34)	(35)	(36)	
All Industries¹:						
Domestic corporations not foreign controlled.....	80.51	70.58	39.96	29.25	30.79	224.79
New corporations.....	71.43	51.65	30.77	27.18	42.05	137.81
Old corporations.....	81.38	72.35	40.34	29.34	30.32	229.81
Foreign-controlled domestic corporations¹.....	70.06	71.82	47.65	30.53	21.82	358.40
New corporations.....	66.18	67.15	58.58	28.01	13.41	645.62
Old corporations.....	70.45	72.25	46.93	30.70	22.37	347.03
Selected countries:						
Canada.....	71.21	71.98	29.43	48.70	21.87	357.15
New corporations.....	56.00	56.00	26.41	54.45	19.14	422.39
Old corporations.....	73.16	74.03	29.57	48.43	22.00	354.45
France.....	68.03	73.47	40.33	44.44	15.23	556.39
New corporations.....	50.00	50.00	19.13	85.85	-4.99	-2,105.58
Old corporations.....	68.79	74.47	40.84	43.43	15.72	535.96
Germany.....	80.40	84.92	44.94	28.79	26.27	280.66
New corporations.....	66.67	66.67	79.45	3.39	17.27	479.75
Old corporations.....	80.53	85.26	44.71	28.96	26.33	279.80
Japan.....	68.48	70.44	67.22	16.88	15.90	529.04
New corporations.....	73.47	73.47	75.25	18.06	6.69	1,394.93
Old corporations.....	68.08	70.36	65.97	16.70	17.33	477.16
Netherlands.....	67.45	69.34	33.90	31.41	34.69	188.23
New corporations.....	**	**	64.52	20.23	15.25	555.69
Old corporations.....	**	**	32.40	31.95	35.64	180.56
United Kingdom.....	72.76	74.42	39.80	39.05	21.15	372.76
New corporations.....	66.67	70.83	25.64	48.91	25.45	292.86
Old corporations.....	73.29	74.73	40.42	38.61	20.96	377.06
Manufacturing:						
Domestic corporations not foreign controlled.....	81.02	82.88	30.42	34.86	34.72	188.00
New corporations.....	65.84	65.43	22.04	38.46	39.50	153.18
Old corporations.....	82.17	84.20	30.63	34.77	34.60	188.99
Foreign-controlled domestic corporations¹.....	72.86	75.68	30.06	35.38	34.56	189.31
New corporations.....	62.50	65.63	37.97	35.08	26.94	271.13
Old corporations.....	73.65	76.46	29.69	35.39	34.92	186.37
Selected countries:						
Canada.....	78.70	79.63	29.96	32.97	37.06	169.80
New corporations.....	60.00	70.00	20.15	58.41	21.42	366.69
Old corporations.....	80.61	80.61	31.10	30.02	38.88	157.22
France.....	65.22	71.01	28.56	37.77	33.67	197.00
New corporations.....	**	**	21.13	52.65	26.22	281.46
Old corporations.....	**	**	28.78	37.33	33.89	195.06
Germany.....	82.57	88.07	30.81	28.29	40.91	144.44
New corporations.....	**	**	81.63	2.12	16.37	511.51
Old corporations.....	**	**	30.04	28.68	41.28	142.26
Japan.....	70.12	73.44	39.13	26.89	33.98	194.29
New corporations.....	46.15	46.15	50.61	17.08	32.31	209.48
Old corporations.....	71.18	74.67	38.33	27.57	34.10	193.29
Netherlands.....	70.31	71.88	24.95	21.27	53.78	85.95
New corporations.....	**	**	18.85	48.75	32.40	208.64
Old corporations.....	**	**	24.98	21.13	53.89	85.57
United Kingdom.....	75.00	78.68	26.20	55.09	18.71	434.45
New corporations.....	**	**	28.85	33.07	38.07	162.66
Old corporations.....	**	**	26.07	56.23	17.71	464.67

