Foreign-Controlled Domestic Corporations, 2012

by James R. Hobbs

For Tax Year 2012, some 83,814 foreign-controlled domestic corporations (FCDCs) collectively reported $4.7 trillion of receipts and $12.3 trillion of assets.[1] While Federal income tax returns for these corporations accounted for just 1.4 percent of all United States (U.S.) corporate returns, FCDCs made up 16.1 percent of total receipts and 14.5 percent of total assets for the year.[2]

Foreign business activity in the U.S. can take several forms, including corporations. A foreign investor may own stock in a U.S. (i.e., domestic) company or one that operates in the U.S. as a branch of a foreign corporation.[3,4] FCDCs, domestic corporations "controlled" by foreign persons, are the focus of this article. This control is ownership by one foreign "person," directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock, or 50 percent or more of the value of all of the corporation's stock, at any time during the accounting period.[5,6] In this context, a person is an entity, including an individual, corporation, partnership, estate, or trust. (See "Foreign person" and "Constructive ownership rules" in the Explanation of Selected Terms section of this article.)

Total receipts for FCDCs rose 2.9 percent, less than the 3.8-percent growth for all corporations between 2011 and 2012. FCDCs accounted for 16.1 percent of total receipts reported by corporations in 2012, down slightly from 16.2 percent in 2011. Total receipts includes all income actually (as opposed to constructively) received by a corporation and reported to the Internal Revenue Service (IRS) for the tax year.

Net profits, or "net income (less deficit)," reported by all FCDCs for tax purposes under the Internal Revenue Code increased significantly to $167.1 billion for 2012, which was more than double the $79.8 billion for 2011. Placed in context, net profits for all corporations totaled $1.8 trillion for 2012, a 34.1-percent increase from the $1.3 trillion for 2011. FCDC net profits accounted for 9.4 percent of all net profits reported by corporations for 2012, up from 6.0 percent for the previous year.

About 41 percent (34,736) of FCDCs reported positive profits (i.e., "net income") totaling $238.9 billion with taxable income (i.e., "income subject to tax") of $174.2 billion for 2012. The U.S. tax liability (i.e., "total income tax after credits") of FCDCs was $45.2 billion for 2012, up 26.7 percent from the prior year. In comparison, the U.S. tax liability reported on all corporate returns was $267.9 billion for 2012, up 21.3 percent from 2011. FCDCs accounted for 16.9 percent of the U.S. tax liability of all corporations for 2012, up from 16.2 percent for 2011.

Tax Return Forms

Foreign-controlled domestic corporations report Federal income tax information on several forms. These are: (1) Form 1120, *U.S. Corporation Income Tax Return*; (2) Form 1120-L, *U.S. Life Insurance Company Income Tax Return*; (3) Form 1120-PC, *U.S. Property and Casualty Insurance Company Income Tax Return*; (4) Form 1120-REIT, *U.S. Income Tax Return for Real Estate Investment Trusts*; and (5) Form 1120-RIC, *U.S. Income Tax Return for Regulated Investment Companies*. The FCDC statistics include data from these tax returns, unless otherwise stated. Data for all corporations include, unless otherwise stated, these same five forms plus Form 1120S, *U.S. Income Tax Return for an S Corporation* (for electing domestic corporations) and Form 1120-F, *U.S. Income Tax Return of a Foreign Corporation* (for foreign corporations with income effectively connected with a

[1] Data for Tax Year 2012 are based on FCDC income tax returns with accounting periods ending between July 2012 and June 2013. (See the Period Covered subsection under "Data Sources and Limitations" for additional information.) For additional Tax Year 2012 statistics covering foreign-controlled domestic corporations, see Tables 24 and 25 of *Statistics of Income—2012, Corporation Income Tax Returns*, IRS Publication 16 (http://www.irs.gov/uac/SOI-Tax-Stats-Corporation-Complete-Report). Statistics for tax years prior to 2012 are available in earlier editions of Publication 16. Additionally, for 2011 statistics covering FCDCs, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 2011," *Statistics of Income Bulletin*, Summer 2014, Volume 34, Number 1. FCDC data are also included on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Foreign-Controlled-Domestic-Corporations.

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

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

[4] In addition to the foreign-controlled domestic corporation study discussed in this article, the Statistics of Income program conducts a separate study covering branches of foreign corporations operating in the United States. For the most recent statistics from that study, see Tables 10 and 11 that cover branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business, in *Statistics of Income—2012, Corporation Income Tax Returns*, IRS Publication 16. Statistics for tax years prior to 2012 are available in earlier editions of Publication 16 and on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Foreign-Corporations-With-U.S.-Business-Operations.

[5] This study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or less. However, the tax forms filed by domestic corporations do indicate the presence of 25-percent to 49-percent foreign owners, and the Statistics of Income program does separately compile data on these domestic corporations. For 2012, some 5,664 returns indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported $260 billion of assets, $109 billion of receipts, $7 billion of taxable income, and $2 billion of total income tax after credits. All of these amounts were small in comparison to data for the corporations with at least 50-percent foreign ownership. The FCDC study also excludes domestic corporations with only foreign "portfolio" investors. A foreign portfolio investor, having only a minimal interest in a domestic company, exerts no control over the management of a domestic corporation, except to the extent, for example, of the right to vote in corporate stockholder meetings. A foreign portfolio investor primarily seeks dividend payments, an increase in the company's stock value, or both.

[6] Returns of certain domestic companies that are effectively controlled by foreign persons, i.e., those public companies in which "control" may be exercised with as little as 10 percent to 20 percent of the stock holdings, are excluded from both the 50-percent-or-more and the 25-percent to 49-percent tabulations. Tax return forms filed by domestic corporations do not include information about foreign persons with less than 25-percent stock holdings.

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

Growth of FCDCs, 1971–2012

The growth of FCDCs can be measured from the early 1970s, when a question concerning foreign ownership of corporations was first asked on the income tax return. For Tax Year 1971, the 5,154 FCDCs reported $36.7 billion of total assets and $39.2 billion of total receipts. They accounted for just 0.3 percent of returns, 1.3 percent of assets, and 2.1 percent of receipts reported by all corporations for that year (Table 1).

A 10-year period (most recent data for Tax Years 2003-2012) shows that FCDC returns have been a rather constant percentage of all corporate return filings—between 1.0 percent and 1.4 percent. Foreign-controlled domestic corporations filed 58,945 returns for 2003 and 83,814 for 2012, a 42.2-percent increase. During this period, the number of U.S. corporation income tax returns grew from 5.4 million to 5.8 million. This 8.1-percent increase in total filings of U.S. corporation income tax returns was dwarfed by the 25.9-percent increase in the number of Forms 1120S filed by S corporations that elected to be taxed through their shareholders. Form 1120S returns made up 61.9 percent of all corporation returns (3.3 million of the total 5.4 million returns) for 2003, compared to 72.0 percent of all returns (4.2 million of the total 5.8 million returns) in 2012. FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes. (See "S corporations" in the Explanation of Selected Terms section of this article.)

The number of corporation income tax returns includes consolidated returns. These returns contain the combined financial data of two or more corporations in which a common parent corporation owns at least 80 percent of the stock of at least one member of the group. Additionally, at least 80 percent of the stock of each other member of the group is owned within the group. For the purposes of this study, the IRS Statistics of Income Division treated a consolidated return filed by a common parent as a single unit, with each statistical item representing the combined data of the affiliated group.

FCDCs, like many other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. For 2012, FCDCs filed 6,423 consolidated returns, accounting for 7.7 percent of all FCDC returns. These returns represented the majority of economic activity reported by all FCDCs. Specifically, they accounted for $10.7 trillion of assets (87.4 percent of the total for all FCDCs), $4.0 trillion of receipts (84.3 percent of the total), $149.1 billion of net profits (89.2 percent of the total), $143.1 billion of taxable income (82.2 percent of the total), and $36.0 billion of total income tax after credits (79.6 percent of the total).To the extent that FCDCs filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns.

The growth of foreign investment in the U.S. by foreign-controlled domestic corporations during the last 10 years is evident in most of the financial items.[8] In particular, the FCDC assets rose 99.0 percent between 2003 ($6.2 trillion) and 2012 ($12.3 trillion). In comparison, assets reported on all U.S. corporation income tax returns rose 58.4 percent between 2003 ($53.6 trillion) and 2012 ($85.0 trillion).[9] As a result, the percentage of total corporate assets accounted for by FCDCs increased from 11.5 percent for 2003 to 14.5 percent for 2012 (Figure A).

