

U.S. Possessions Corporation Returns, 1997 and 1999

by Sarah E. Nutter

The number of corporations claiming the possessions tax credit and the amount of credit claimed continued to decline throughout the latter part of the 1990's. The possessions tax credits claimed peaked at \$4.6 billion for 1993, due in part to the net long-term capital gain of \$1.7 billion recognized for that year. For 1997, some 310 corporations claimed \$2.8 billion in possessions tax credits. For 1999, only 206 corporations reported \$1.6 billion of possessions tax credits. These declines in both the number of corporations and the amount of credit claimed are generally due to the increased legislative restrictions on the use of the possessions tax credit.

More than 95 percent of the corporations claiming a possessions tax credit for 1997 and 1999 were located in Puerto Rico. These corporations reported more than 98 percent of the possessions tax credit claimed for each year. The remaining corporations were located primarily in the U.S. Virgin Islands and Guam.

Manufacturers continued to claim virtually all of the possessions tax credit. For both 1997 and 1999, more than 95 percent of total credits claimed were reported by manufacturers. Manufacturers located in Puerto Rico claimed nearly the entire amount of the credit. As in prior years, drug manufacturers accounted for the largest share of the credit. For 1997, these 45 corporations reported possessions tax credits of \$1.6 billion, approximately 57 percent of the total. For 1999, some 37 drug manufacturers reported possessions tax credits of \$866 million, approximately 53 percent of the total.

Background

Since 1921, Federal income tax laws have provided an incentive for U.S. corporations to operate in U.S. possessions. The original legislation provided an exemption from taxation on all income derived from sources outside the United States if certain conditions were met. Specifically, the corporation had to derive 80 percent or more of its gross income from U.S. possessions and 50 percent or more of its gross

income from the active conduct of a trade or business in the possessions. These tax provisions were originally enacted to help U.S. corporations compete with foreign companies in the Philippines, which was then a U.S. possession.

The Tax Reform Act of 1976 significantly changed the taxation of U.S. corporations operating in U.S. possessions, creating a new section 936 of the Internal Revenue Code. Rather than exempting all income derived from sources outside the United States for qualifying corporations, the new legislation allowed a credit against taxes only for income derived from the active conduct of a trade or business in a possession and "qualified possessions source investment income" (see the Explanation of Selected Terms section). The intent of this legislation was to encourage employment-producing investments by U.S. corporations in U.S. possessions.

The Tax Equity and Fiscal Responsibility Act of 1982 and the Tax Reform Act of 1986 further restricted the tax benefits available under section 936 by modifying the tax treatment of income derived from intangible assets and passive investments. In general, the 1982 Act provided that a possessions corporation's income from intangible assets, such as patents and copyrights, would be taxable to the U.S. shareholders (usually the U.S. parent corporation) of the possessions corporation [1]. By meeting either a direct labor test or a value added test, a possessions corporation could elect out of this general rule if it could demonstrate that it had a significant business presence in a possession with respect to a specific product or type of service. Electing corporations could then choose to allocate income attributable to that product or service between the U.S. shareholders and the possessions corporation using either the cost-sharing or profit split method. The 1982 Act also increased the percentage of gross income that a possessions corporation must earn from the active conduct of a trade or business in U.S. possessions to 65 percent; the 1986 Act increased this percentage to 75 percent.

U.S. possessions corporations reported \$2.8 billion and \$1.6 billion of possessions tax credits for 1997 and 1999, respectively.

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U.S. Possessions Corporation Returns, 1997 and 1999

Legislation introduced in the 1990's continued to restrict, and finally generally repeal, the possessions tax credit provisions. Congress, in the Omnibus Budget Reconciliation Act of 1993, required corporations to separate their possessions income into active and passive components. While qualified passive income (i.e., "qualified possessions source investment income") continued to receive unrestricted credit treatment, active income was subject to a limitation computed under either the percentage limitation or economic-activity limitation method [2,3].

The Small Business Protection Act of 1996 generally repealed the credit for tax years beginning after December 31, 1995. However, transition rules allow an existing possessions corporation to claim credits, with certain restrictions, through taxable years beginning before January 1, 2006. The Act also implemented a base period constraint that limits the taxable income eligible for the credit for claimants using the percentage limitation method [4]. This base period constraint is effective for tax years beginning after December 31, 1997. The Act eliminated the credit for qualified possessions source investment income received or accrued after June 30, 1996. Existing credit claimants could, however, continue to claim reduced credit amounts for active income using the percentage or economic-activity limitations [5].

In general, to qualify for the possessions tax credit, a U.S. corporation must have filed Form 5712, *Election to be Treated as a Possessions Corporation under Section 936*. Two additional requirements must also be satisfied. The possessions corporation must have derived 80 percent or more of its gross income from sources in a U.S. possession and 75 percent or more of its gross income from the active conduct of a trade or business in a U.S. possession during the applicable period, which is generally the shorter of 36 months or the period when the corporation actively conducted a trade or business in a U.S. possession.

Highlights

As shown in Figure A, the statistics for 1997 and 1999 reflect a continuing trend of fewer U.S. possessions corporations reporting smaller amounts of possessions tax credits. For 1997, there were 378 active possessions corporations, a 14-percent decrease from the 440 corporations for 1995. During this same time period, the total possessions tax credit

Figure A

Corporations Claiming the U.S. Possessions Tax Credit, 1983-1999

[Money amounts are in billions of dollars]

Tax year	Number of active possessions corporations	Corporations claiming credit	
		Number	U.S. possessions tax credit
	(1)	(2)	(3)
1983.....	625	553	2.0
1985.....	594	510	2.4
1987.....	516	452	2.8
1989.....	513	434	2.8
1991 ¹	n/a	402	3.5
1993.....	474	395	4.6
1995.....	440	353	3.1
1997.....	378	310	2.8
1999.....	300	206	1.6

¹ No U.S. Possessions study was conducted for Tax Year 1991. The number of credit claimants and possessions tax credits published in *Statistics of Income--1991, Corporation Income Tax Returns* were used as a substitute.

decreased from \$3.1 billion to \$2.8 billion. The statistics for 1999 continued this trend; 300 active possessions corporations reported only \$1.6 billion of possessions tax credits, a 42-percent decline from 1997 [6].

U.S. possessions corporations located in Puerto Rico continued to report virtually all of the possessions tax credits for 1997 and 1999 (Figure B). For 1997, some 295 Puerto Rico-based possessions corporations claimed \$2.8 billion of possessions tax credits. These corporations also accounted for nearly all of the assets, receipts, and net income. For 1999, some 197 Puerto Rico-based possessions corporations reported \$1.6 billion of possessions tax credits for 1999. Again, these corporations also accounted for nearly all of the assets, receipts, and net income.

As shown in Figure C, manufacturing corporations claim the bulk of the possessions tax credit [7]. For 1997, manufacturers of food, textiles, chemicals, electrical and electronic equipment, and instruments and related products (and miscellaneous) claimed \$2.5 billion of the \$2.8 billion total. These same manufacturers claimed \$1.5 billion of the \$1.6-billion total for 1999. Manufacturers of chemicals and allied products, primarily drug manufacturers, alone accounted for 60 percent and 56 percent of the credit claimed for 1997 and 1999, respectively.

U.S. Possessions Corporation Returns, 1997 and 1999

Figure B

Total Assets, Total Receipts, Net Income, Tax and U.S. Possessions Tax Credit, by U.S. Possession in Which Income Was Earned, 1997 and 1999

[Money amounts are in thousands of dollars]

Tax year, U.S. possession	Number of corporations claiming credit	Total assets	Total receipts	Net income	Income subject to tax	U.S. income tax before credits	U.S. possessions tax credit
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
1997							
All U.S. possessions.....	310	47,835,816	39,583,991	15,031,226	14,903,440	5,213,057	2,795,176
Puerto Rico.....	295	47,398,108	38,962,627	14,938,040	14,811,176	5,181,045	2,765,742
U.S. Virgin Islands.....	5	158,668	62,398	18,838	18,838	6,493	4,539
Guam.....	4	102,552	81,814	15,965	15,965	5,459	4,932
Other U.S. possessions.....	6	176,487	477,150	58,382	57,459	20,058	19,961
1999							
All U.S. possessions.....	206	39,859,398	31,847,430	11,530,122	11,500,269	4,023,543	1,605,735
Puerto Rico.....	197	39,585,181	31,207,422	11,448,727	11,418,874	3,995,134	1,580,249
U.S. Virgin Islands.....	3	50,341	47,262	13,979	13,979	4,862	2,597
Other U.S. possessions.....	6	223,876	592,746	67,417	67,417	23,549	22,891

Figure D, which provides statistics for credit claimants for 1997 and 1999, provides additional evidence on the extent of the decline in the use of the possession tax credit provisions. The number of credit claimants fell 34 percent to 206 for 1999. Assets and receipts reported for 1999 dropped to \$39.9 billion (a 17-percent decline) and \$31.9 billion (a 20-percent decline), respectively. For 1999, U.S. income tax before credits fell 23 percent to \$4.0 billion, while the possessions tax credit dropped to \$1.6 billion, a 43-percent decline.