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages					
	Number of returns with net income	Number of returns with total income tax after credits	Current liabilities	Noncurrent liabilities	Net worth	Total liabilities divided by net worth
	Divided by total number of returns		Divided by total assets			(37)
	(32)	(33)	(34)	(35)	(36)	
Wholesale trade:						
Domestic corporations not foreign controlled.....	83.40	83.23	55.61	21.17	23.22	330.67
New corporations.....	65.38	69.23	35.97	29.68	34.36	191.07
Old corporations.....	84.26	83.89	56.43	20.81	22.76	339.43
Foreign-controlled domestic corporations¹.....	75.08	75.53	57.87	24.33	17.80	461.91
New corporations.....	78.79	78.79	35.30	52.39	12.31	712.00
Old corporations.....	74.71	75.04	61.22	20.18	18.61	437.41
Selected countries:						
Canada.....	72.34	72.34	36.50	37.65	25.85	286.83
New corporations.....	**	**	34.35	49.16	16.49	506.48
Old corporations.....	**	**	36.78	36.16	27.06	269.56
France.....	71.43	85.71	41.66	22.42	35.92	178.37
New corporations.....	**	**	68.97	2.82	28.21	254.44
Old corporations.....	**	**	35.51	26.81	37.65	165.52
Germany.....	76.92	78.85	58.85	26.23	14.93	570.00
New corporations.....	**	**	60.00	14.74	25.26	295.83
Old corporations.....	**	**	58.84	26.28	14.87	572.27
Japan.....	75.98	76.77	63.41	19.72	16.87	492.76
New corporations.....	**	**	35.40	55.87	8.74	1,044.64
Old corporations.....	**	**	67.49	14.45	18.06	453.79
Netherlands.....	63.64	65.91	45.87	43.26	10.86	820.56
New corporations.....	100.00	100.00	26.46	51.56	21.98	354.94
Old corporations.....	55.56	58.33	46.97	42.79	10.24	877.02
United Kingdom.....	77.14	71.43	27.30	52.57	20.13	396.75
New corporations.....	**	**	17.81	65.30	16.87	492.64
Old corporations.....	**	**	33.54	44.18	22.28	348.91
Finance, insurance, and real estate:						
Domestic corporations not foreign controlled.....	82.97	48.28	46.75	24.55	28.61	249.16
New corporations.....	82.91	35.82	39.39	13.63	46.98	112.86
Old corporations.....	83.00	50.05	47.03	25.07	27.89	258.50
Foreign-controlled domestic corporations¹.....	64.72	64.72	61.65	27.35	11.01	808.44
New corporations.....	56.67	56.67	84.46	7.70	7.84	1,175.19
Old corporations.....	65.42	65.42	60.15	28.63	11.21	791.67
Selected countries:						
Canada.....	63.16	63.16	29.65	61.22	9.13	994.94
New corporations.....	**	**	60.79	32.05	7.15	1,298.15
Old corporations.....	**	**	29.40	61.45	9.15	992.90
France.....	71.43	67.86	45.33	46.59	8.07	1,138.57
New corporations.....	**	**	--	--	--	--
Old corporations.....	71.43	67.86	45.33	46.59	8.07	1,138.57
Germany.....	**	**	58.66	26.18	15.15	559.91
New corporations.....	--	--	--	--	--	--
Old corporations.....	**	**	58.66	26.18	15.15	559.91
Japan.....	53.61	55.67	80.07	11.79	8.14	1,128.36
New corporations.....	54.55	54.55	91.88	4.17	3.95	2,428.44
Old corporations.....	53.49	55.81	77.57	13.40	9.02	1,008.07
Netherlands.....	71.88	71.88	45.21	38.67	16.12	520.37
New corporations.....	100.00	100.00	83.46	9.10	7.44	1,244.02
Old corporations.....	68.97	68.97	41.84	41.27	16.88	492.26
United Kingdom.....	81.82	80.00	57.07	27.73	15.20	557.92
New corporations.....	**	**	38.36	53.31	8.26	1,109.52
Old corporations.....	**	**	57.25	27.48	15.26	555.11