Of the $12.3 trillion of assets reported by the 83,814 FCDCs for 2012, a small number of corporations accounted for a very large share of the assets. There were 450 FCDCs that each reported assets totaling $2.5 billion or more. Collectively, these corporations accounted for the largest amount ($10.4 trillion) and share (84.4 percent) of FCDC assets for the year.

Total receipts of FCDCs increased by 83.8 percent between 2003 ($2.6 trillion) and 2012 ($4.7 trillion), compared to a 42.1-percent increase for all corporations between 2003 ($20.7 trillion) and 2012 ($29.4 trillion). As a result, the share of the receipts reported on all corporate returns attributed to FCDCs increased from 12.4 percent for 2003 to 16.1 percent for 2012.

Receipts, Deductions, and Profits

A corporation's total receipts include all income "actually" received during the year. These receipts include business receipts, as well as investment and incidental income. Business receipts are gross operating receipts from sales and operations and frequently make up most of a corporation's total receipts. For 2012, nearly 91 percent of the total receipts reported by domestic corporations controlled by a foreign person consisted of business receipts. (See "Total receipts" and "Business receipts" in the Explanation of Selected Terms section.) Investment income includes interest, dividends, and gains on the sale or exchange of both capital and noncapital assets. Interest, in turn, includes both taxable interest from all sources and nontaxable interest on State and local government obligations. Dividends include those received from both domestic and foreign corporations.

A domestic corporation, whether controlled by a foreign person or not, could have business activities in the United States

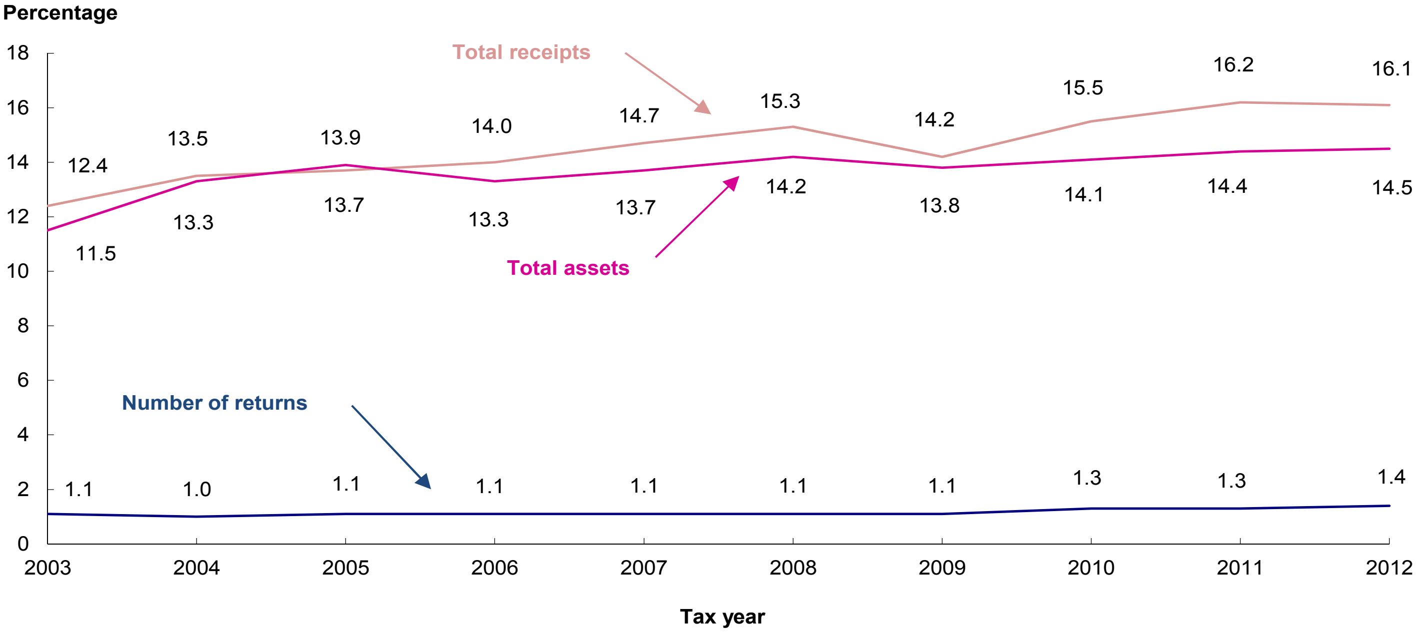
[7] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for "all corporations" exclude certain out-of-scope returns, such as returns for homeowners' associations (Form 1120-H), certain political organizations (Form 1120-POL), exempt farmers' cooperatives (Form 1120-C), and nonprofit corporations. For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income—2012, Corporation Income Tax Returns*. On the other hand, in addition to legally defined corporations, the Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies and unincorporated associations (e.g., certain partnerships, savings and loan associations, mutual savings banks, cooperative banks, and business trusts). These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. They filed Forms 1120 and were included in the SOI corporation sample.

[8] For additional information on foreign investment in the United States, see *Survey of Current Business* reports, produced by the U.S. Department of Commerce, Bureau of Economic Analysis (BEA). BEA periodically produces several articles related to this subject. Electronic versions of the articles can be obtained from the Internet at www.bea.gov/international/index.htm. The data in these reports may not be directly comparable to the information shown in this article because of definitional differences, such as those relating to periods covered, and levels of foreign ownership and company consolidation.

[9] The percentage changes in the assets between 2003 and 2012 of domestic corporations controlled by foreign persons, as well as those of all corporations, may overstate the actual "change in investment." Assets are generally reported at book value on tax returns (i.e., the value at the time of acquisition). The book value of newly acquired assets is generally greater than the book value of similar assets they replaced.

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 2003–2012



SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

and foreign countries. The estimates for total receipts include business activities in the U.S. and certain foreign activities as reported on tax returns of domestic corporations. The latter include the receipts of foreign branch operations of domestic companies and dividends remitted to U.S. corporations by their foreign subsidiaries.

In this article, FCDC receipts and deductions do not include amounts generated by their foreign parent or other related foreign companies. However, FCDCs could have had business transactions with their related foreign companies. Receipts and deductions stemming from these transactions are included in the statistics.[10]

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

All 83,814 FCDCs collectively produced $4.7 trillion of total receipts for Tax Year 2012; however, a small portion of these corporations accounted for most of this amount. There were 1,756 large corporations (defined as those that each produced at least $250 million of business receipts) that accounted for $4.1 trillion of total receipts, or over 87 percent of all FCDC receipts.

FCDCs reported $4.6 trillion of total deductions for 2012, only 1.2 percent more than that of the previous year (compared to total receipts that increased by 2.9 percent). See Figure B. Cost of goods sold made up over two-thirds of total deductions. This deduction item included the costs incurred by corporations in producing the goods or providing the services that generated their business receipts. Costs of materials used in manufacturing and of goods purchased for resale, as well as direct labor costs and a portion of overhead expenses, were included in the cost of goods sold. (See "Total deductions" and "Cost of goods sold" in the Explanation of Selected Terms section.)

It is noteworthy to look at the "gross profit" of FCDCs. Gross profit is the difference between business receipts and cost of goods sold. Two important industrial sectors for FCDCs, manufacturing and wholesale trade, accounted for most of the business receipts and cost of goods sold. In manufacturing, FCDCs reported $.78 of cost of goods sold for every dollar of business receipts, while the amount was $.75 for all other corporations

[10] For the most recent detailed information on transactions between "foreign-owned domestic corporations" and their related foreign persons, see Goodwin, Isaac J., "Transactions Between Large Foreign-Owned Domestic Corporations and Related Foreign Persons, 2008," *Statistics of Income Bulletin*, Fall 2012, Volume 32, Number 2. The data contained in that article are not completely comparable to the data contained in this article, since they cover different periods and are for U.S. corporations owned (25 percent or more) by a foreign person. By contrast, the foreign ownership level used for the FCDC statistics shown in this article was 50 percent or more. Additionally, returns included in the "foreign-owned" study showed total receipts of $500 million or more and reported transactions with related foreign persons on Form 5472, *Information Return of a 25-Percent Foreign-Owned U.S. Corporation or a Foreign Corporation Engaged in a U.S. Trade or Business.* Neither of these conditions was a requirement for inclusion in the FCDC study.