For 1997 and 1999, possessions corporations were subject to limitations related to their active business incomes relative to the possessions tax credit. With certain restrictions, possessions corporations could elect to determine the limitation using either a percentage or economic-activity limitation computation. The percentage limitation method applies a pre-determined percentage to taxable income from possessions sources. For 1997 and 1999, the applicable percentages were 45 (or 50 in some cases) percent and 40 percent, respectively. The economic-activity limitation is based on a formula that depends on the qualified compensation and depreciation deductions that a possession corporation has incurred during the tax year. Thus, its use is favored by corporations that have substantial local capital assets and labor costs relative to taxable income.

Of the \$1.6 billion possessions tax credit claimed for 1999, nearly 59 percent was computed using the percentage limitation rather than the economic-activity limitation. This marks a decline from 1997 when approximately 70 percent of the \$2.8 billion credit total was computed using the percentage limitation method. Possession tax credits that were computed using the percentage limitation method fell from \$2.0 billion to \$1.0 billion for 1999, a decline of 51 percent. The 23-percent decline in the credit for corporations using the economic-activity limitation method from 1997 to 1999 reduced the credit for this method to \$650 million.

Corporations using the percentage limitation method were primarily in the chemicals and allied products industrial group (primarily drug manufacturers). The economic-activity limitation method was used primarily by those in the textiles and apparel, computers and related products, and instruments and related products industrial groups.

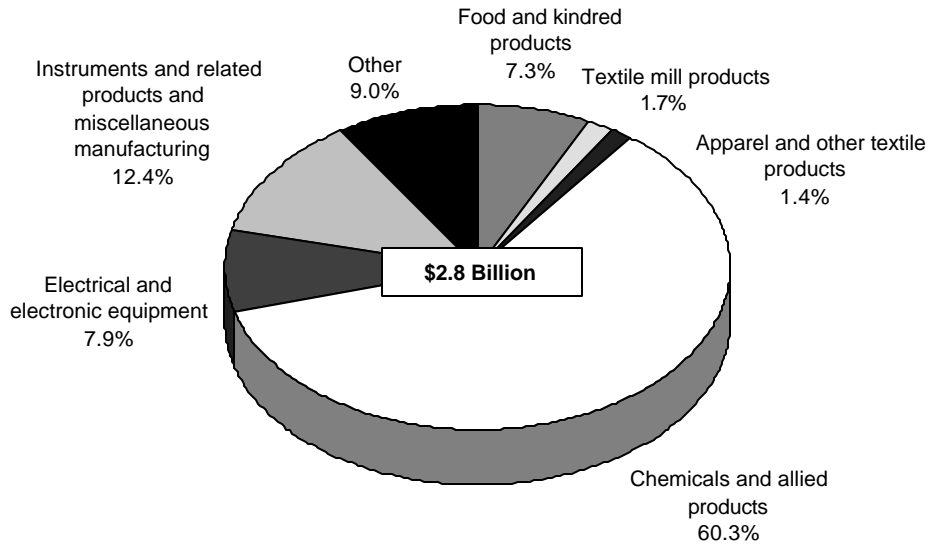
Industrial Groupings for 1997 and 1999

Between 1997 and 1999, the industrial classification systems used to categorize businesses changed. Tax Year 1997 was the last year for which Standard Industrial Classification (SIC) codes were used to categorize corporate tax returns. Beginning with Tax Year 1998, corporations are classified using the

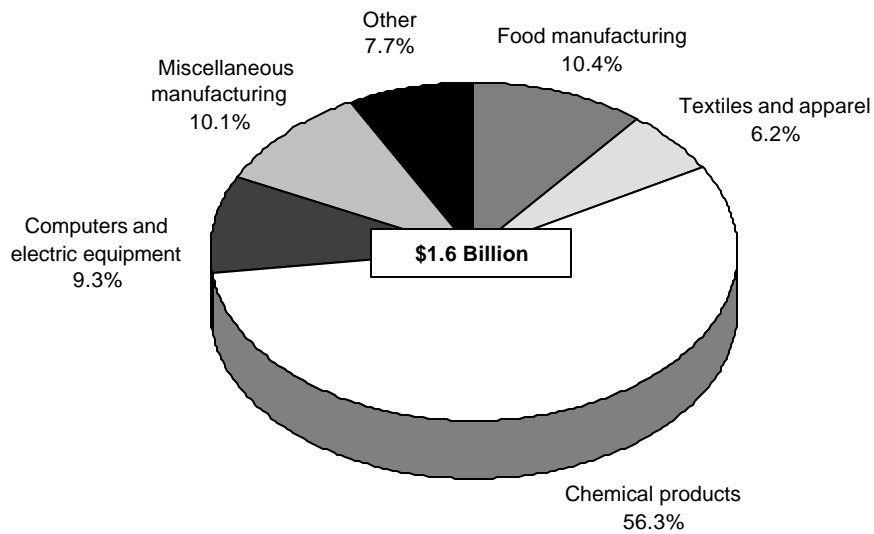
U.S. Possessions Corporation Returns, 1997 and 1999

Figure C

1997 U.S. Possessions Tax Credit, by Industrial Group



1999 U.S. Possessions Tax Credit, by Industrial Group



NOTE: For 1997, selected industries shown in this figure are based on the Standard Industrial Classification (SIC) system. For 1999, selected industries shown in this figure are based on the North American Industry Classification System (NAICS).

U.S. Possessions Corporation Returns, 1997 and 1999

Figure D

Selected Information for U.S. Possessions Tax Credit Claimants, 1997 and 1999

[Money amounts are in thousands of dollars]

Item	1997	1999	Percent change
	(1)	(2)	
Number of returns.....	310	206	-33.5
Total assets.....	47,835,816	39,859,398	-16.7
Total receipts.....	39,583,991	31,847,430	-19.5
Income subject to tax.....	14,903,440	11,500,269	-22.8
U.S. income tax before credits.....	5,213,057	4,023,543	-22.8
U.S. possessions tax credit.....	2,795,176	1,605,735	-42.6
U.S. possessions tax credit, total.....	2,795,176	1,605,735	-42.6
Percent limitation.....	1,954,034	955,332	-51.1
Economic activity.....	841,120	650,404	-22.7
Unknown method.....	21	--	-100.0
Deduction for possessions taxes, total.....	298,031	179,686	-39.7
Percent limitation.....	294,474	177,343	-39.8
Economic activity.....	3,557	2,343	-34.1
Possessions sales reported on Schedule P:			
Total amount.....	59,748,281	48,086,748	-19.5
Cost-sharing method.....	10,135,631	7,797,313	-23.1
Profit split method.....	49,612,650	40,289,435	-18.8

North American Industry Classification System (NAICS). Following the passage of the North American Free Trade Agreement (NAFTA) by the United States, Canada, and Mexico, NAICS was created to standardize business categories and better describe various types of business. In particular, emphasis was placed on defining a more complete set of service industry classifications [8].

For comparison, Figure E reclassifies Tax Year 1999 corporations to conform to the Standard Industrial Classification (SIC) system. Figure E shows the number of corporations for 1995, 1997, and 1999 by SIC industrial groupings. In general, the conversion to NAICS had little impact on the industrial groupings of corporations claiming the possessions tax credit.

Summary

For 1997 and 1999, the number of corporations claiming a possessions tax credit and the total amount of the credit continued to decline. U.S. possessions corporations reported \$2.8 billion and \$1.6 billion of possessions tax credits for 1997 and 1999, respectively.

As in prior years, U.S. possessions corporations located in Puerto Rico remain the predominant claimants of the possessions tax credit. These corporations

account for approximately 95 percent of active possessions corporations reporting a credit and virtually all of the possessions tax credit claimed. Drug manufacturers in Puerto Rico, the largest group of claimants, reported the bulk of the possessions tax credit.

Explanation of Selected Terms

Distributions to Stockholders.--Distributions to stockholders represent cash and property (other than company stock) distributions to stockholders during the current year.

Qualified Possessions Source Investment Income.--Income attributable to the investment of funds derived from the active conduct of a trade or business in the same U.S. possession.

Data Sources and Limitations

The 1997 statistics are based on data compiled from all returns filed by U.S. possessions corporations with accounting periods ending between July 1997 and

Figure E

Comparison of the Number of Active U.S. Possessions Corporations by Standard Industrial Classification (SIC) System Industry, 1995-1999

Item	1995	1997	1999
	(1)	(2)	(3)
All industries.....	440	378	300
Agriculture, forestry, and fishing.....	3	3	4
Construction.....	4	3	3
Manufacturing.....	333	297	230
Food and kindred products.....	24	26	25
Apparel and other textile products.....	40	30	24
Paper and allied products.....	9	7	6
Printing and publishing.....	10	8	7
Chemicals and allied products.....	74	67	52
Drugs.....	49	45	37
Rubber and miscellaneous plastics products.....	15	15	12
Leather and leather products.....	11	11	10
Fabricated metal products.....	14	13	9
Machinery, except electrical.....	12	11	6
Electrical and electronic equipment.....	50	42	37
Transportation and public utilities.....	5	5	4
Wholesale and retail trade.....	35	32	24
Wholesale trade.....	20	20	17
Retail trade.....	15	12	7
Finance, insurance, and real estate.....	22	14	10
Credit agencies other than banks.....	9	7	5
Services.....	38	24	31

NOTE: For 1999, corporations were reclassified by Standard Industrial Classification (SIC) for comparison to data from earlier years.