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages -- Continued						
	Total receipts divided by total assets	Cost of goods sold divided by		Interest paid divided by total receipts	Total receipts less total deductions divided by		
	(38)	Business receipts	Inventories	(41)	Total assets	Net worth	Total receipts
	(38)	(39)	(40)	(41)	(42)	(43)	(44)
All industries¹:							
Domestic corporations not foreign controlled.....	40.42	63.60	618.54	5.76	2.54	8.26	6.30
New corporations.....	39.38	62.60	696.37	4.90	2.46	5.86	6.26
Old corporations.....	40.46	63.64	615.68	5.79	2.55	8.40	6.30
Foreign-controlled domestic corporations¹.....	57.62	72.82	714.79	5.41	1.14	5.23	1.98
New corporations.....	58.44	72.71	642.24	5.80	0.74	5.51	1.27
Old corporations.....	57.56	72.83	720.29	5.38	1.17	5.22	2.03
Selected countries:							
Canada.....	52.79	69.53	834.02	5.04	1.30	5.92	2.45
New corporations.....	107.50	64.71	1,203.42	5.40	0.78	4.05	0.72
Old corporations.....	50.18	70.05	809.54	5.01	1.32	6.00	2.63
France.....	42.77	79.11	717.41	4.66	0.43	2.83	1.01
New corporations.....	64.90	79.53	197.24	1.71	0.71	-14.16	1.09
Old corporations.....	42.23	79.10	807.36	4.78	0.42	2.70	1.00
Germany.....	82.24	69.96	661.16	3.17	1.23	4.66	1.49
New corporations.....	160.38	75.50	486.73	1.59	1.17	6.75	0.73
Old corporations.....	81.72	69.89	664.61	3.20	1.23	4.66	1.50
Japan.....	73.48	83.00	789.33	4.86	0.81	5.07	1.10
New corporations.....	45.83	77.11	864.13	8.32	0.29	4.39	0.64
Old corporations.....	77.77	83.50	783.93	4.54	0.88	5.11	1.14
Netherlands.....	47.45	70.24	978.24	4.50	1.01	2.91	2.13
New corporations.....	25.48	58.24	528.57	14.53	1.49	9.78	5.85
Old corporations.....	48.52	70.50	993.38	4.24	0.99	2.77	2.03
United Kingdom.....	49.65	60.89	597.41	7.08	1.86	8.79	3.74
New corporations.....	84.01	62.47	562.12	3.89	3.66	14.39	4.36
Old corporations.....	48.13	60.75	600.64	7.33	1.78	8.49	3.70
Manufacturing:							
Domestic corporations not foreign controlled.....	82.73	67.62	713.15	3.34	4.46	12.84	5.39
New corporations.....	95.72	68.29	556.55	2.68	4.31	10.91	4.50
Old corporations.....	82.40	67.60	719.38	3.35	4.46	12.89	5.41
Foreign-controlled domestic corporations¹.....	83.41	68.81	579.98	3.74	2.05	5.92	2.45
New corporations.....	92.70	65.77	511.56	3.64	1.16	4.31	1.25
Old corporations.....	82.97	68.97	583.88	3.75	2.09	5.98	2.52
Selected countries:							
Canada.....	80.01	73.19	778.90	2.83	1.62	4.37	2.02
New corporations.....	69.63	37.79	506.76	9.91	0.73	3.42	1.05
Old corporations.....	81.21	76.41	798.18	2.12	1.72	4.43	2.12
France.....	82.38	69.04	490.89	3.39	1.14	3.38	1.38
New corporations.....	88.59	73.77	403.30	3.16	5.45	20.79	6.15
Old corporations.....	82.20	68.89	494.67	3.40	1.01	2.98	1.23
Germany.....	99.49	68.73	460.45	2.36	2.85	6.96	2.86
New corporations.....	149.00	73.27	486.89	0.95	1.53	9.35	1.03
Old corporations.....	98.74	68.63	459.90	2.39	2.87	6.95	2.90
Japan.....	133.22	80.60	659.25	1.83	3.70	10.90	2.78
New corporations.....	103.66	82.10	472.85	2.76	3.12	9.66	3.01
Old corporations.....	135.26	80.52	673.41	1.78	3.75	10.98	2.77
Netherlands.....	56.70	74.21	954.23	3.15	1.14	2.12	2.01
New corporations.....	110.90	68.53	494.23	1.73	3.83	11.82	3.45
Old corporations.....	56.42	74.27	962.77	3.16	1.13	2.09	2.00
United Kingdom.....	80.02	60.28	519.91	7.11	1.98	10.60	2.48
New corporations.....	99.10	60.36	545.75	3.11	1.54	4.05	1.56
Old corporations.....	79.03	60.28	518.21	7.37	2.01	11.32	2.54