Figure B

Selected Items of Foreign-Controlled Domestic Corporations, Tax Years 2011–2012

[Money amounts are in millions of dollars]

Selected item	Tax year		Percentage change
	2011	2012	
	(1)	(2)	(3)
Number of returns, total	**76,793**	**83,814**	**9.1**
With net income	33,358	34,736	4.1
With total income tax after credits	24,121	23,418	-2.9
Total assets	**11,732,552**	**12,277,447**	**4.6**
Net worth	2,435,171	2,808,971	15.4
Total receipts	**4,586,774**	**4,721,115**	**2.9**
Business receipts	4,203,240	4,284,239	1.9
Interest [1]	161,850	143,242	-11.5
Royalties	19,677	20,787	5.6
Dividends received from domestic corporations	4,210	5,682	35.0
Dividends received from foreign corporations	7,457	15,368	106.1
Total deductions	**4,511,644**	**4,563,917**	**1.2**
Cost of goods sold	3,099,807	3,147,347	1.5
Compensation of officers	19,489	20,108	3.2
Salaries and wages [2]	294,768	318,042	7.9
Interest paid	134,886	126,534	-6.2
Depreciation	144,567	122,717	-15.1
Total receipts less total deductions	**75,129**	**157,198**	**109.2**
Constructive taxable income from related foreign corporations, total	**6,365**	**11,959**	**87.9**
Includable income of controlled foreign corporations	2,588	3,435	32.7
Foreign dividend income resulting from foreign taxes deemed paid	3,777	8,524	125.7
Net income (less deficit)	**79,803**	**167,052**	**109.3**
Net income	166,514	238,934	43.5
Deficit	-86,710	-71,882	-17.1
Statutory special deductions, total	**41,540**	**71,070**	**71.1**
Net operating loss deduction	33,610	62,712	86.6
Income subject to tax	**130,503**	**174,151**	**33.4**
Total income tax before credits	**46,252**	**61,851**	**33.7**
Income tax	45,500	60,707	33.4
Alternative minimum tax	718	1,110	54.6
Total credits	**10,555**	**16,598**	**57.3**
Foreign tax credit	7,966	12,885	61.7
General business credit	2,181	2,775	27.2
Total income tax after credits	**35,705**	**45,240**	**26.7**

[1] Excludes nontaxable interest received on State and local government obligations.
[2] Excludes amounts included in cost of goods sold.
NOTE: Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

classified in this sector, excluding S corporations because their income or losses are passed through to their shareholders. Thus, FCDCs as a group had smaller gross profits than other corporations, $.22 compared to $.25 for every dollar of business receipts. In wholesale trade, FCDCs as a group reported cost of goods sold of $.85 for every dollar of business receipts. The amount was slightly less ($.82) for all other corporations classified in this sector (again, excluding S corporations). As a result, FCDCs had smaller gross profits ($.15) than other wholesalers ($.18), for every dollar of business receipts. Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2012, Corporation Income Tax Returns,* IRS Publication 16.

The resulting difference between total receipts and total deductions more than doubled to $157.2 billion for 2012, up from $75.1 billion for 2011. By comparison, total receipts less total deductions reported on all U.S. corporate income tax returns increased by 36 percent between 2011 and 2012.

FCDCs total receipts less total deductions equaled $157.2 billion for 2012, while net income (less deficit) amounted to $167.1 billion. Total receipts less total deductions include all income actually received by corporations, while net income (less deficit) focuses on taxable sources of corporate income, including "constructive" taxable income, which is made up of includable income from foreign corporations owned by U.S. shareholders and foreign dividend gross-up. (See "Constructive taxable income from related foreign corporations" in the Explanation of Selected Terms section for discussions of these terms.) Also, unlike total receipts less total deductions, net income (less deficit) excludes nontaxable interest on State and local government obligations.[11] For 2012, FCDCs reported $12.0 billion of constructive taxable income, and received $2.1 billion of nontaxable interest on State and local government obligations. Both components of constructive taxable income increased for 2012, especially foreign dividend income resulting from foreign taxes deemed paid, also called foreign dividend gross-up (from $3.8 billion for 2011 to $8.5 billion for 2012).

Net income (less deficit) reported by FCDCs more than doubled to $167.1 billion for 2012, up from $79.8 billion for the previous year. In comparison, net income (less deficit) reported on all corporation income tax returns increased 34 percent to $1.8 trillion for 2012, up from $1.3 trillion reported for 2011.

The total FCDC net income (less deficit) reported for 2012 ($167.1 billion) resulted from 34,736 corporations collectively reporting $238.9 billion of positive net income and 49,078 companies reporting $71.9 billion of deficits.[12] Thus, more than four out of every ten (41 percent) domestic corporations with foreign owners reported a positive net income. In comparison, nearly 61 percent of all corporations filing U.S. income tax returns reported a positive net income for the year.

The percentage of FCDCs reporting positive net income varied greatly among the different industrial groups. At the industrial sector level, the portion reporting positive net income ranged from a low of 22 percent for mining companies to a high of 89 percent for health care and social assistance companies. For the more predominant sectors of FCDCs, the percentages of profitable companies were 52 percent for manufacturing and 56 percent for wholesale trade.

Deficits amounting to $71.9 billion for 2012 could be carried back or carried forward to other tax years, under prescribed rules, to reduce the taxable income of those years. (See "Net operating loss deduction" (NOL) in the Explanation of Selected Terms section.) Net operating losses carried back to Tax Year 2012 from 2013 and beyond, and reported on Forms 1120X and 1139, are not included in the statistics shown in this article.[13] However, NOLs carried forward to Tax Year 2012 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For many corporations, taxable income (i.e., "income subject to tax") is generally equal to positive net income less statutory special deductions.[14] Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For FCDCs in 2012, the difference between the $238.9 billion of positive net income and $174.2 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was $62.7 billion and accounted for most (88 percent) of the $71.1 billion of total statutory special deductions. In calculating taxable income for 2012, FCDCs reduced their positive net incomes 26 percent using NOLs carried over from prior years. NOLs of taxable years prior to 2012 could first be carried back 2 years to reduce the taxable income of those years. Any remaining amounts of NOLs not used to decrease taxable income of those years, could be carried forward to offset taxable income for up to 20 years, including taxable income for 2012.

For 2012, foreign-controlled domestic corporations reported $174.2 billion of taxable income. This was the base on which $60.7 billion of income tax was computed. The $61.9 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus alternative minimum tax and certain other taxes. The alternative minimum tax was $1.1 billion. The remaining taxes comprised a very small part of the total.

Tax credits totaling $16.6 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from $61.9 billion to $45.2 billion for 2012. The largest credits claimed were foreign tax credits ($12.9 billion) and general business credits ($2.8 billion). Total U.S. income tax after credits ($45.2 billion) represents the tax liability as originally reported by taxpayers. However, this amount may differ from the actual income tax collected and the final income tax liability of corporations for the year. The originally reported tax liability does not take into account either: (1) IRS adjustments made as a result of

[11] In general, the computation of net income (less deficit) can be shown as follows:
Begin With: Total Receipts (includes Business Receipts)
Less: Total Deductions (includes Cost of Goods Sold)
Equals: Total Receipts Less Total Deductions
Plus: Constructive Taxable Income from Related Foreign Corporations (includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-Up)
Less: Nontaxable Interest on State and Local Government Obligations (included in Total Receipts, above)
Equals: Net Income (Less Deficit)

[12] The 49,078 companies reporting a deficit may include a small number of "break-even" companies, i.e., those whose receipts and deductions were equal.

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

[14] There were certain exceptions to the relationship of positive net income minus statutory special deductions equaling taxable income. The tax bases of S corporations and life insurance companies were not defined as net income less statutory special deductions. Rather, these types of corporations computed taxable income using special provisions of the Internal Revenue Code. S corporations were usually not taxable at the corporate level and, thus, did not have taxable income. Some, however, did have a limited tax liability on capital gains. The taxable income of life insurance companies was based on changes in reserve accounts. Also, regulated investment companies and real estate investment trusts generally passed their net incomes on to be taxed at the shareholder level; but any taxable amounts not distributed were included in income subject to tax.

Figure C
Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2012

[Money amounts are in millions of dollars]

Industrial sector	Returns: Number	Returns: Percentage of total	Total assets: Amount	Total assets: Percentage of total	Total receipts: Amount	Total receipts: Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	**83,814**	**100.0**	**12,277,447**	**100.0**	**4,721,115**	**100.0**
Agriculture, forestry, fishing, and hunting	525	0.6	10,496	0.1	11,062	0.2
Mining	896	1.1	335,852	2.7	120,886	2.6
Utilities	207	0.2	146,758	1.2	52,282	1.1
Construction	1,459	1.7	52,298	0.4	46,966	1.0
Manufacturing	7,687	9.2	2,815,087	22.9	2,146,906	45.5
Wholesale and retail trade	22,796	27.2	820,345	6.7	1,336,699	28.3
Wholesale trade	19,260	23.0	710,810	5.8	1,160,458	24.6
Retail trade	3,536	4.2	109,535	0.9	176,241	3.7
Transportation and warehousing	1,810	2.2	87,491	0.7	71,340	1.5
Information	3,721	4.4	219,477	1.8	109,759	2.3
Finance and insurance	3,225	3.8	5,523,515	45.0	446,155	9.5
Real estate and rental and leasing	20,315	24.2	198,585	1.6	30,226	0.6
Professional, scientific, and technical services	10,913	13.0	235,423	1.9	148,738	3.2
Management of companies (holding companies)	4,979	5.9	1,676,146	13.7	78,441	1.7
Administrative and support and waste management and remediation services	1,319	1.6	58,756	0.5	54,451	1.2
Educational services	93	0.1	5,134	[1]	2,429	0.1
Health care and social assistance	316	0.4	23,645	0.2	15,040	0.3
Arts, entertainment, and recreation	1,389	1.7	13,556	0.1	7,829	0.2
Accommodation and food services	1,165	1.4	50,481	0.4	36,505	0.8
Other services	998	1.2	4,403	[1]	5,401	0.1

[1] Less than 0.05 percent.
NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

tax examinations or enforcement activities, or (2) amended or superseded returns filed by the corporations. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits earned in future tax years.