U.S. Possessions Corporation Returns, 1997 and 1999

June 1998. The 1999 statistics are based on data compiled from all returns filed by U.S. possessions corporations with accounting periods ending between July 1999 and June 2000. Because the statistics are based on a population study, the statistics are not subject to sampling error. Data were collected from Forms 1120, *U.S. Corporation Income Tax Return*, for possessions corporations and supplemented by information collected from Form 5712, *Election to be Treated as a Possessions Corporation*, and Form 5735, *Possessions Corporation Tax Credit Allowed Under Section 936 (Under Section 936 and 30A)*.

Notes and References

- [1] Prior to the passage of the Tax Equity and Fiscal Responsibility Act of 1982, U.S. parent corporations could deduct research and development costs relative to an intangible asset (for example, a patent) and transfer the intangible to a related possessions corporation where the resulting income would qualify for the possessions tax credit under section 936. For further information, see General Accounting Office, "Report to the Chairman, Committee on Finance, U.S. Senate: Tax Policy, Puerto Rican Economic Trends," May, 1997.
- [2] With the passage of the Small Business Protection Act of 1996, credit claimants operating in Puerto Rico that use the economic activity limitation figure their credit under the new section 30A. Generally, the provisions of section 936 apply when computing the credit under section 30A.
- [3] For more information on the legislative history, see Miller, Randy, "U.S. Possessions Corporations, 1995," *Statistics of Income Bulletin*, Summer 1999, Volume 19, Number 1.
- [4] A similar cap is effective for credit claimants using the economic activity limitation for taxable years beginning after December 31, 2001.
- [5] For tax year beginning before January 1, 2006, the Act's amendments do not apply to existing credit claimants with respect to Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands. These claimants figure the credit under the rules in effect prior to the 1996 Act.
- [6] The amount of possessions tax credit is available for intervening years from the Statistics of Income corporation program. The credit was \$3.2 billion for 1990, \$3.5 billion for 1991, and \$3.7 billion for 1992. For 1994, 1996, and 1998, the credit was \$3.8 billion, \$3.1 billion, and \$2.4 billion, respectively.
- [7] Puerto Rico has tax incentives that are primarily for companies in the manufacturing or export business. Nonmanufacturing companies pay the full Puerto Rican income tax and can then claim the U.S. foreign tax credit. Thus, nonmanufacturing companies receive little reduction in their U.S. income tax liabilities through the use of the possessions tax credit. For additional information, see General Accounting Office, "Report to the Chairman, Committee on Finance, U.S. Senate: Tax Policy, Puerto Rican Economic Trends," May, 1997.
- [8] For additional information on the impact of industry reclassification under NAICS, see Treubert, Patrice and Jauquet, William P., "Corporation Income Tax Returns, 1998," *Statistics of Income Bulletin*, Summer 2001, Volume 21, Number 1.

Source: IRS Statistics of Income Bulletin, Summer 2003, Publication 1136 (Rev. 09-2003.)

U.S. Possessions Corporation Returns, 1997 and 1999

Table 1.--1997 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry

[Money amounts are in thousands of dollars]

Item	All industries	Agriculture, forestry, and fishing	Construction	Manufacturing			
				Total	Food and kindred products	Textile mill products	Apparel and other textile products
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	378	3	3	297	26	6	30
Total assets.....	49,572,128	21,817	13,059	44,054,670	7,995,153	191,597	595,027
Cash.....	3,902,012	1,702	59	3,599,079	610,421	14,840	40,712
Notes and accounts receivable.....	12,464,839	2,265	5,464	11,027,012	3,722,846	76,590	273,808
Less: Allowance for bad debts.....	104,483	86	--	21,542	10,121	248	32
Inventories.....	2,980,618	4,180	50	2,736,418	290,099	36,908	91,833
Investment in Government obligations.....	1,161,372	--	--	1,150,683	--	--	1
Tax-exempt securities.....	898,021	--	--	898,021	--	--	5,490
Other current assets.....	4,076,697	2,533	3,486	3,955,474	133,146	156	30,294
Loans to stockholders.....	741,438	--	--	723,596	--	--	34
Mortgage and real estate loans.....	259,684	--	--	443	--	--	443
Other investments.....	12,746,185	1,632	--	12,486,533	2,602,769	8,311	101,910
Depreciable assets.....	13,061,648	7,537	6,636	8,899,738	949,312	101,807	92,468
Less: Accumulated depreciation.....	5,711,912	3,372	2,791	3,944,340	432,321	50,097	44,346
Depletable assets.....	48	--	--	48	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--	--
Land.....	201,137	4,771	--	123,854	24,746	85	222
Intangible assets.....	803,219	--	153	609,679	91,902	1,565	60
Less: Accumulated amortization.....	202,195	--	--	185,444	19,776	--	58
Other assets.....	2,293,795	652	--	1,995,411	32,128	1,678	2,182
Total liabilities and stockholders' equity.....	49,572,128	21,817	13,059	44,054,670	7,995,153	191,597	595,027
Accounts payable.....	4,661,273	1,208	1,899	3,846,428	1,056,184	19,102	51,249
Current mortgages, notes, and bonds payable.....	543,929	618	2,487	301,322	89,529	15,542	12,296
Other current liabilities.....	1,174,527	163	3,440	956,424	29,806	31,960	23,465
Loans from stockholders.....	80,824	--	--	3,982	--	--	2,456
Long-term mortgages, notes, and bonds payable.....	1,385,661	252	2,632	548,299	192,937	323	8,334
Other liabilities.....	1,144,678	607	--	657,313	129,510	29,767	180,417
Preferred stock.....	165,106	--	--	135,113	2	201	345
Common stock.....	1,981,015	2	211	1,952,397	3,400	39	853
Paid-in or capital surplus.....	4,610,631	4,692	200	2,293,529	540,019	3,061	105,279
Retained earnings, appropriated.....	12,470	--	--	12,299	--	--	3,268
Retained earnings, unappropriated.....	33,876,014	14,320	2,188	33,409,223	5,953,761	91,739	214,502
Adjustments to stockholders' equity.....	7,384	--	--	7,384	--	--	7,384
Less: Cost of treasury stock.....	71,391	48	--	69,051	--	140	14,827

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 1.--1997 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					
	Paper and allied products	Printing and publishing	Chemicals and allied products		Rubber and miscellaneous plastics products	Leather and leather products
			Total	Drugs		
	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	7	8	67	45	15	11
Total assets.....	100,643	28,929	23,519,114	21,533,078	275,965	292,208
Cash.....	26,836	7,974	1,648,153	1,298,995	62,958	33,113
Notes and accounts receivable.....	22,020	3,393	4,762,346	4,377,109	43,142	158,787
Less: Allowance for bad debts.....	138	144	3,025	1,316	438	10
Inventories.....	9,792	3,250	1,366,290	1,164,581	18,527	51,194
Investment in Government obligations	--	201	1,038,490	1,038,490	185	--
Tax-exempt securities.....	1,335	360	766,528	755,528	--	--
Other current assets.....	623	144	2,867,416	2,846,986	14,649	4,468
Loans to stockholders.....	--	222	496,573	12,500	228	12,021
Mortgage and real estate loans.....	--	--	--	--	--	--
Other investments.....	1,075	--	5,942,595	5,881,414	31,308	9,587
Depreciable assets.....	47,099	20,543	5,036,433	4,233,496	164,740	54,009
Less: Accumulated depreciation.....	20,429	9,250	2,048,926	1,663,931	78,804	32,671
Depletable assets.....	--	--	--	--	--	48
Less: Accumulated depletion.....	--	--	--	--	--	--
Land.....	2,650	285	55,484	50,338	2,800	656
Intangible assets	1,195	1,812	86,139	46,822	17,987	--
Less: Accumulated amortization.....	338	108	54,501	39,479	1,689	--
Other assets.....	8,919	245	1,559,115	1,531,544	369	1,001
Total liabilities and stockholders' equity.....	100,643	28,929	23,519,114	21,533,078	275,965	292,208
Accounts payable.....	5,257	1,327	1,678,223	1,232,394	12,683	20,111
Current mortgages, notes, and bonds payable.....	4,565	970	138,090	47,431	3,539	120
Other current liabilities.....	8,009	3,332	482,277	427,659	11,357	6,605
Loans from stockholders.....	--	--	--	--	82	--
Long-term mortgages, notes, and bonds payable.....	750	4,145	281,772	281,162	4,233	5,468
Other liabilities.....	1,962	1,270	280,940	275,780	-1,677	-15,580
Preferred stock.....	--	--	39,088	38,629	16	--
Common stock.....	489	93	1,625,702	1,578,686	3,588	8,025
Paid-in or capital surplus.....	32,151	4,291	627,904	494,179	124,449	14,797
Retained earnings, appropriated.....	--	--	1,925	1,925	--	--
Retained earnings, unappropriated.....	47,686	13,498	18,363,200	17,155,229	119,986	302,914
Adjustments to stockholders' equity.....	--	--	--	--	--	--
Less: Cost of treasury stock.....	228	--	12	--	2,293	50,255