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages -- Continued						
	Total receipts divided by total assets	Cost of goods sold divided by		Interest paid divided by total receipts	Total receipts less total deductions divided by		
		Business receipts	Inventories		Total assets	Net worth	Total receipts
	(38)	(39)	(40)	(41)	(42)	(43)	(44)
Wholesale trade:							
Domestic corporations not foreign controlled.....	147.38	86.35	502.95	1.88	2.98	12.83	2.02
New corporations.....	240.58	86.30	737.30	0.88	3.00	8.74	1.25
Old corporations.....	143.51	86.35	491.75	1.95	2.98	13.09	2.08
Foreign-controlled domestic corporations¹.....	179.71	85.07	844.05	1.81	1.45	8.17	0.81
New corporations.....	137.36	79.02	895.48	2.12	1.87	15.20	1.36
Old corporations.....	185.98	85.73	839.22	1.77	1.39	7.48	0.75
Selected countries:							
Canada.....	224.51	85.06	823.59	1.48	1.73	6.68	0.77
New corporations.....	491.60	91.63	2,497.44	0.50	5.95	36.11	1.21
Old corporations.....	190.03	82.80	656.97	1.81	1.18	4.37	0.62
France.....	197.39	85.17	976.31	1.03	2.61	7.26	1.32
New corporations.....	195.77	96.53	1,184.16	0.88	1.72	6.11	0.88
Old corporations.....	197.75	82.62	931.57	1.08	2.81	7.46	1.42
Germany.....	155.59	81.99	1,002.36	3.51	-2.71	-18.14	-1.74
New corporations.....	262.11	86.72	486.05	4.82	-2.11	-8.33	-0.80
Old corporations.....	155.07	81.95	1,011.91	3.50	-2.71	-18.22	-1.75
Japan.....	185.52	86.12	874.59	1.60	0.97	5.73	0.52
New corporations.....	134.39	76.86	950.17	2.42	0.57	6.48	0.42
Old corporations.....	192.98	87.05	868.42	1.52	1.02	5.67	0.53
Netherlands.....	142.41	81.31	738.47	2.41	2.12	19.49	1.49
New corporations.....	114.93	66.90	512.73	1.89	4.75	21.60	4.13
Old corporations.....	143.96	81.98	751.01	2.43	1.97	19.24	1.37
United Kingdom.....	131.98	76.81	660.11	2.74	6.79	33.73	5.14
New corporations.....	75.63	67.36	614.60	3.28	5.52	32.71	7.30
Old corporations.....	169.06	79.61	672.22	2.58	7.63	34.23	4.51
Finance, insurance, and real estate:							
Domestic corporations not foreign controlled.....	13.21	62.79	394.27	15.45	1.61	5.61	12.15
New corporations.....	12.83	71.64	1,538.89	11.41	2.10	4.48	16.39
Old corporations.....	13.23	62.42	380.81	15.60	1.59	5.69	11.99
Foreign-controlled domestic corporations¹.....	13.76	51.79	2,922.08	22.30	0.43	3.94	3.15
New corporations.....	8.69	62.27	1,067.01	45.69	0.13	1.65	1.49
Old corporations.....	14.09	51.56	3,065.62	21.36	0.45	4.04	3.22
Selected countries:							
Canada.....	17.08	50.78	1,213.32	15.42	0.75	8.16	4.36
New corporations.....	21.19	57.66	--	5.00	-1.72	-24.07	-8.13
Old corporations.....	17.05	50.68	1,194.19	15.53	0.76	8.36	4.49
France.....	13.75	100.24	--	11.05	0.18	2.26	1.33
New corporations.....	--	--	--	--	--	--	--
Old corporations.....	13.75	100.24	--	11.05	0.18	2.26	1.33
Germany.....	23.04	38.52	--	9.33	0.50	3.30	2.17
New corporations.....	--	--	--	--	--	--	--
Old corporations.....	23.04	38.52	--	9.33	0.50	3.30	2.17
Japan.....	8.51	30.17	316.81	51.06	0.11	1.30	1.25
New corporations.....	7.57	62.38	--	54.09	-0.03	-0.81	-0.42
Old corporations.....	8.71	25.34	231.19	50.50	0.14	1.50	1.55
Netherlands.....	17.39	44.30	16,802.70	10.86	0.75	4.64	4.30
New corporations.....	7.43	(²)	--	59.32	0.72	9.65	9.66
Old corporations.....	18.26	44.34	16,802.70	9.12	0.75	4.44	4.11
United Kingdom.....	16.24	48.11	2,141.73	12.99	1.30	8.52	7.98
New corporations.....	25.18	24.56	71.13	30.99	1.44	17.46	5.73
Old corporations.....	16.16	48.53	2,880.51	12.73	1.29	8.48	8.01