The percentage of FCDCs reporting U.S. tax liabilities (i.e., total income tax after credits) for 2012 was 27.9 percent, down from 31.4 percent for 2011. However, the amount of tax liability reported by these FCDCs increased to $45.2 billion for 2012, up 26.7 percent from $35.7 billion for 2011.[15]

Industry Characteristics

For 2012, foreign-controlled domestic corporations were involved in each of the 19 industrial sectors (treating wholesale trade and retail trade as separate sectors) listed in Figure C. However, 69 percent (58,175) of FCDCs reported primary business activities in one of four industrial sectors: (1) real estate and rental and leasing (20,315); (2) wholesale trade (19,260); (3) professional, scientific, and technical services (10,913); and (4) manufacturing (7,687). By comparison, relatively few FCDCs were primarily involved in health care and social assistance (316), utilities (207), or educational services (93). The Data Sources and Limitations section discusses how returns were classified by industry.[16]

The financial characteristics of companies often differ across industries. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets (valued as of the end of their accounting periods), resulting in $1.63 of receipts for each dollar of end-of-year assets for 2012. By comparison, credit intermediation companies reported

[15] One focus of this article is U.S. total income tax after credits. The reader might choose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. There are limitations in using this procedure, and the foreign tax credit only approximates the foreign tax liabilities of the corporations. For the most recent statistics covering corporate foreign tax credits in depth, see Luttrell, Scott, "Corporate Foreign Tax Credit, 2010," *Statistics of Income Bulletin,* Fall 2014, Volume 34, Number 2. In addition, foreign tax credit data are included on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Corporate-Foreign-Tax-Credit-Statistics.

[16] Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 26.0 percent and 25.2 percent of the receipts of all companies classified as wholesalers and manufacturers, respectively. However, these percentages may overstate the FCDC portion of wholesaling and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of the same product(s) and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies were classified in the wholesale trade industrial sector. See the Data Sources and Limitations section for additional information about industrial classification limitations.

Figure D

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2012

[Money amounts are in millions of dollars]

Industrial sector	Total receipts				
	All corporations [2]	All corporations other than Forms 1120S and 1120-F [2, 3]	Foreign-controlled domestic corporations		
			Amount	As a percentage of --	
				All corporations [2]	All corporations other than Forms 1120S and 1120-F [2, 3]
	(1)	(2)	(3)	(4)	(5)
All industries [1]	**29,403,675**	**22,655,743**	**4,721,115**	**16.1**	**20.8**
Agriculture, forestry, fishing, and hunting	207,788	89,435	11,062	5.3	12.4
Mining	505,457	446,486	120,886	23.9	27.1
Utilities	533,516	525,691	52,282	9.8	9.9
Construction	1,211,895	413,118	46,966	3.9	11.4
Manufacturing	8,513,136	7,679,456	2,146,906	25.2	28.0
Wholesale and retail trade	8,305,550	5,508,400	1,336,699	16.1	24.3
Wholesale trade	4,460,620	2,993,908	1,160,458	26.0	38.8
Retail trade	3,844,930	2,514,492	176,241	4.6	7.0
Transportation and warehousing	844,429	603,721	71,340	8.4	11.8
Information	1,147,158	1,063,369	109,759	9.6	10.3
Finance and insurance	3,615,371	3,430,528	446,155	12.3	13.0
Real estate and rental and leasing	372,901	264,350	30,226	8.1	11.4
Professional, scientific, and technical services	1,195,356	693,388	148,738	12.4	21.5
Management of companies (holding companies)	785,851	750,292	78,441	10.0	10.5
Administrative and support and waste management and remediation services	533,668	301,747	54,451	10.2	18.0
Educational services	68,230	39,574	2,429	3.6	6.1
Health care and social assistance	723,849	424,798	15,040	2.1	3.5
Arts, entertainment, and recreation	118,158	53,819	7,829	6.6	14.5
Accommodation and food services	505,495	282,654	36,505	7.2	12.9
Other services	215,855	84,905	5,401	2.5	6.4

[1] Includes small amounts for "Nature of business not allocable," which is not shown separately.
[2] Includes returns of foreign-controlled domestic corporations (FCDCs).
[3] Form 1120S is entitled *U.S. Income Tax Return for an S Corporation* and Form 1120-F is entitled *U.S. Income Tax Return of a Foreign Corporation.* Forms 1120S reported $6.6 trillion of total receipts and Forms 1120-F reported $0.2 trillion of total receipts.
NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only $.07 of receipts for each dollar of end-of-year assets (Table 2).

Corporations classified in the real estate and rental and leasing industrial sector reported less than 2 percent of the assets and less than 1 percent of the receipts of all FCDCs. These percentages were in sharp contrast to over 24 percent of the FCDC returns that they filed. Corporations in this sector were usually small, with reported average assets of $9.8 million and average receipts of $1.5 million.

Corporations classified as wholesalers accounted for a significant portion of the returns filed (23 percent) and total receipts produced (nearly 25 percent) for all FCDCs. However, these companies reported only 6 percent of the total FCDC assets.

For the professional, scientific, and technical services industrial sector, corporations reported only 2 percent of the assets and 3 percent of the receipts of all FCDCs. Both percentages are significantly lower than the portion of total FCDC returns (13 percent) this service sector represented. These service corporations were often small, with reported average amounts of assets of $21.6 million and receipts of $13.6 million.

Manufacturing corporations filed 9 percent of all FCDC returns for 2012. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (23 percent) and receipts (45 percent). These corporations were often large, with reported average amounts of assets of $366.2 million and receipts of $279.3 million.

While corporations in the finance and insurance industrial sector composed only 4 percent of total returns filed by FCDCs for 2012, they accounted for the largest share of total assets (45 percent) reported for any of the industrial sectors. Additionally, finance and insurance companies accounted for 9 percent of total FCDC receipts for the year.

Management (or holding) companies contributed a significant portion of FCDC total assets (14 percent). However, this sector accounted for just 6 percent of returns filed by FCDCs and 2 percent of receipts.

For 2012, foreign-controlled domestic corporations accounted for 16.1 percent of the total receipts reported by all corporations ($29.4 trillion) and 20.8 percent of the receipts of all corporations excluding Forms 1120S and 1120-F ($22.7 trillion). Figure D includes data for all corporations except

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

FCDCs played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (26.0 percent of all corporations and 38.8 percent of all corporations, except for Forms 1120S and 1120-F), manufacturing (25.2 percent and 28.0 percent), and mining (23.9 percent and 27.1 percent). Conversely, FCDC involvement in a number of other business activities was relatively low, accounting for a small percentage of receipts of companies classified in educational services (3.6 percent of all corporations and 6.1 percent of all corporations, except for Forms 1120S and 1120-F), other services (2.5 percent and 6.4 percent), and health care and social assistance (2.1 percent and 3.5 percent).

For analytical purposes, FCDC industrial data at the sector level can be broken down into more specific industrial classifications. In general, sectors are composed of major groups, which in turn are made up of minor industries. For 2012, FCDCs in 11 minor industries accounted for 50 percent or more of the total receipts of all corporations of each of those industries. Manufacturers (six) made up the largest portion of these minor industries, followed by wholesalers (two), and finance, information and mining (one each) (Figure E). The minor industry in which FCDCs accounted for the largest portion of receipts was breweries with 76 percent of the industry total receipts ($22.9 billion). FCDCs primarily involved in the manufacture of audio and video equipment followed with 64 percent of the industry receipts ($28.9 billion), and FCDCs dealing in commodity contracts and brokerage also had 64 percent of the industry receipts ($4.2 billion). Of the 11 minor industries, the manufacture of motor vehicles and parts accounted for the highest amount of receipts ($714.5 billion), followed by wholesalers of electrical and electronic goods ($408.1 billion), and wholesalers of motor vehicles and parts ($275.0 billion). FCDCs produced between 51 and 53 percent (rounded) of the receipts in each of these industries.