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 1.--1997 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					Transportation and public utilities
	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable	
	(14)	(15)	(16)	(17)	(18)	
Number of returns.....	13	11	42	38	11	5
Total assets.....	92,751	851,860	3,529,642	5,705,195	188,981	2,633,909
Cash.....	2,089	350,151	136,455	636,719	10,676	87,807
Notes and accounts receivable.....	30,092	95,614	688,391	918,050	79,652	403,256
Less: Allowance for bad debts.....	394	196	2,751	190	518	67,490
Inventories.....	17,473	78,122	356,441	326,624	25,220	37,611
Investment in Government obligations	--	--	6,584	105,119	--	--
Tax-exempt securities.....	--	--	2,045	122,261	--	--
Other current assets.....	1,881	63,117	368,295	458,917	2,308	42,522
Loans to stockholders.....	324	--	144,511	69,680	--	--
Mortgage and real estate loans.....	--	--	--	--	--	--
Other investments.....	17,151	85,956	1,156,517	2,257,351	27,637	17,083
Depreciable assets.....	73,020	234,497	835,684	945,928	114,587	3,514,864
Less: Accumulated depreciation.....	52,358	123,642	427,754	452,597	71,858	1,510,006
Depletable assets.....	--	--	--	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--
Land.....	3,117	6,690	3,369	13,430	1,060	27,733
Intangible assets	17	--	231,015	159,839	126	53,919
Less: Accumulated amortization.....	1	--	33,136	72,204	100	3,276
Other assets.....	336	61,548	63,971	216,265	187	29,883
Total liabilities and stockholders' equity.....	92,751	851,860	3,529,642	5,705,195	188,981	2,633,909
Accounts payable.....	5,102	48,340	299,841	511,995	11,065	253,734
Current mortgages, notes, and bonds payable....	4,888	--	3,251	1,312	1,455	5,580
Other current liabilities.....	4,686	46,817	104,046	201,579	9,097	9,184
Loans from stockholders.....	961	--	--	--	71	43,174
Long-term mortgages, notes, and bonds payable	585	--	4,675	35,133	74	105,772
Other liabilities.....	-328	79,650	-75,902	28,522	1,566	146,139
Preferred stock.....	--	18	4,750	--	625	--
Common stock.....	4,731	145,376	6,725	145,628	1,636	6
Paid-in or capital surplus.....	18,687	30,723	487,815	182,726	54,262	2,106,994
Retained earnings, appropriated.....	--	--	--	5,715	1,389	--
Retained earnings, unappropriated.....	53,437	500,933	2,694,483	4,592,580	108,987	-36,676
Adjustments to stockholders' equity.....	--	--	--	--	--	--
Less: Cost of treasury stock.....	--	--	44	--	1,250	--

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 1.--1997 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Wholesale and retail trade			Finance, insurance, and real estate		Services
	Total	Wholesale trade	Retail trade	Total	Credit agencies other than banks	
	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns.....	32	20	12	14	7	24
Total assets.....	1,524,113	302,018	1,222,094	927,983	863,759	396,574
Cash.....	115,390	82,459	32,931	48,105	47,880	49,866
Notes and accounts receivable.....	470,665	123,682	346,982	446,104	445,660	110,070
Less: Allowance for bad debts.....	3,395	3,159	235	5,951	5,733	6,017
Inventories.....	189,785	33,719	156,065	--	--	12,571
Investment in Government obligations.....	--	--	--	10,689	10,689	--
Tax-exempt securities.....	--	--	--	--	--	--
Other current assets.....	20,672	4,523	16,148	3,924	3,407	48,083
Loans to stockholders.....	13,612	13,612	--	1,558	--	2,670
Mortgage and real estate loans.....	--	--	--	259,240	258,757	--
Other investments.....	42,916	3,056	39,860	106,702	84,094	91,315
Depreciable assets.....	463,704	65,357	398,347	37,628	9,422	131,538
Less: Accumulated depreciation.....	176,700	33,976	142,724	10,727	4,838	63,973
Depletable assets.....	--	--	--	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--
Land.....	23,007	2,295	20,711	12,246	128	9,524
Intangible assets.....	128,139	36	128,103	190	--	11,137
Less: Accumulated amortization.....	8,381	--	8,381	174	--	4,919
Other assets.....	244,696	10,412	234,284	18,445	14,290	4,706
Total liabilities and stockholders' equity.....	1,524,113	302,018	1,222,094	927,983	863,759	396,574
Accounts payable.....	270,031	80,050	189,981	257,641	256,868	30,329
Current mortgages, notes, and bonds payable.....	16,923	16,249	674	207,718	200,841	9,278
Other current liabilities.....	97,108	17,289	79,819	76,612	74,692	31,593
Loans from stockholders.....	--	--	--	7,715	--	25,951
Long-term mortgages, notes, and bonds payable.....	440,018	33,168	406,849	257,720	240,034	30,965
Other liabilities.....	309,957	124,751	185,206	5,128	5,000	25,532
Preferred stock.....	--	--	--	--	--	29,992
Common stock.....	10,709	1,815	8,894	17,519	8,659	168
Paid-in or capital surplus.....	138,714	29,683	109,030	26,576	21,659	39,924
Retained earnings, appropriated.....	--	--	--	170	170	--
Retained earnings, unappropriated.....	241,008	-630	241,639	73,112	55,882	172,838
Adjustments to stockholders' equity.....	--	--	--	--	--	--
Less: Cost of treasury stock.....	358	358	--	1,932	50	--

NOTE: Selected industries shown in this table are based on the Standard Industrial Classification (SIC) System.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 2.--1997 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry

[Money amounts are in thousands of dollars]

Item	All industries	Agriculture, forestry, and fishing	Construction	Manufacturing			
				Total	Food and kindred products	Textile mill products	Apparel and other textile products
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	378	3	3	297	26	6	30
Total receipts.....	41,869,304	18,175	10,765	37,678,080	3,674,682	476,782	644,435
Business receipts.....	39,939,070	14,975	10,728	36,060,608	3,274,074	475,213	636,359
Interest, except State and local government obligations.....	1,257,664	71	31	1,192,972	263,685	664	3,781
Interest on State and local government obligations.....	10,367	--	--	10,367	44	--	508
Rents.....	11,713	--	--	3,537	991	--	--
Royalties.....	476	--	--	476	--	--	--
Net short-term capital gain.....	15,782	--	--	15,782	--	--	--
Net long-term capital gain.....	9,796	2,432	--	6,461	132	--	1,428
Net gain, noncapital assets.....	13,333	--	2	12,199	51	--	12
Dividends other than constructive distributions.....	125,105	--	--	124,477	--	--	100
Other receipts.....	487,992	695	2	253,195	135,702	903	2,244
Total deductions.....	26,911,157	12,481	11,220	23,130,855	2,367,421	298,311	530,062
Cost of sales and operations.....	14,046,546	9,159	9,653	12,326,052	1,663,569	270,550	505,612
Compensation of officers.....	14,318	357	49	10,157	2,126	--	523
Salaries and wages.....	797,251	1,019	228	232,410	55,007	2,179	2,833
Repairs.....	277,854	103	1	29,070	12,561	1	104
Bad debts.....	79,261	40	--	3,824	853	421	16
Rents paid.....	97,671	258	29	25,207	6,773	1,496	389
Taxes paid.....	493,146	100	40	420,674	22,014	6,912	2,310
Interest paid.....	198,537	246	102	92,990	15,211	2,206	1,757
Contributions.....	3,929	1	--	3,730	312	33	64
Amortization.....	48,311	--	4	31,305	4,209	400	2
Depreciation.....	478,685	171	292	154,806	28,626	5,445	1,838
Depletion.....	645	--	--	645	--	--	--
Advertising.....	149,705	3	81	85,633	58,279	2,849	86
Pension, profit-sharing, stock bonus, and annuity plans.....	48,671	--	--	20,102	2,785	268	402
Employee benefit programs.....	155,036	14	12	50,126	6,585	621	1,931
Net loss, noncapital assets.....	18,888	--	--	-18,278	-362	--	-14
Other deductions.....	10,053,007	1,005	730	9,659,142	492,351	5,325	12,177
Total receipts less total deductions.....	14,958,147	5,694	-455	14,547,224	1,307,260	178,470	114,373
Net income (less deficit).....	14,947,780	5,694	-455	14,536,857	1,307,216	178,470	113,864
Net income.....	15,072,569	5,694	32	14,636,714	1,307,444	182,339	117,759
Deficit.....	-124,789	--	-488	-99,856	-227	-3,868	-3,895
Net income (less deficit) per books.....	11,752,800	3,388	-459	11,442,525	1,063,091	138,888	-38,836
Income subject to tax.....	14,905,315	420	--	14,503,503	1,306,502	182,226	116,458
U.S. income tax before credits:							
Total.....	5,213,705	143	--	5,073,652	457,195	63,705	40,388
Regular tax.....	5,213,688	143	--	5,073,489	457,195	63,705	40,387
U.S. possessions tax credit.....	2,795,176	22	--	2,659,599	203,541	46,437	39,232
Foreign tax credit.....	2,776	--	--	2,552	47	--	355
General business credit.....	--	--	--	--	--	--	--
Other credits.....	698	--	--	698	--	--	--
Total U.S. income tax after credits.....	2,415,054	120	--	2,410,801	253,607	17,267	799
Reduction in U.S. tax liability.....	1,997,224	19	--	1,886,093	143,696	34,715	32,342
Distributions to stockholders.....	11,754,546	--	--	11,465,535	470,000	153,238	68,605