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages -- Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
	(45)	(46)	(47)	(48)
All industries¹:				
Domestic corporations not foreign controlled.....	2.53	8.23	6.27	4.47
New corporations.....	2.27	5.41	5.77	6.83
Old corporations.....	2.54	8.39	6.29	4.38
Foreign-controlled domestic corporations¹.....	1.18	5.42	2.05	19.14
New corporations.....	0.79	5.89	1.35	15.35
Old corporations.....	1.21	5.40	2.10	19.35
Selected countries:				
Canada.....	1.27	5.82	2.41	18.51
New corporations.....	0.76	3.99	0.71	10.62
Old corporations.....	1.30	5.90	2.59	18.80
France.....	0.50	3.31	1.18	31.15
New corporations.....	0.94	18.88	1.45	2.40
Old corporations.....	0.49	3.14	1.17	32.95
Germany.....	1.18	4.50	1.44	20.78
New corporations.....	1.17	6.75	0.73	(³)
Old corporations.....	1.18	4.49	1.45	21.05
Japan.....	0.84	5.29	1.15	25.73
New corporations.....	0.30	4.47	0.65	25.25
Old corporations.....	0.93	5.34	1.19	25.76
Netherlands.....	0.99	2.87	2.10	16.83
New corporations.....	1.53	10.01	5.99	21.20
Old corporations.....	0.97	2.72	2.00	16.58
United Kingdom.....	1.87	8.84	3.77	14.62
New corporations.....	3.91	15.35	4.65	11.19
Old corporations.....	1.78	8.49	3.70	14.90
Manufacturing:				
Domestic corporations not foreign controlled.....	5.14	14.79	6.21	3.34
New corporations.....	4.42	11.19	4.62	5.50
Old corporations.....	5.15	14.89	6.25	3.28
Foreign-controlled domestic corporations¹.....	2.22	6.43	2.66	18.02
New corporations.....	1.25	4.64	1.35	11.76
Old corporations.....	2.27	6.49	2.73	18.28
Selected countries:				
Canada.....	1.64	4.41	2.04	25.78
New corporations.....	0.73	3.42	1.05	7.14
Old corporations.....	1.74	4.48	2.14	26.82
France.....	1.43	4.25	1.74	30.84
New corporations.....	5.45	20.79	6.15	2.61
Old corporations.....	1.31	3.88	1.60	33.10
Germany.....	2.96	7.24	2.98	20.77
New corporations.....	1.53	9.35	1.03	(³)
Old corporations.....	2.98	7.23	3.02	21.16
Japan.....	3.78	11.11	2.83	34.01
New corporations.....	3.26	10.10	3.15	13.99
Old corporations.....	3.81	11.18	2.82	35.13
Netherlands.....	1.16	2.16	2.05	17.13
New corporations.....	3.83	11.82	3.45	65.63
Old corporations.....	1.15	2.13	2.03	16.25
United Kingdom.....	2.09	11.15	2.61	8.86
New corporations.....	1.54	4.05	1.56	8.00
Old corporations.....	2.11	11.94	2.68	8.89