Country Characteristics

Persons (including individuals, corporations, and other entities) resident in any country throughout the world can control U.S. corporations. As reported on the U.S. income tax returns of FCDC's, a country represents the geographic location of the foreign owner's place of residence in the case of individuals, and place of incorporation, organization, creation, or administration in the case of corporations or other entities. A foreign corporation, or a chain of related foreign corporations, is frequently the owner of a U.S. subsidiary corporation. Because a foreign corporation in the chain of related companies that directly owns the stock of a U.S. subsidiary may be located in a country other than the country of the ultimate owner, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. (See the Data Sources and Limitations section of this article for a brief discussion of the possible limitations of the data classified on a country basis.)

The United Nations shows nearly 200 separate countries or areas in the world.[17] For 2012, residents of 42 countries made up 89 percent of the domestic corporations classified as 50-percent-or-more controlled by a foreign person worldwide. The 74,627 corporations controlled by persons resident in those 42 countries accounted for nearly all FCDC financial items, including total assets, total receipts, taxable income, and total income tax after credits (Table 3).

From among these 42 countries, domestic corporations controlled by persons from just 7 countries accounted for 74 percent of the total receipts of all FCDCs. These countries, in decreasing size of receipts, are the United Kingdom, Japan, Germany, Canada, Switzerland, the Netherlands, and France (Figure F).

It is interesting to compare the top foreign countries from which persons controlled FCDCs to the top foreign countries of the Controlled Foreign Corporations (CFC) study also conducted by the Statistics of Income Division. The CFC study covers foreign corporations that are each controlled by a single U.S. corporation, i.e., one that owns more than 50 percent of its outstanding voting stock, or more than 50 percent of the value of all its outstanding stock (directly, indirectly, or constructively) for an uninterrupted period of at least 30 days during the foreign corporation's tax year. For Tax Year 2010, CFCs reported total receipts of $6.2 trillion.[18] The countries of CFC incorporation filling out the top seven positions, by decreasing size of receipts, were Canada (11.5 percent of all CFC receipts), the Netherlands (8.7 percent), the United Kingdom (8.5 percent), Bermuda (6.5 percent), Switzerland (5.5 percent), Cayman Islands (4.8 percent), and Ireland and Luxembourg (4.6 percent each). Thus, the United Kingdom, Canada, Switzerland, and the Netherlands were in the top seven countries of both the FCDC and CFC studies. Japan, Germany, and France were not in the top seven countries of the CFC study. These three countries had the following substantial differences in the percentages of total receipts between the FCDC and CFC studies: Japan (15.3 percent of FCDC receipts and 4.4 percent of CFC receipts), Germany (9.2 percent of FCDC receipts and 3.7 percent of CFC receipts), and France (6.0 percent of FCDC receipts and 2.3 percent of CFC receipts). Conversely, Bermuda, Cayman Islands, Ireland, and Luxembourg were not in the top seven countries of the FCDC study. Each of these four countries accounted for between 1.0 percent and 1.3 percent of the total FCDC receipts.

Back to focusing on the FCDC study, domestic corporations controlled by persons resident in the United Kingdom reported the highest amount of total receipts of any country ($934 billion) for 2012. These receipts represented 19.8 percent of the

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

Figure E

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Minor Industries, Tax Year 2012

[Money amounts are in millions of dollars]

Minor industry [1]	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Breweries (manufacturing), total	**402**	**96,050**	**22,480**	**22,907**	**1,870**	**1,897**	***1,540**	***526**
Foreign-controlled domestic corporations (FCDCs)	8	79,455	12,776	17,366	1,291	*1,300	*1,300	*455
FCDCs as a percentage of the total	2.0	82.7	56.8	75.8	69.0	*68.5	*84.4	*86.5
Audio and video equipment manufacturing and reproducing magnetic and optical media, total	**1,270**	**55,803**	**22,869**	**28,864**	**708**	**1,263**	**605**	**134**
Foreign-controlled domestic corporations	75	46,212	17,819	18,533	285	415	75	26
FCDCs as a percentage of the total	5.9	82.8	77.9	64.2	40.3	32.9	12.4	19.4
Commodity contracts dealing and brokerage, total	**2,372**	**63,778**	**5,628**	**4,242**	**208**	**573**	**355**	**124**
Foreign-controlled domestic corporations	104	50,578	3,966	2,710	215	291	287	100
FCDCs as a percentage of the total	4.4	79.3	70.5	63.9	103.4	50.8	80.8	80.6
Engine, turbine, and power transmission equipment (manufacturing), total	**268**	**84,853**	**32,482**	**64,641**	**3,911**	**4,396**	**4,025**	**875**
Foreign-controlled domestic corporations	56	57,413	20,392	39,621	2,111	2,296	2,212	774
FCDCs as a percentage of the total	20.9	67.7	62.8	61.3	54.0	52.2	55.0	88.5
Sound recording industries, total	**5,857**	**35,633**	**10,459**	**9,680**	**-23**	**382**	***72**	**21**
Foreign-controlled domestic corporations	55	27,636	8,924	5,559	-86	98	*7	2
FCDCs as a percentage of the total	0.9	77.6	85.3	57.4	N/C	25.7	*9.7	9.5
Rubber products (manufacturing), total	**1,168**	**53,904**	**11,136**	**67,313**	**3,148**	**3,237**	**1,904**	**694**
Foreign-controlled domestic corporations	150	28,972	5,942	36,353	1,803	1,826	1,067	485
FCDCs as a percentage of the total	12.8	53.7	53.4	54.0	57.3	56.4	56.0	69.9
Motor vehicle and motor vehicle parts and supplies (wholesale trade), total	**20,243**	**187,935**	**37,862**	**275,001**	**7,727**	**8,413**	**3,658**	**1,218**
Foreign-controlled domestic corporations	1,761	126,744	17,497	146,233	4,010	4,336	1,819	637
FCDCs as a percentage of the total	8.7	67.4	46.2	53.2	51.9	51.5	49.7	52.3
Electrical and electronic goods (wholesale trade), total	**31,885**	**215,587**	**72,488**	**408,146**	**10,076**	**12,209**	**6,218**	**1,585**
Foreign-controlled domestic corporations	2,136	117,640	30,668	216,691	4,520	5,031	3,565	1,269
FCDCs as a percentage of the total	6.7	54.6	42.3	53.1	44.9	41.2	57.3	80.1
Cement, concrete, lime and gypsum products (manufacturing), total	**3,878**	**108,428**	**52,045**	**61,550**	**-705**	**1,797**	**483**	**158**
Foreign-controlled domestic corporations	82	81,997	40,948	31,352	-1,278	510	219	85
FCDCs as a percentage of the total	2.1	75.6	78.7	50.9	N/C	28.4	45.3	53.8
Motor vehicles and parts (manufacturing), total	**6,352**	**870,633**	**265,140**	**714,473**	**25,583**	**30,120**	**10,152**	**2,194**
Foreign-controlled domestic corporations	550	409,623	132,648	361,551	5,224	6,920	5,157	1,467
FCDCs as a percentage of the total	8.7	47.0	50.0	50.6	20.4	23.0	50.8	66.9
Metal ore mining	**1,249**	**197,120**	**110,582**	**63,255**	**10,507**	**11,637**	**11,403**	**1,329**
Foreign-controlled domestic corporations	257	107,264	53,220	31,815	7,668	8,392	8,313	824
FCDCs as a percentage of the total	20.6	54.4	48.1	50.3	73.0	72.1	72.9	62.0

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

N/C—Not calculated.

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

NOTE: Percentages are computed using rounded data.