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 2.--1997 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					
	Paper and allied products	Printing and publishing	Chemicals and allied products		Rubber and miscellaneous plastics products	Leather and leather products
			Total	Drugs		
	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	7	8	67	45	15	11
Total receipts.....	88,417	37,859	21,633,647	19,717,203	216,611	413,089
Business receipts.....	86,852	37,160	20,811,553	18,939,151	208,651	407,418
Interest, except State and local government obligations.....	1,304	241	608,359	568,769	2,879	3,194
Interest on State and local government obligations.....	28	10	3,088	1,906	101	--
Rents.....	8	--	1,094	1,047	--	46
Royalties.....	--	--	476	476	--	--
Net short-term capital gain.....	--	--	15,769	15,769	--	--
Net long-term capital gain.....	--	1	3,433	3,433	--	--
Net gain, noncapital assets.....	6	3	861	834	4,665	1
Dividends other than constructive distributions.....	144	--	122,406	120,914	--	--
Other receipts.....	71	441	66,604	64,899	314	2,429
Total deductions.....	71,969	33,172	11,751,964	10,291,325	177,955	365,588
Cost of sales and operations.....	66,201	26,260	4,083,592	3,034,849	149,544	333,835
Compensation of officers.....	53	--	3,088	1,565	106	187
Salaries and wages.....	2,285	2,146	52,640	38,769	6,109	3,241
Repairs.....	51	30	5,390	4,679	2,936	410
Bad debts.....	71	38	317	66	406	1
Rents paid.....	140	62	3,378	2,432	923	613
Taxes paid.....	265	475	309,189	296,689	2,076	4,006
Interest paid.....	595	732	61,555	52,562	769	8
Contributions.....	7	4	2,571	2,541	28	75
Amortization.....	91	18	3,629	1,550	1,173	--
Depreciation.....	836	597	43,057	36,319	4,081	2,305
Depletion.....	--	--	--	--	--	--
Advertising.....	7	86	12,261	924	24	158
Pension, profit-sharing, stock bonus, and annuity plans.....	43	307	7,297	6,735	122	71
Employee benefit programs.....	122	325	10,034	8,862	983	1,713
Net loss, noncapital assets.....	-5	-1	-5,863	-5,804	-46	--
Other deductions.....	1,281	2,103	7,151,727	6,798,522	9,795	18,958
Total receipts less total deductions.....	16,448	4,686	9,881,682	9,425,877	38,655	47,500
Net income (less deficit).....	16,420	4,675	9,878,594	9,423,971	38,554	47,500
Net income.....	16,420	4,824	9,951,501	9,423,971	38,554	47,516
Deficit.....	--	-149	-72,907	--	--	-15
Net income (less deficit) per books.....	14,637	3,825	7,677,855	7,282,730	37,284	46,654
Income subject to tax.....	16,420	4,824	9,828,734	9,303,010	37,988	47,516
U.S. income tax before credits:						
Total.....	5,625	1,644	3,439,763	3,255,861	12,967	16,488
Regular tax.....	5,625	1,644	3,439,696	3,255,861	12,967	16,488
U.S. possessions tax credit.....	4,782	1,568	1,685,385	1,590,483	11,647	15,675
Foreign tax credit.....	53	2	1,911	1,903	21	--
General business credit.....	--	--	--	--	--	--
Other credits.....	--	--	33	33	--	--
Total U.S. income tax after credits.....	789	74	1,752,433	1,663,441	1,297	813
Reduction in U.S. tax liability.....	3,801	1,289	1,183,832	1,114,635	9,417	13,050
Distributions to stockholders.....	13,450	3,197	6,843,420	6,587,531	27,499	38,222

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 2.--1997 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					Transportation and public utilities
	Fabricated metal products	Machinery, except electrical	Electrical and electronic equipment	Instruments and related products	Miscellaneous manufacturing and manufacturing not allocable	
	(14)	(15)	(16)	(17)	(18)	(19)
Number of returns.....	13	11	42	38	11	5
Total receipts.....	120,987	1,263,000	3,809,849	4,330,930	200,864	1,372,378
Business receipts.....	117,210	1,233,690	3,701,380	4,137,503	199,083	1,312,755
Interest, except State and local government obligations.....	830	27,893	76,734	186,584	1,777	6,166
Interest on State and local government obligations.....	350	--	2,134	4,095	--	--
Rents.....	10	--	1,303	--	--	--
Royalties.....	--	--	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--
Net long-term capital gain.....	--	--	629	834	--	--
Net gain, noncapital assets.....	1,856	371	4,235	101	--	--
Dividends other than constructive distributions.....	--	--	1	1,577	--	--
Other receipts.....	727	1,045	23,430	2,231	3	53,456
Total deductions.....	110,062	1,098,781	2,913,956	2,591,544	153,125	1,097,460
Cost of sales and operations.....	102,455	941,976	1,890,006	1,556,473	131,583	4,497
Compensation of officers.....	--	--	1,720	1,656	--	--
Salaries and wages.....	2,336	10,822	48,046	30,450	2,149	254,806
Repairs.....	206	1,024	3,742	1,727	70	228,272
Bad debts.....	232	77	89	77	131	49,472
Rents paid.....	86	132	5,720	2,964	339	22,062
Taxes paid.....	510	11,052	15,666	39,457	601	16,906
Interest paid.....	438	20	1,226	4,377	228	14,769
Contributions.....	7	42	128	304	8	--
Amortization.....	105	86	15,279	4,732	--	7,007
Depreciation.....	294	5,440	25,447	28,311	1,649	289,740
Depletion.....	--	--	--	--	--	--
Advertising.....	25	18	4,784	749	206	13,896
Pension, profit-sharing, stock bonus, and annuity plans.....	16	301	3,947	4,011	14	21,936
Employee benefit programs.....	156	951	11,958	13,522	409	85,272
Net loss, noncapital assets.....	-1	-837	-8,515	-160	-10	-10
Other deductions.....	3,295	126,083	892,955	909,295	15,723	95,817
Total receipts less total deductions.....	10,925	164,218	895,892	1,739,385	47,739	274,918
Net income (less deficit).....	10,574	164,218	893,758	1,735,290	47,739	274,918
Net income.....	12,717	170,130	897,068	1,735,601	47,985	281,371
Deficit.....	-2,143	-5,912	-3,309	-311	-246	-6,453
Net income (less deficit) per books.....	14,386	161,768	642,065	1,559,601	41,150	244,705
Income subject to tax.....	12,704	170,130	892,994	1,732,169	47,981	265,260
U.S. income tax before credits:						
Total.....	4,419	59,557	311,982	606,023	16,697	92,678
Regular tax.....	4,378	59,505	311,982	606,023	16,697	92,835
U.S. possessions tax credit.....	4,000	47,587	221,831	329,929	16,084	92,568
Foreign tax credit.....	7	2	143	4	--	--
General business credit.....	--	--	--	--	--	--
Other credits.....	--	--	--	665	--	--
Total U.S. income tax after credits.....	411	11,968	90,008	275,423	612	110
Reduction in U.S. tax liability.....	3,154	34,335	169,556	218,395	13,153	75,270
Distributions to stockholders.....	16,192	390,452	781,817	2,521,610	34,224	238,398