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages -- Continued			
	Net income (less deficit) divided by			Net operating loss deduction divided by net income
	Total assets	Net worth	Total receipts	
	(45)	(46)	(47)	(48)
Wholesale trade:				
Domestic corporations not foreign controlled.....	3.30	14.21	2.24	7.60
New corporations.....	2.99	8.72	1.24	1.81
Old corporations.....	3.31	14.56	2.31	7.86
Foreign-controlled domestic corporations¹.....	1.49	8.39	0.83	26.80
New corporations.....	1.89	15.31	1.37	20.06
Old corporations.....	1.44	7.71	0.77	27.63
Selected countries:				
Canada.....	1.73	6.68	0.77	27.06
New corporations.....	5.95	36.11	1.21	14.29
Old corporations.....	1.18	4.37	0.62	30.11
France.....	2.64	7.34	1.34	21.82
New corporations.....	1.72	6.11	0.88	(³)
Old corporations.....	2.84	7.55	1.44	24.00
Germany.....	-2.65	-17.77	-1.70	38.05
New corporations.....	-2.11	-8.33	-0.80	(³)
Old corporations.....	-2.65	-17.84	-1.71	38.05
Japan.....	1.00	5.92	0.54	26.95
New corporations.....	0.57	6.48	0.42	71.72
Old corporations.....	1.06	5.88	0.55	24.95
Netherlands.....	2.12	19.49	1.49	20.39
New corporations.....	4.75	21.60	4.13	(³)
Old corporations.....	1.98	19.31	1.37	22.04
United Kingdom.....	6.98	34.66	5.29	25.41
New corporations.....	5.58	33.08	7.38	8.97
Old corporations.....	7.89	35.44	4.67	33.04
Finance, insurance, and real estate:				
Domestic corporations not foreign controlled.....	1.36	4.77	10.32	4.06
New corporations.....	1.74	3.71	13.59	2.11
Old corporations.....	1.35	4.84	10.20	4.17
Foreign-controlled domestic corporations¹.....	0.39	3.52	2.82	15.26
New corporations.....	0.11	1.43	1.29	4.71
Old corporations.....	0.41	3.62	2.88	15.71
Selected countries:				
Canada.....	0.69	7.57	4.05	6.21
New corporations.....	-1.72	-24.07	-8.13	(³)
Old corporations.....	0.71	7.76	4.17	6.21
France.....	0.18	2.18	1.28	35.89
New corporations.....	--	--	--	--
Old corporations.....	0.18	2.18	1.28	35.89
Germany.....	0.23	1.53	1.00	16.67
New corporations.....	--	--	--	--
Old corporations.....	0.23	1.53	1.00	16.67
Japan.....	0.12	1.45	1.39	10.40
New corporations.....	-0.04	-0.92	-0.48	4.05
Old corporations.....	0.15	1.67	1.73	11.50
Netherlands.....	0.68	4.23	3.92	6.94
New corporations.....	0.72	9.65	9.66	9.86
Old corporations.....	0.68	4.02	3.72	6.74
United Kingdom.....	1.19	7.82	7.32	16.81
New corporations.....	1.44	17.46	5.73	(³)
Old corporations.....	1.19	7.77	7.34	17.08