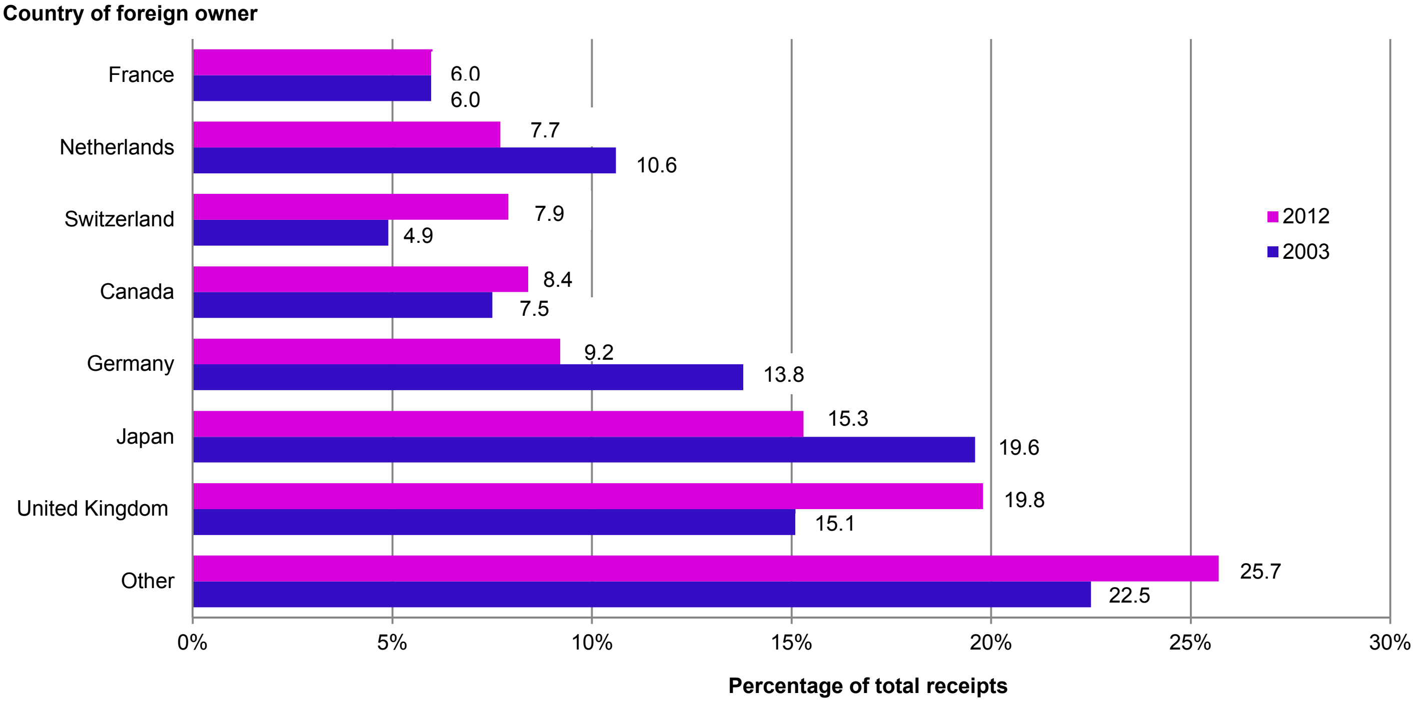
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

$4.7 trillion FCDC total (using current dollars). This percentage was substantially larger than the United Kingdom's share (15.1 percent) of the $2.6 trillion FCDC total for 2003 (again, using current dollars).

For 2012, domestic corporations with owners resident in Japan ($721 billion), Germany ($433 billion), Canada ($397 billion), Switzerland ($371 billion), the Netherlands ($364 billion), and France ($284 billion) also accounted for significant amounts of receipts. Of these six countries, Japan's portion of total receipts decreased significantly from 19.6 percent for 2003 to 15.3 percent for 2012, followed by Germany (13.8 percent down to 9.2 percent) and the Netherlands (10.6 percent down to 7.7 percent). In contrast, Canada's portion of FCDC total receipts increased from 7.5 percent for 2003 to 8.4 percent for 2012, while

Figure F

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 2003 and 2012



NOTE: In current dollars, the total amount of receipts was $2.6 trillion for 2003 and $4.7 trillion for 2012.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

Switzerland's portion increased from 4.9 percent to 7.9 percent. France's portion remained the same between 2003 and 2012 at 6.0 percent.

The portion of FCDC total receipts accounted for by countries other than the largest seven increased in size over the 10-year period, from 22.5 percent to 25.7 percent. For 2012, these countries included South Korea ($137 billion), Sweden ($71 billion), Australia and Italy ($62 billion each), Bermuda ($61 billion), Luxembourg ($58 billion), Cayman Islands ($54 billion), Mexico ($52 billion), Spain ($47 billion), Ireland ($46 billion), Israel ($44 billion), Brazil ($43 billion), and Belgium and Venezuela ($40 billion each).

Domestic corporations controlled by persons resident in the United Kingdom (U.K.) accounted for $2.7 trillion of assets, the largest portion held by any country, followed by Canada and Switzerland ($1.4 trillion each), Germany and Japan ($1.3 trillion each), the Netherlands ($1.2 trillion), and France ($1.1 trillion).

Although U.K.-controlled domestic corporations made up the largest share of total FCDC receipts and assets for 2012, Canadian-controlled domestic corporations filed the most tax returns (11,320), followed by Japanese-controlled domestic corporations (6,190), U.K.-controlled domestic corporations (5,568), German-controlled domestic corporations (4,807), and Mexican-controlled domestic corporations (4,378).

For 2012, the U.S. tax liability of all FCDCs was $45.2 billion, representing 1.0 percent of total receipts reported by all FCDCs ($4.7 trillion) for the year. U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability ($6.2 billion), followed by Japanese-controlled corporations ($5.8 billion) and Netherlands-controlled corporations ($5.5 billion). For U.K.-controlled corporations, tax liabilities were 0.7 percent of their $934 billion of receipts. Tax liabilities as a percent of receipts were 0.8 percent for Japanese-controlled corporations, while Netherlands-controlled corporations paid 1.5 percent of their receipts in U.S. income taxes. Many factors, including differences in industrial apportionments and age apportionments (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

There are other limitations in calculating total income taxes after credits (i.e., U.S. tax liabilities) as percentages of total receipts. Some examples include nontaxable interest received on State and local government obligations, which is included in total receipts, but is not included in income subject to tax or total income tax. On the other hand, constructive taxable income from related foreign corporations is not included in total receipts, but is part of the income subject to tax calculation and, thus, might produce income tax. Net operating losses are statutory special deductions used to reduce taxable income in the current year. However, the statistics for these losses come from prior years carried forward to the current year; they are not related to the current-year total receipts statistics. Other examples of items that affect current-year U.S. tax liabilities, but have no

Figure G

Foreign-Controlled Domestic Corporations: Selected Items for Top Seven Countries, by Selected Industries, Tax Year 2012

[Money amounts are in millions of dollars]

Country and industry	Total assets	Total receipts	Total deductions	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits	
							Amount	As a percentage of total receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United Kingdom, total	**2,685,077**	**934,093**	**903,113**	**33,710**	**42,880**	**34,346**	**6,175**	**0.7**
Manufacturing	874,639	644,184	628,712	16,390	21,300	18,185	2,270	0.4
Petroleum and coal products manufacturing	671,247	523,227	517,168	6,796	11,036	11,035	71	[1]
Japan, total	**1,277,044**	**720,834**	**699,121**	**22,472**	**28,101**	**21,241**	**5,765**	**0.8**
Manufacturing	309,282	350,657	342,325	8,582	10,723	7,923	2,504	0.7
Transportation equipment manufacturing	190,734	229,292	225,840	3,504	4,374	3,644	1,038	0.5
Wholesale trade	182,499	281,407	273,681	8,299	9,478	7,609	1,703	0.6
Wholesale trade, durable goods	135,109	223,758	218,821	5,484	6,297	4,698	1,040	0.5
Germany, total	**1,276,169**	**432,871**	**414,496**	**19,149**	**22,996**	**14,450**	**4,436**	**1.0**
Manufacturing	340,801	191,781	186,207	5,904	8,278	7,127	2,105	1.1
Machinery manufacturing	77,912	53,858	51,573	2,496	3,294	3,171	911	1.7
Transportation equipment manufacturing	176,703	69,611	68,868	750	948	263	85	0.1
Wholesale trade	101,505	101,591	98,013	3,583	3,996	1,552	527	0.5
Wholesale trade, durable goods	91,104	85,152	81,871	3,284	3,438	1,150	389	0.5
Finance and insurance	709,786	51,977	46,298	5,936	5,984	2,734	821	1.6
Canada, total	**1,392,332**	**397,374**	**391,311**	**6,011**	**16,851**	**11,395**	**3,721**	**0.9**
Manufacturing	104,575	121,590	117,439	4,215	5,635	3,786	1,217	1.0
Wholesale trade	71,627	71,062	69,755	1,329	1,940	1,189	382	0.5
Wholesale trade, nondurable goods	58,755	46,091	45,424	689	1,137	588	193	0.4
Finance and insurance	621,493	73,382	72,148	1,041	2,507	1,117	551	0.8
Insurance carriers and related activities	513,876	69,396	69,183	23	1,348	670	397	0.6
Switzerland, total	**1,403,707**	**370,664**	**346,960**	**24,225**	**26,750**	**14,279**	**4,519**	**1.2**
Manufacturing	190,528	119,995	109,450	10,671	11,486	10,402	3,413	2.8
Chemical manufacturing	85,430	55,433	47,192	8,253	8,276	7,979	2,604	4.7
Wholesale trade	32,172	145,454	144,482	968	1,237	976	326	0.2
Wholesale trade, nondurable goods	20,605	126,728	126,293	435	585	481	161	0.1
Finance and insurance	1,121,898	64,542	53,286	11,578	12,232	1,576	417	0.6
Netherlands, total	**1,187,148**	**364,287**	**342,348**	**25,107**	**27,599**	**22,866**	**5,523**	**1.5**
Manufacturing	268,347	138,940	130,943	10,982	11,677	11,196	1,747	1.3
Chemical manufacturing	95,728	70,882	66,774	5,134	5,461	5,380	824	1.2
Retail trade	19,765	37,467	37,021	447	483	411	52	0.1
Finance and insurance	603,344	71,825	68,076	3,736	3,787	969	307	0.4
Insurance carriers and related activities	484,080	67,493	65,551	1,928	1,928	430	153	0.2
France, total	**1,114,917**	**284,392**	**271,982**	**12,710**	**16,178**	**11,753**	**3,540**	**1.2**
Manufacturing	213,404	133,614	128,245	5,509	6,298	4,828	1,380	1.0
Petroleum and coal products manufacturing	17,994	33,853	33,803	52	52	1	1	[1]
Wholesale trade	34,080	43,487	42,619	892	1,437	1,282	418	1.0
Wholesale trade, durable goods	14,506	29,142	28,772	386	496	426	131	0.4
Finance and insurance	652,223	34,807	31,960	2,871	3,124	1,129	353	1.0