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 2.--1997 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Wholesale and retail trade			Finance, insurance, and real estate		Services
	Total	Wholesale trade	Retail trade	Total	Credit agencies other than banks	
	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns.....	32	20	12	14	7	24
Total receipts.....	2,311,217	573,340	1,737,877	70,731	58,898	407,955
Business receipts.....	2,221,608	572,074	1,649,534	7,136	1,522	311,258
Interest, except State and local government obligations.....	1,128	294	833	53,708	53,708	3,584
Interest on State and local government obligations.....	--	--	--	--	--	--
Rents.....	8,019	132	7,887	152	9	3
Royalties.....	--	--	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--
Net long-term capital gain.....	--	--	--	902	--	--
Net gain, noncapital assets.....	547	62	484	358	358	225
Dividends other than constructive distributions.....	405	405	--	222	222	--
Other receipts.....	79,508	371	79,136	8,249	3,077	92,883
Total deductions.....	2,234,670	572,760	1,661,910	54,486	48,789	369,982
Cost of sales and operations.....	1,484,832	452,402	1,032,429	--	--	212,351
Compensation of officers.....	2,430	540	1,889	758	758	565
Salaries and wages.....	240,938	41,187	199,751	5,655	5,356	62,193
Repairs.....	19,114	3,509	15,604	598	191	694
Bad debts.....	20,029	1,778	18,251	2,033	2,033	3,861
Rents paid.....	45,314	4,508	40,806	551	528	4,248
Taxes paid.....	50,964	5,970	44,994	864	355	3,594
Interest paid.....	51,202	5,178	46,023	33,377	31,726	5,849
Contributions.....	148	6	142	30	20	18
Amortization.....	9,867	277	9,589	24	--	101
Depreciation.....	25,748	5,448	20,300	2,271	1,534	5,655
Depletion.....	--	--	--	--	--	--
Advertising.....	49,074	18,036	31,037	421	415	593
Pension, profit-sharing, stock bonus, and annuity plans.....	6,085	722	5,362	157	157	390
Employee benefit programs.....	16,590	4,052	12,538	718	642	2,301
Net loss, noncapital assets.....	-503	-444	-58	-96	-96	--
Other deductions.....	221,692	28,974	192,717	6,953	4,972	67,664
Total receipts less total deductions.....	76,547	580	75,966	16,244	10,109	37,973
Net income (less deficit).....	76,547	580	75,966	16,244	10,109	37,973
Net income.....	93,119	16,411	76,708	16,433	10,263	39,203
Deficit.....	-16,572	-15,830	-741	-189	-153	-1,229
Net income (less deficit) per books.....	16,550	-3,990	20,541	11,753	7,812	34,335
Income subject to tax.....	81,396	14,299	67,097	15,581	10,197	39,152
U.S. income tax before credits:						
Total.....	28,329	4,908	23,421	5,295	3,465	13,606
Regular tax.....	28,319	4,908	23,411	5,295	3,465	13,603
U.S. possessions tax credit.....	27,102	3,704	23,397	5,039	3,219	10,844
Foreign tax credit.....	--	--	--	--	--	224
General business credit.....	--	--	--	--	--	--
Other credits.....	--	--	--	--	--	--
Total U.S. income tax after credits.....	1,227	1,203	23	256	245	2,538
Reduction in U.S. tax liability.....	22,938	3,039	19,898	4,218	2,676	8,685
Distributions to stockholders.....	1,038	500	538	1,132	1,132	48,442

NOTE: Selected industries shown in this table are based on the Standard Industrial Classification (SIC) system.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 3.--1999 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry

[Money amounts are in thousands of dollars]

Item	All industries	Agriculture, forestry, fishing, and hunting	Manufacturing				
			Food manufacturing	Textiles and apparel	Leather and allied products	Paper products	Printing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	300	4	24	26	10	6	7
Total assets.....	47,396,221	16,192	9,271,599	725,791	283,019	98,771	28,830
Cash.....	2,835,684	706	385,144	17,389	23,341	26,827	8,501
Notes and accounts receivable.....	15,381,635	3,924	5,508,998	323,234	215,733	7,526	3,966
Less: Allowance for bad debts.....	49,852	46	10,912	22	2	181	133
Inventories.....	2,252,439	2,718	245,287	116,458	22,760	10,574	5,255
Investment in Government obligations	103,849	--	--	--	--	--	--
Tax-exempt securities.....	146,952	--	--	9,764	--	1,571	--
Other current assets.....	3,105,525	59	90,136	15,132	2,641	1,206	114
Loans to stockholders.....	331,594	--	170,856	6	--	--	667
Mortgage and real estate loans.....	171,098	--	--	165	--	--	--
Other investments.....	15,291,111	673	2,332,018	90,762	7,464	17,713	2,152
Depreciable assets.....	8,272,098	9,009	830,108	205,557	37,929	49,819	18,928
Less: Accumulated depreciation.....	3,588,279	3,383	392,160	102,779	24,980	26,140	11,038
Depletable assets.....	6,842	--	--	--	--	--	--
Less: Accumulated depletion.....	2,031	--	--	--	--	--	--
Land.....	157,756	2,386	22,152	307	648	2,650	286
Intangible assets	739,539	--	75,104	--	--	1,104	152
Less: Accumulated amortization.....	207,708	--	23,612	--	--	386	117
Other assets.....	2,472,236	149	39,003	49,817	8	6,489	98
Total liabilities and stockholders' equity.....	47,396,221	16,192	9,271,599	725,791	283,019	98,771	28,830
Accounts payable.....	3,146,093	686	1,153,063	45,995	28,301	1,924	1,461
Current mortgages, notes, and bonds payable.....	713,258	--	2,056	5,356	--	3,600	3,267
Other current liabilities.....	886,741	199	51,889	56,760	6,298	6,455	770
Loans from stockholders.....	4,833	--	--	466	--	--	--
Long-term mortgages, notes, and bonds payable...	1,239,182	--	190,739	8,924	140	--	1,860
Other liabilities.....	5,798,413	912	48,486	3,551	223	4,915	748
Preferred stock.....	72,854	--	2	325	--	--	18
Common stock.....	1,708,794	2	3,180	1,457	4,942	253	356
Paid-in or capital surplus.....	3,264,266	1,806	530,922	104,243	9,245	32,151	1,289
Retained earnings, appropriated.....	24,452	10,825	1	7,260	--	5,696	--
Retained earnings, unappropriated.....	30,993,654	1,761	7,560,584	493,735	233,869	44,005	19,061
Adjustments to stockholders' equity.....	--	--	--	--	--	--	--
Less: Cost of treasury stock.....	5,778	--	--	2,285	--	--	--

Footnotes at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 3.--1999 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					
	Chemical products	Plastics and rubber products	Nonmetallic mineral products	Primary and fabricated metals	Machinery manufacturing	Computers and electric equipment
	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	52	12	3	10	6	37
Total assets.....	24,303,165	203,489	85,231	89,851	268,869	2,385,340
Cash.....	1,709,086	15,934	4,527	1,898	2,147	132,268
Notes and accounts receivable.....	5,825,431	31,690	22,856	49,361	74,230	1,011,699
Less: Allowance for bad debts.....	2,536	611	1,516	28	274	272
Inventories.....	1,038,244	17,250	6,516	12,893	20,309	248,487
Investment in Government obligations	13,992	206	--	--	--	--
Tax-exempt securities.....	35,197	--	--	--	--	2,713
Other current assets.....	613,272	30,928	3,870	4,239	1,857	229,222
Loans to stockholders.....	62,761	--	--	--	--	94,002
Mortgage and real estate loans.....	--	--	--	--	--	--
Other investments.....	10,911,360	4,676	2,048	7,633	1,000	145,646
Depreciable assets.....	4,181,637	164,478	59,445	63,299	62,380	670,496
Less: Accumulated depreciation.....	1,675,119	80,869	40,769	51,749	35,041	355,860
Depletable assets.....	--	--	--	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--
Land.....	48,681	3,600	3,974	1,234	2,479	8,135
Intangible assets	65,060	18,102	1,282	100	--	191,630
Less: Accumulated amortization.....	36,406	2,675	264	100	--	27,267
Other assets.....	1,515,358	785	23,261	1,070	139,783	34,751
Total liabilities and stockholders' equity.....	24,303,165	203,489	85,231	89,851	268,869	2,385,340
Accounts payable.....	956,777	17,542	1,555	873	17,953	124,353
Current mortgages, notes, and bonds payable.....	178,425	1,164	15,000	950	--	1,128
Other current liabilities.....	343,130	7,605	5,478	1,678	23,877	47,707
Loans from stockholders.....	--	82	--	--	--	--
Long-term mortgages, notes, and bonds payable...	58,125	2,384	6,113	656	687	1,284
Other liabilities.....	3,987,524	-12,869	4,673	111	54,259	59,201
Preferred stock.....	136	--	(¹)	--	--	1,949
Common stock.....	1,550,435	2,593	1	616	1,614	6,589
Paid-in or capital surplus.....	867,588	48,669	16,233	10,873	30,380	470,910
Retained earnings, appropriated.....	--	--	--	--	--	500
Retained earnings, unappropriated.....	16,494,647	137,818	36,177	74,094	140,100	1,686,116
Adjustments to stockholders' equity.....	--	--	--	--	--	--
Less: Cost of treasury stock.....	13	1,500	--	--	--	--