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages -- Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
All industries¹:						
Domestic corporations not foreign controlled.....	2.22	7.21	5.49	0.60	1.95	1.49
New corporations.....	1.74	4.15	4.43	0.54	1.28	1.37
Old corporations.....	2.24	7.39	5.53	0.60	1.99	1.49
Foreign-controlled domestic corporations¹.....	1.39	6.39	2.42	0.40	1.85	0.70
New corporations.....	1.20	8.93	2.05	0.40	2.98	0.68
Old corporations.....	1.41	6.29	2.44	0.40	1.81	0.70
Selected countries:						
Canada.....	1.29	5.90	2.45	0.44	1.99	0.82
New corporations.....	1.24	6.50	1.16	0.44	2.32	0.41
Old corporations.....	1.29	5.88	2.58	0.43	1.98	0.87
France.....	0.72	4.70	1.67	0.20	1.34	0.48
New corporations.....	2.61	-52.36	4.02	0.90	-18.03	1.38
Old corporations.....	0.67	4.26	1.59	0.19	1.19	0.44
Germany.....	1.57	5.98	1.91	0.54	2.06	0.66
New corporations.....	4.13	23.93	2.58	1.48	8.59	0.92
Old corporations.....	1.55	5.90	1.90	0.54	2.03	0.65
Japan.....	0.99	6.21	1.34	0.32	2.01	0.44
New corporations.....	0.43	6.46	0.94	0.21	3.20	0.47
Old corporations.....	1.07	6.20	1.38	0.34	1.94	0.43
Netherlands.....	1.05	3.01	2.20	0.37	1.07	0.78
New corporations.....	1.20	7.89	4.72	0.41	2.69	1.61
Old corporations.....	1.04	2.91	2.14	0.37	1.04	0.76
United Kingdom.....	2.04	9.63	4.10	0.65	3.06	1.30
New corporations.....	3.74	14.69	4.45	1.07	4.19	1.27
Old corporations.....	1.96	9.36	4.08	0.63	2.99	1.30
Manufacturing:						
Domestic corporations not foreign controlled.....	5.13	14.78	6.20	1.17	3.36	1.41
New corporations.....	5.17	13.09	5.40	1.44	3.64	1.50
Old corporations.....	5.13	14.83	6.23	1.16	3.35	1.41
Foreign-controlled domestic corporations¹.....	2.46	7.12	2.95	0.69	2.00	0.83
New corporations.....	2.39	8.86	2.57	0.75	2.80	0.81
Old corporations.....	2.46	7.06	2.97	0.69	1.97	0.83
Selected countries:						
Canada.....	1.26	3.40	1.57	0.42	1.13	0.52
New corporations.....	1.03	4.80	1.48	0.36	1.67	0.51
Old corporations.....	1.29	3.31	1.58	0.42	1.09	0.52
France.....	2.20	6.53	2.67	0.59	1.76	0.72
New corporations.....	8.17	31.18	9.23	2.87	10.96	3.24
Old corporations.....	2.02	5.97	2.46	0.52	1.55	0.64
Germany.....	2.48	6.07	2.50	0.84	2.06	0.85
New corporations.....	4.59	28.06	3.08	1.65	10.07	1.11
Old corporations.....	2.45	5.95	2.49	0.83	2.01	0.84
Japan.....	3.22	9.49	2.42	1.10	3.23	0.82
New corporations.....	3.49	10.80	3.37	1.11	3.42	1.07
Old corporations.....	3.20	9.40	2.37	1.09	3.21	0.81
Netherlands.....	1.02	1.90	1.80	0.39	0.73	0.69
New corporations.....	1.62	5.00	1.46	1.03	3.18	0.93
Old corporations.....	1.02	1.89	1.80	0.39	0.72	0.69
United Kingdom.....	2.98	15.93	3.73	0.92	4.94	1.15
New corporations.....	1.87	4.91	1.89	0.73	1.92	0.74
Old corporations.....	3.04	17.16	3.84	0.93	5.27	1.18

Footnotes at end of table.

Foreign-Controlled Domestic Corporations, 1994

Table 2. -- "Large" Foreign-Controlled Domestic Corporations Compared to Other "Large" Domestic Corporations: Selected Items and Percentages, by Selected Industrial Groupings and Countries, and by Age of Corporations -- Continued

[Money amounts are in millions of dollars]