[1] Less than 0.05 percent.

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

relationship to current-year total receipts are carryovers from prior years of excess foreign tax credits and excess general business credits. Each of these items would need to be considered in a detailed study comparing total receipts and total income taxes after credits, which is not the scope of this article.

Combined Country and Industry Characteristics

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

For the United Kingdom, manufacturing was the predominant industrial sector, producing 69 percent of its total $934 billion of receipts for 2012. More specifically, manufacturers of petroleum and coal products accounted for the most receipts of any major industrial group, producing $523 billion, or 56 percent of the country's total receipts.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the $721 billion of receipts: manufacturing (49 percent of the total) and wholesale trade (39 percent). More specifically, transportation equipment manufacturing was the leading major industrial group, producing 32 percent of the total receipts for this country. Following closely was wholesale trade of durable goods with 31 percent of the receipts.

Like those companies controlled by residents of Japan, German-controlled corporations were primarily concentrated in manufacturing, with 44 percent of the $433 billion of receipts for that country, and in wholesale trade with 23 percent. Within manufacturing, transportation equipment manufacturers (16 percent of the country total) and machinery manufacturers (12 percent) produced the most receipts. Wholesale trade of durable goods produced 20 percent of the country total. Finance and insurance (12 percent) was a third predominant industrial sector.

Canadian-controlled corporations were primarily distributed in the manufacturing (31 percent of the $397 billion of receipts for the country), finance and insurance (19 percent), and wholesale trade (18 percent) industrial sectors. More specifically, insurance carriers reported 17 percent and wholesalers of nondurable goods reported 12 percent of the total receipts.

For Switzerland, the wholesale trade sector accounted for 39 percent of the country's total receipts ($371 billion), followed by manufacturing (32 percent), and finance and insurance (17 percent). Switzerland was the only country of the top seven in which wholesale trade (not manufacturing) was the leading sector in producing receipts. More specifically, wholesale trade of nondurable goods (34 percent of the total) was the leading major industry. Another important major industry was chemical manufacturers (15 percent of the total).

For the Netherlands, manufacturing was the largest industrial sector with 38 percent of the total receipts ($364 billion), followed by finance and insurance (20 percent) and retail trade (10 percent). Chemical manufacturers and insurance carriers each reported 19 percent of the total receipts for the country, the largest portions of all the major industrial groups.

French manufacturers produced the largest percentage (47 percent) of the $284 billion of the country's receipts, followed by wholesale trade (15 percent) and finance and insurance (12 percent). More specifically, petroleum and coal products manufacturers produced 12 percent and wholesalers of durable goods produced 10 percent of the receipts for the country.

Age Characteristics

There are two groups of FCDC's based on the age of each corporation. A "new" corporation is defined as having been incorporated in 2010 or after, as reported on the FCDC's income tax return. An "old" corporation is defined as having been incorporated in or prior to 2009, or with an unknown (i.e., unreported) date of incorporation (Figure H).[19]

The year of incorporation may be somewhat unreliable as an indicator of the true age of corporations. For example, a consolidated return may include companies that fall into both the new and old categories. However, the return (including all of the financial information contained in it) was classified based on the year of incorporation of the parent company. Another example is the reorganization of an existing corporation into a new corporation, which results in a recent year of incorporation, even though it is an "old" business. An additional limitation is that the year of incorporation is difficult to verify during statistical processing because there are no other items to which it can be compared on a tax return, and recourse to other sources is not always practical. Thus, it is subject to higher levels of taxpayer reporting and data entry errors, as compared to statistical items that can be evaluated against other reported items.

For 2012, there were 23,707 returns of FCDCs incorporated in 2010 or later (Table 3). These returns of "new" corporations comprised over 28 percent of all FCDC's returns. Five industrial sectors accounted for most of these new corporations: real estate and rental and leasing (7,730 returns); wholesale trade (4,199); professional, scientific, and technical services (3,381); management of companies (1,740); and manufacturing (1,343). The major industries that accounted for the largest number of new FCDCs were real estate (7,626) and wholesale trade of durable goods (3,223).

Nearly 72 percent of FCDCs were incorporated prior to 2010 and, therefore, were considered "old" corporations. These corporations accounted for 91 percent of the FCDC assets and 94 percent of the receipts and, thus, tended to be larger than the new corporations. Of all FCDCs, old companies also reported nearly 92 percent of the net profits (i.e., net income less deficit), 90 percent of positive profits (i.e., net income), and 85 percent of deficits.

Nearly half (48 percent) of the old FCDCs reported positive profits for 2012. By comparison, only 25 percent of the new FCDCs reported positive profits. Among other factors, newer companies may have needed additional time to generate streams of receipts and they may have had more expenses (including startup costs) relative to their receipts, as compared to older companies.

Because old corporations accounted for 90 percent of the positive profits of all FCDCs, these companies also reported most of the U.S. taxable income (89 percent) and U.S. tax liabilities after credits (88 percent) of all FCDCs. The old corporations had $39.6 billion of tax liabilities after credits, equaling 0.9 percent of their total receipts. The new corporations had $5.6 billion of tax liabilities after credits, equaling 2.1 percent of their total receipts. Deductions for net operating losses of prior years (90 percent of the total $62.7 billion reported by all FCDCs) and tax credits (94 percent of the total $16.6 billion) were claimed mostly by old corporations. NOLs and tax credits reduced the amounts of U.S. tax liabilities after credits reported by FCDCs.