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 3.--1999 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued		Wholesale trade		Retail trade	Publishing and information services
	Transportation equipment manufacturing	Miscellaneous manufacturing	Durable goods wholesalers	Nondurable goods wholesalers		
	(14)	(15)	(16)	(17)	(18)	(19)
Number of returns.....	4	29	9	8	6	5
Total assets.....	278,186	2,740,616	98,761	157,313	1,100,001	190,043
Cash.....	24,360	333,360	3,395	3,928	17,368	68,970
Notes and accounts receivable.....	104,501	661,415	38,952	94,274	379,499	38,980
Less: Allowance for bad debts.....	(¹)	181	1,707	4,745	12,455	1,662
Inventories.....	27,758	183,472	15,805	31,379	157,254	339
Investment in Government obligations.....	--	86,524	--	--	--	--
Tax-exempt securities.....	--	97,706	--	--	--	--
Other current assets.....	172	374,177	17,924	4,995	26,352	1,524
Loans to stockholders.....	--	--	--	--	--	--
Mortgage and real estate loans.....	--	--	745	--	--	--
Other investments.....	101,736	226,927	312	527	87,684	3,381
Depreciable assets.....	58,049	816,476	23,999	46,201	340,780	100,650
Less: Accumulated depreciation.....	38,910	412,781	13,561	24,626	149,797	43,003
Depletable assets.....	--	--	--	--	--	--
Less: Accumulated depletion.....	--	--	--	--	--	--
Land.....	250	7,804	2,716	127	11,531	973
Intangible assets.....	--	132,016	3,083	--	--	80,362
Less: Accumulated amortization.....	--	54,635	81	--	--	61,544
Other assets.....	271	290,025	7,179	5,436	257,838	1,072
Total liabilities and stockholders' equity.....	278,186	2,740,616	98,761	157,313	1,100,001	190,043
Accounts payable.....	18,184	131,878	10,568	41,862	265,427	28,136
Current mortgages, notes, and bonds payable.....	--	38	9,805	4,847	617	43,896
Other current liabilities.....	9,846	63,153	37,079	17,470	61,472	20,964
Loans from stockholders.....	159	25	--	--	--	--
Long-term mortgages, notes, and bonds payable.....	--	7,453	3,906	36,584	255,149	60,014
Other liabilities.....	--	-8,442	114	-40,732	117,442	6,873
Preferred stock.....	--	625	10	--	--	--
Common stock.....	31	18,518	1,296	41,920	8,888	2
Paid-in or capital surplus.....	7,451	302,357	15,839	65,172	122,166	86,904
Retained earnings, appropriated.....	--	--	--	--	--	--
Retained earnings, unappropriated.....	242,515	2,231,497	20,143	-9,204	280,128	-56,745
Adjustments to stockholders' equity.....	--	--	--	--	--	--
Less: Cost of treasury stock.....	--	1,250	--	134	--	--

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 3.--1999 U.S. Possessions Corporations: Balance Sheet Items, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Finance and insurance	Real estate and rental and leasing	Professional services	Company management	Administrative support services	Accommodation and food services
	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns.....	6	5	4	3	3	12
Total assets.....	3,045,385	12,879	109,792	314,099	1,737	934,577
Cash.....	3,282	112	11,168	3,177	181	33,126
Notes and accounts receivable.....	395,011	1,801	82,290	49,073	3	97,992
Less: Allowance for bad debts.....	7,462	482	524	(¹)	(¹)	1,165
Inventories.....	--	--	14,127	--	--	8,862
Investment in Government obligations.....	3,127	--	--	--	--	--
Tax-exempt securities.....	--	--	--	--	--	--
Other current assets.....	1,542,209	141	222	55,075	1,440	81,490
Loans to stockholders.....	--	--	--	--	--	1,224
Mortgage and real estate loans.....	170,188	--	--	--	--	--
Other investments.....	937,029	548	--	206,438	--	58,556
Depreciable assets.....	15,768	17,392	7,047	--	154	417,726
Less: Accumulated depreciation.....	7,031	8,198	4,594	--	119	65,483
Depletable assets.....	--	--	--	--	--	6,842
Less: Accumulated depletion.....	--	--	--	--	--	2,031
Land.....	51	1,475	--	--	--	27,197
Intangible assets.....	--	--	22	--	--	167,889
Less: Accumulated amortization.....	--	--	--	--	--	--
Other assets.....	-6,786	92	156	336	78	102,351
Total liabilities and stockholders' equity.....	3,045,385	12,879	109,792	314,099	1,737	934,577
Accounts payable.....	28,628	2,176	21,658	299	14	34,617
Current mortgages, notes, and bonds payable.....	326,245	798	27	--	38	95,815
Other current liabilities.....	45,744	4,953	14,392	1,789	-887	42,034
Loans from stockholders.....	--	--	--	--	--	2,662
Long-term mortgages, notes, and bonds payable.....	125,055	2,251	10,175	--	--	460,401
Other liabilities.....	1,490,735	447	-6,264	--	--	72,722
Preferred stock.....	1	4,788	--	--	--	--
Common stock.....	8,120	103	6	9,310	2	47,764
Paid-in or capital surplus.....	83,670	613	24,023	145,129	9	224,593
Retained earnings, appropriated.....	171	--	--	--	--	--
Retained earnings, unappropriated.....	937,019	-1,965	60,482	157,573	2,560	-46,032
Adjustments to stockholders' equity.....	--	--	--	--	--	--
Less: Cost of treasury stock.....	--	--	--	--	--	--

¹ Less than \$500.

NOTE: Selected industries shown in this table are based on the North American Industry Classification System (NAICS).

U.S. Possessions Corporation Returns, 1997 and 1999

Table 4.--1999 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry

[Money amounts are in thousands of dollars]

Item	All industries	Agriculture, forestry, fishing, and hunting	Manufacturing				
			Food manufacturing	Textiles and apparel	Leather and allied products	Paper products	Printing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Number of returns.....	300	4	24	26	10	6	7
Total receipts.....	34,933,946	14,959	5,181,826	1,049,497	363,913	89,247	38,764
Business receipts.....	32,955,137	14,054	4,572,828	1,046,058	359,926	87,509	38,098
Interest, except State and local government obligations.....	1,161,650	--	367,416	1,758	3,970	1,149	211
Interest on State and local government obligations.....	14,258	--	59	812	--	49	--
Rents.....	6,851	--	1,456	--	12	31	--
Royalties.....	6,949	--	18	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--	--
Net long-term capital gain.....	94,997	--	239	129	--	--	--
Net gain, noncapital assets.....	6,311	497	--	13	4	1	60
Dividends other than constructive distributions.....	182,345	--	13,768	137	--	132	--
Other receipts.....	494,169	408	201,552	590	165	377	395
Total deductions.....	23,204,501	13,990	3,785,706	736,981	329,712	73,384	30,796
Cost of sales and operations.....	11,037,034	10,142	1,664,831	673,431	248,555	64,683	23,713
Compensation of officers.....	11,277	--	1,634	264	151	709	54
Salaries and wages.....	537,479	993	39,312	13,371	3,688	2,336	2,369
Repairs.....	50,275	49	5,578	342	268	281	25
Bad debts.....	54,468	--	1,094	--	(¹)	16	48
Rents paid.....	81,042	628	3,700	3,831	1,750	232	289
Taxes paid.....	368,077	475	48,424	12,695	2,487	679	500
Interest paid.....	146,867	76	16,512	2,384	1	356	344
Contributions.....	3,217	2	381	62	40	17	2
Amortization.....	41,877	--	4,842	2	--	130	16
Depreciation.....	279,964	690	30,953	9,141	4,072	2,615	608
Depletion.....	455	--	--	--	--	--	--
Advertising.....	143,306	--	48,808	3,026	8,238	--	22
Pension, profit-sharing, stock bonus, and annuity plans.....	17,554	--	3,121	823	--	70	48
Employee benefit programs.....	189,236	41	10,776	6,475	1,771	415	238
Net loss, noncapital assets.....	-98,497	-2	-22,561	-3	--	-17	-22
Other deductions.....	10,166,117	892	1,888,579	11,233	58,691	2,230	2,515
Total receipts less total deductions.....	11,729,445	969	1,396,120	312,516	34,200	15,863	7,967
Net income (less deficit).....	11,717,812	969	1,396,060	312,148	34,196	15,814	7,967
Net income.....	11,919,929	969	1,435,616	314,320	40,807	15,833	8,135
Deficit.....	202,117	--	39,556	2,172	6,611	19	167
Net income (less deficit) per books.....	9,260,503	782	1,220,836	313,781	52,472	14,534	7,175
Income subject to tax.....	11,682,425	945	1,423,118	305,353	35,340	15,833	8,135
U.S. income tax before credits:							
Total.....	4,110,499	330	499,038	107,234	14,364	5,452	2,766
Regular tax.....	4,109,621	330	498,828	107,234	14,269	5,452	2,766
U.S. possessions tax credit.....	1,624,834	137	169,550	100,026	14,207	4,711	2,690
Foreign tax credit.....	52,160	--	7,001	(¹)	--	4	(¹)
General business credit.....	--	--	--	--	--	--	--
Other credits.....	--	--	--	--	--	--	--
Total U.S. income tax after credits.....	2,433,070	193	322,340	7,209	157	738	76
Distributions to stockholders.....	7,934,905	--	703,766	178,949	16,255	21,288	2,782