Selected industrial groupings, type of corporations, age of corporations, and selected countries	Percentages -- Continued					
	Income subject to tax divided by			Total income tax after credits divided by		
	Total assets	Net worth	Total receipts	Total assets	Net worth	Total receipts
	(49)	(50)	(51)	(52)	(53)	(54)
Wholesale trade:						
Domestic corporations not foreign controlled.....	3.26	14.05	2.21	0.92	3.95	0.62
New corporations.....	3.58	10.43	1.49	1.18	3.43	0.49
Old corporations.....	3.25	14.27	2.26	0.91	3.98	0.63
Foreign-controlled domestic corporations¹.....	1.93	10.82	1.07	0.69	3.87	0.38
New corporations.....	1.79	14.51	1.30	0.77	6.22	0.56
Old corporations.....	1.95	10.46	1.05	0.68	3.63	0.36
Selected countries:						
Canada.....	2.76	10.67	1.23	1.01	3.92	0.45
New corporations.....	5.34	32.41	1.09	1.98	12.04	0.40
Old corporations.....	2.42	8.96	1.28	0.89	3.28	0.47
France.....	2.41	6.70	1.22	0.86	2.39	0.44
New corporations.....	1.72	6.11	0.88	0.47	1.67	0.24
Old corporations.....	2.56	6.80	1.30	0.95	2.52	0.48
Germany.....	1.46	9.77	0.94	0.62	4.13	0.40
New corporations.....	(²)	(²)	(²)	(²)	(²)	(²)
Old corporations.....	1.47	9.85	0.95	0.62	4.17	0.40
Japan.....	1.24	7.34	0.67	0.48	2.83	0.26
New corporations.....	0.16	1.79	0.12	0.36	4.17	0.27
Old corporations.....	1.40	7.73	0.72	0.49	2.74	0.26
Netherlands.....	2.39	22.03	1.68	0.98	9.01	0.69
New corporations.....	4.75	21.60	4.13	1.63	7.41	1.42
Old corporations.....	2.27	22.16	1.58	0.94	9.21	0.65
United Kingdom.....	5.32	26.44	4.03	1.65	8.21	1.25
New corporations.....	5.17	30.66	6.84	1.60	9.51	2.12
Old corporations.....	5.42	24.34	3.21	1.69	7.57	1.00
Finance, insurance, and real estate:						
Domestic corporations not foreign controlled.....	0.82	2.88	6.23	0.24	0.84	1.81
New corporations.....	0.64	1.37	5.02	0.22	0.48	1.74
Old corporations.....	0.83	2.98	6.27	0.24	0.86	1.81
Foreign-controlled domestic corporations¹.....	0.50	4.58	3.66	0.17	1.54	1.23
New corporations.....	0.37	4.66	4.21	0.12	1.49	1.34
Old corporations.....	0.51	4.58	3.64	0.17	1.54	1.22
Selected countries:						
Canada.....	0.84	9.20	4.92	0.28	3.08	1.65
New corporations.....	(²)	(²)	(²)	(²)	(²)	(²)
Old corporations.....	0.85	9.26	4.97	0.28	3.10	1.66
France.....	0.13	1.56	0.91	0.04	0.45	0.27
New corporations.....	--	--	--	--	--	--
Old corporations.....	0.13	1.56	0.91	0.04	0.45	0.27
Germany.....	0.21	1.37	0.90	0.08	0.51	0.33
New corporations.....	--	--	--	--	--	--
Old corporations.....	0.21	1.37	0.90	0.08	0.51	0.33
Japan.....	0.32	3.96	3.79	0.10	1.21	1.15
New corporations.....	0.30	7.50	3.92	0.09	2.21	1.16
Old corporations.....	0.33	3.63	3.77	0.10	1.11	1.15
Netherlands.....	0.84	5.19	4.81	0.29	1.81	1.68
New corporations.....	0.65	8.70	8.71	0.22	2.99	2.99
Old corporations.....	0.85	5.06	4.68	0.30	1.76	1.63
United Kingdom.....	0.97	6.41	6.00	0.35	2.31	2.16
New corporations.....	2.10	25.40	8.33	0.72	8.73	2.86
Old corporations.....	0.96	6.31	5.96	0.35	2.27	2.15

¹ Not shown to avoid disclosure of information about specific corporations. However, the data are included in the appropriate totals.

² Includes industrial groups and/or countries, as appropriate, not specifically listed.

³ Excludes interest received on State and local Government obligations.

⁴ For money amounts, less than \$500,000; related percentages were not calculated. For percentages, also includes less than 0.005 percent.

NOTES: This table presents separate data for the six largest countries, based on total receipts (column 12) for 1994, at the all-industries level. "Large" corporations are those with total assets of \$250,000,000 or more, and/or with business receipts of \$50,000,000 or more (total receipts were used in lieu of business receipts for the finance, insurance, and real estate division). Data from corporations that filed Forms 1120S are excluded from this table. "New" corporations were those with dates of incorporation between 1992 and 1995; "old" corporations were those with dates of incorporation prior to 1992.