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 4.--1999 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued					
	Chemical products	Plastics and rubber products	Nonmetallic mineral products	Primary and fabricated metals	Machinery manufacturing	Computers and electric equipment
	(8)	(9)	(10)	(11)	(12)	(13)
Number of returns.....	52	12	3	10	6	37
Total receipts.....	19,024,631	165,519	84,794	78,465	360,376	1,991,485
Business receipts.....	18,290,680	162,250	83,610	78,041	359,948	1,940,508
Interest, except State and local government obligations.....	520,185	2,217	537	89	413	46,128
Interest on State and local government obligations.....	3,643	64	--	301	--	4,137
Rents.....	132	--	--	35	--	1,200
Royalties.....	6,931	--	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--
Net long-term capital gain.....	7,816	145	248	--	--	304
Net gain, noncapital assets.....	710	385	117	5	3	541
Dividends other than constructive distributions.....	140,480	--	160	--	--	28
Other receipts.....	62,974	458	122	-5	13	2,756
Total deductions.....	10,767,915	136,624	77,389	70,707	296,934	1,466,185
Cost of sales and operations.....	3,506,247	106,225	64,454	63,891	221,388	1,091,284
Compensation of officers.....	1,598	--	646	56	--	1,139
Salaries and wages.....	85,654	7,124	617	1,246	7,129	18,709
Repairs.....	11,214	3,771	179	16	4,040	3,362
Bad debts.....	1,779	65	416	48	1	222
Rents paid.....	5,531	806	115	196	236	9,006
Taxes paid.....	187,273	2,722	722	528	1,367	16,887
Interest paid.....	24,495	325	1,583	331	7	556
Contributions.....	2,169	20	53	2	3	99
Amortization.....	3,585	1,206	196	--	--	17,333
Depreciation.....	98,233	6,189	2,750	425	3,549	39,962
Depletion.....	--	--	455	--	--	--
Advertising.....	10,497	50	92	265	30	6,918
Pension, profit-sharing, stock bonus, and annuity plans.....	3,559	174	--	73	96	1,711
Employee benefit programs.....	26,993	1,584	173	216	9,851	20,904
Net loss, noncapital assets.....	-1,219	-277	-3	--	-90	-296
Other deductions.....	6,795,535	7,292	5,131	3,413	49,215	256,147
Total receipts less total deductions.....	8,256,716	28,895	7,404	7,758	63,442	525,300
Net income (less deficit).....	8,254,073	28,831	7,404	7,457	63,442	521,163
Net income.....	8,348,139	29,925	7,588	7,529	63,464	524,661
Deficit.....	94,066	1,094	184	71	22	3,498
Net income (less deficit) per books.....	6,208,603	29,319	1,609	7,269	54,944	484,772
Income subject to tax.....	8,206,980	28,688	7,404	7,521	63,464	524,199
U.S. income tax before credits:						
Total.....	2,875,358	10,370	2,627	2,647	22,212	183,011
Regular tax.....	2,875,122	10,370	2,616	2,591	22,212	182,763
U.S. possessions tax credit.....	915,243	9,776	2,460	2,556	19,573	150,451
Foreign tax credit.....	38,874	15	--	5	--	157
General business credit.....	--	--	--	--	--	--
Other credits.....	--	--	--	--	--	--
Total U.S. income tax after credits.....	1,921,241	579	167	85	2,639	32,402
Distributions to stockholders.....	6,315,596	15,250	5,000	--	2,400	184,255

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 4.--1999 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Manufacturing--Continued		Wholesale trade		Retail trade	Publishing and information services
	Transportation equipment manufacturing	Miscellaneous manufacturing	Durable goods wholesalers	Nondurable goods wholesalers		
	(14)	(15)	(16)	(17)	(18)	(19)
Number of returns.....	4	29	9	8	6	5
Total receipts.....	155,776	2,692,939	108,313	576,406	1,433,292	110,091
Business receipts.....	148,130	2,610,319	107,513	570,383	1,289,214	106,028
Interest, except State and local government obligations.....	6,846	43,569	143	10	1,968	238
Interest on State and local government obligations.....	--	5,192	--	--	--	--
Rents.....	--	--	225	--	3,569	--
Royalties.....	--	--	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--
Net long-term capital gain.....	--	2,650	--	980	12,242	49
Net gain, noncapital assets.....	--	8	398	1,801	1,274	--
Dividends other than constructive distributions.....	800	131	--	--	(¹)	--
Other receipts.....	--	31,071	35	3,231	125,024	3,776
Total deductions.....	107,905	1,923,901	103,462	560,418	1,369,149	108,293
Cost of sales and operations.....	102,855	1,138,637	83,123	459,319	776,999	4,527
Compensation of officers.....	--	1,955	100	269	1,463	--
Salaries and wages.....	1,458	37,761	9,578	28,138	153,291	12,370
Repairs.....	8	1,808	531	590	10,995	1,107
Bad debts.....	--	259	93	4,331	22,642	18,020
Rents paid.....	134	4,280	604	3,151	29,132	1,406
Taxes paid.....	1,700	18,626	1,717	8,688	39,113	2,075
Interest paid.....	4	998	1,074	2,250	25,667	12,690
Contributions.....	10	68	4	--	179	1
Amortization.....	--	2,204	--	(¹)	6,729	4,193
Depreciation.....	743	17,304	867	4,569	23,539	15,742
Depletion.....	--	--	--	--	--	--
Advertising.....	--	55	394	22,213	30,568	111
Pension, profit-sharing, stock bonus, and annuity plans.....	120	1,214	142	341	4,668	--
Employee benefit programs.....	75	10,682	605	2,164	6,350	1,481
Net loss, noncapital assets.....	--	-23,730	-60	-127	--	--
Other deductions.....	799	649,687	4,569	24,500	244,390	38,762
Total receipts less total deductions.....	47,871	769,039	4,852	15,988	64,142	1,798
Net income (less deficit).....	47,871	765,031	4,852	15,988	64,142	1,798
Net income.....	47,871	766,640	4,886	19,390	64,161	24,978
Deficit.....	--	1,609	34	3,402	18	23,180
Net income (less deficit) per books.....	42,797	762,575	2,102	11,130	-4,592	-27,532
Income subject to tax.....	47,071	765,005	4,699	11,381	64,142	-11,185
U.S. income tax before credits:						
Total.....	16,323	268,146	1,615	5,171	22,408	4,096
Regular tax.....	16,323	268,145	1,615	5,152	22,408	4,096
U.S. possessions tax credit.....	12,781	164,867	1,330	4,206	22,408	15
Foreign tax credit.....	--	8	--	--	--	4,005
General business credit.....	--	--	--	--	--	--
Other credits.....	--	--	--	--	--	--
Total U.S. income tax after credits.....	3,542	102,984	285	966	--	77
Distributions to stockholders.....	16,514	420,706	167	4,200	--	--

Footnote at end of table.

U.S. Possessions Corporation Returns, 1997 and 1999

Table 4.--1999 U.S. Possessions Corporations: Income Statement Items and Distributions to Stockholders, by Selected Industry--Continued

[Money amounts are in thousands of dollars]

Item	Finance and insurance	Real estate and rental and leasing	Professional services	Company management	Administrative support services	Accommodation and food services
	(20)	(21)	(22)	(23)	(24)	(25)
Number of returns.....	6	5	4	3	3	12
Total receipts.....	170,483	6,250	232,811	17,438	1,633	353,191
Business receipts.....	3,771	5,825	225,791	--	1,633	314,202
Interest, except State and local government obligations.....	141,458	3	6,198	4,067	--	6,783
Interest on State and local government obligations.....	--	--	--	--	--	--
Rents.....	--	136	--	--	--	--
Royalties.....	--	--	--	--	--	--
Net short-term capital gain.....	--	--	--	--	--	--
Net long-term capital gain.....	--	--	--	--	--	--
Net gain, noncapital assets.....	202	181	--	--	--	--
Dividends other than constructive distributions.....	20,601	--	--	6,108	--	--
Other receipts.....	4,451	112	822	7,262	--	32,206
Total deductions.....	124,573	6,264	218,916	87	1,427	329,409
Cost of sales and operations.....	--	574	205,788	--	563	81,159
Compensation of officers.....	611	--	--	--	35	--
Salaries and wages.....	6,354	805	5,198	--	359	74,909
Repairs.....	36	71	196	--	--	5,408
Bad debts.....	764	740	--	--	--	3,117
Rents paid.....	425	111	154	--	77	13,277
Taxes paid.....	4,106	112	368	--	112	15,563
Interest paid.....	23,070	34	834	--	4	26,679
Contributions.....	--	--	--	4	1	71
Amortization.....	--	14	--	--	(¹)	1,345
Depreciation.....	1,386	3,255	525	--	23	9,693
Depletion.....	--	--	--	--	--	--
Advertising.....	50	5	19	--	8	7,733
Pension, profit-sharing, stock bonus, and annuity plans.....	180	--	--	--	--	885
Employee benefit programs.....	81,428	42	120	--	26	3,831
Net loss, noncapital assets.....	(¹)	--	--	--	--	--
Other deductions.....	6,161	515	5,714	83	221	87,084
Total receipts less total deductions.....	45,910	-14	13,895	17,351	206	23,782
Net income (less deficit).....	45,910	-14	13,895	17,351	206	23,782
Net income.....	46,127	82	14,400	17,351	206	30,364
Deficit.....	217	95	505	--	--	6,582
Net income (less deficit) per books.....	16,401	416	11,035	3,612	154	10,293
Income subject to tax.....	45,910	70	14,400	17,351	206	30,364
U.S. income tax before credits:						
Total.....	16,023	17	5,040	5,997	47	10,545
Regular tax.....	16,023	17	5,040	5,997	47	10,543
U.S. possessions tax credit.....	2,057	17	4,054	1,700	47	9,090
Foreign tax credit.....	--	--	--	--	--	145
General business credit.....	--	--	--	--	--	--
Other credits.....	--	--	--	--	--	--
Total U.S. income tax after credits.....	13,966	--	986	4,297	--	1,310
Distributions to stockholders.....	8,037	--	--	39,740	--	--

¹ Less than \$500.

NOTE: Selected industries shown in this table are based on the North American Industry Classification System (NAICS).