Summary

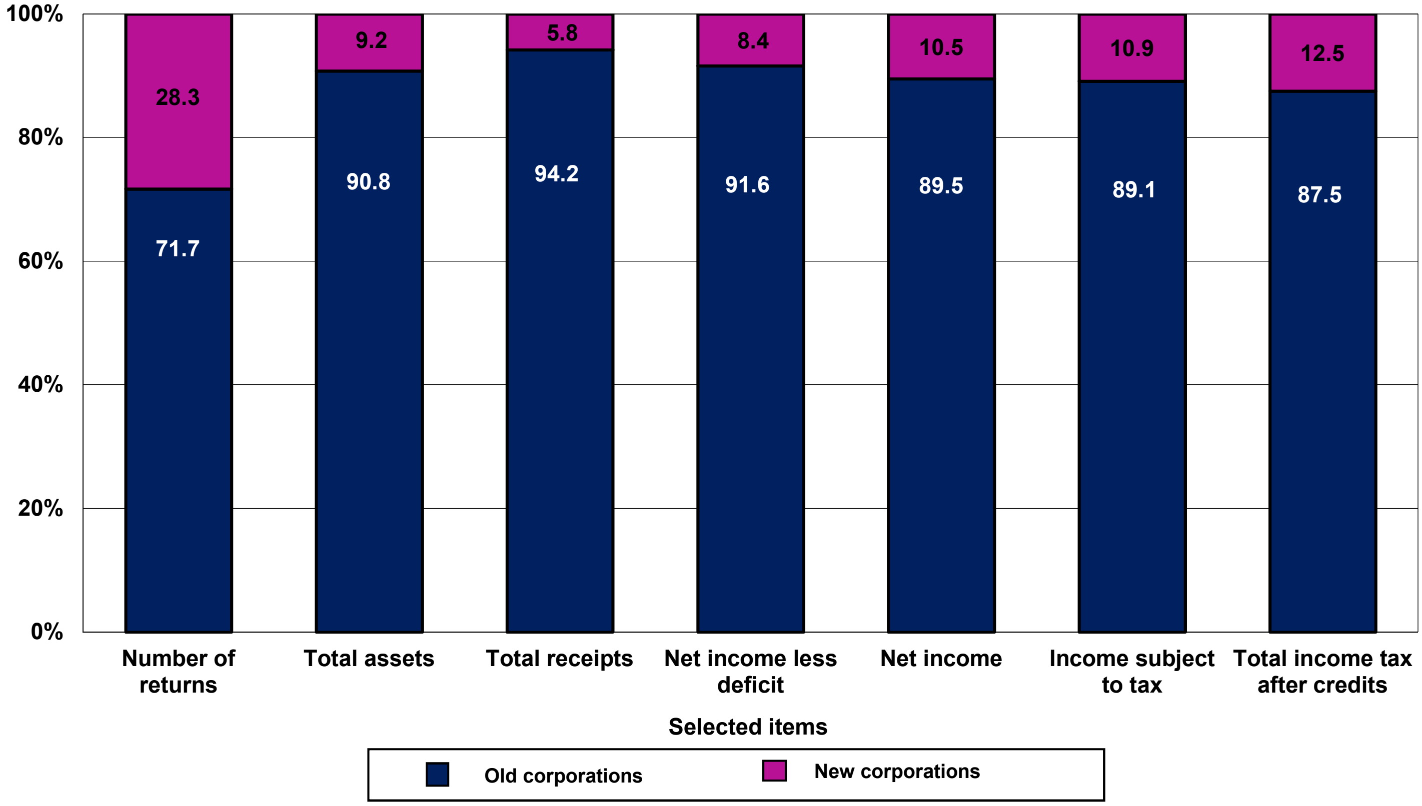
Foreign-controlled domestic corporations accounted for only 1.4 percent of all corporation income tax returns filed for Tax Year 2012. This percentage is much smaller than the percentages of assets (14.5 percent) and receipts (16.1 percent) that FCDCs produced.

The value of FCDC assets increased for 2012, as did the value of assets for all corporations. FCDC assets totaled $12.3 trillion for 2012, a 4.6-percent increase from the previous year.

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

Figure H

Foreign-Controlled Domestic Corporations: Distribution of Selected Items by Age of Corporations, Tax Year 2012



NOTE: "New" corporations were those with dates of incorporation between 2010 and 2013; "old" corporations were those with dates of incorporation prior to 2010 or with unknown dates of incorporation.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

By comparison, all corporations reported a total of $85.0 trillion of assets for 2012, a 4.5-percent increase over the previous year. FCDCs accounted for 14.5 percent of total corporate assets for 2012, up very slightly from 14.4 percent for 2011.

Foreign business activity in the United States through FCDCs increased for Tax Year 2012. FCDCs reported $4.7 trillion of total receipts for the year, a 2.9-percent increase over the 2011 level. Total receipts reported on all U.S. corporation income tax returns also increased, by a larger percentage (3.8 percent). As a result, the share of total corporate receipts accounted for by FCDCs decreased from 16.2 percent for 2011 to 16.1 percent for 2012.

Manufacturing and wholesale trade, 2 of the 19 industrial sectors, generated 70 percent of the $4.7 trillion of total FCDC receipts. Manufacturers produced $2.1 trillion of receipts, while wholesalers accounted for an additional $1.2 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of $934 billion, or 19.8 percent of the total FCDC receipts. In addition, FCDCs owned by persons in Japan (15.3 percent), Germany (9.2 percent), Canada (8.4 percent), Switzerland (7.9 percent), the Netherlands (7.7 percent), and France (6.0 percent) accounted for significant portions of receipts.

FCDCs increased their receipts between 2011 and 2012 by a larger percentage than that of their deductions, thereby increasing the net difference between total receipts and total deductions. Both total receipts less total deductions and net income less deficit increased 109 percent between the 2 years. The collective net income (less deficit) reported by foreign-controlled domestic corporations increased from $79.8 billion for 2011 to $167.1 billion for 2012. To place the performance of FCDCs in context, total corporate net profits increased 34 percent, from $1.3 trillion for 2011 to $1.8 trillion for 2012. FCDCs accounted for 9.4 percent of the net profits of all U.S. corporations for 2012, up from 6.0 percent for the previous year.

The FCDC aggregate profits (i.e., net income) increased between 2011 and 2012, while aggregate deficits decreased during this period. Net income increased by 43.5 percent, from $166.5 billion to $238.9 billion. Deficits decreased by 17.1 percent, from $86.7 billion to $71.9 billion.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the same direction from that of net income, increasing 26.7 percent, from $35.7 billion for 2011 to $45.2 billion for 2012. While net income increased by 43.5 percent between the 2 years, the smaller 26.7-percent increase in tax liability also reflects increases in NOLs (up 86.6 percent) and foreign tax credits (up 61.7 percent) between the 2 years.

To place the FCDC tax liability in perspective, the U.S. tax liabilities of all corporations were about 21.3 percent higher for

2012 compared to the previous year. Thus, the FCDC's share of total corporate post-credit U.S. tax liabilities increased from 16.2 percent for 2011 to 16.9 percent for 2012. These latter percentages should be considered knowing that total corporate post-credit U.S. tax liabilities include only very small amounts from S corporations, even though these corporations accounted for large portions of the number of returns filed by all corporations and to a lesser extent their accompanying total receipts (Appendix A).

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—2012, Corporation Income Tax Returns*, IRS Publication 16.

Alternative minimum tax—This tax was designed to ensure that a taxpayer with substantial economic income would have at least a minimum amount of income tax liability in spite of the legitimate use of exclusions, deductions, and credits. In effect, it provided a second tax system that curtailed or eliminated many of the means of reducing taxes allowed in the regular tax system and taxed the resulting alternative taxable income at a reduced rate. Small corporations and new corporations were exempt from the AMT. The AMT is included in the amounts reported for both total income tax before (and after) credits.

Balance sheets—The balance sheet data presented in this article were the amounts reported by the taxpayer as of the end of the taxpayer's accounting year. Taxpayers were instructed to provide data that agreed with their books of account, but were given very few other guidelines. Thus, the statistics for balance sheets contained more reporting variability than those for income statement and tax computation items. Since balance sheet data were from the taxpayer's books, they were normally governed by generally accepted accounting principles rather than the special rules of tax accounting. A number of steps were taken during statistical processing to reduce the variability due to taxpayer reporting practices. Misreported amounts were transferred to their proper accounts. Missing balance sheets were either supplied from reference books or statistically imputed based on other data and the company's characteristics. Some balance sheets were suppressed during statistical processing, including those for final returns of corporations going out of existence because they should have had either zero assets (if liquidating) or assets included in another corporation's return (if merging). Additionally, balance sheets of part-year returns (for the most part, by continuing corporations changing their accounting periods) were not included in the statistics because the same corporations' data could have been subject to inclusion from their full-year returns. Corporations with less than $250,000 of receipts and less than $250,000 of assets were not required to file balance sheets.

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

Constructive ownership rules—The constructive ownership of stock rules shown in Internal Revenue Code (IRC) section 318 apply in determining whether a U.S. corporation is foreign owned. These rules of attribution include separate provisions for stock owned by families, partnerships, estates, trusts, and other corporations. Regarding family members, for example, an individual is considered to own stock that is owned, directly or indirectly, by his/her spouse, children, grandchildren, or parents. However, if a corporation is owned by two or more "unrelated" foreign individuals, neither of whom owned 50 percent or more of the corporation, then that corporation was excluded from the FCDC statistics even though, together, these individuals may have met the 50-percent-or-more ownership criterion. See also, "Foreign person," defined below.

Constructive taxable income from related foreign corporations—This item is the sum of includable income from Controlled Foreign Corporations (CFCs) and foreign dividend gross-up. IRC sections 951-964 ("Subpart F") created an exception to the general rule that the earnings and profits of CFCs were subject to U.S. taxation only when the income was actually distributed to U.S. shareholders. Under Subpart F, some types of foreign income are required to be included in the income of the U.S. shareholders, even if not actually distributed. This includable income comprises passive investment income, income from sources thought especially easy to shift between tax jurisdictions, and income from sources contrary to public policy. Foreign dividend gross-up is constructive taxable income to corporations that claim a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a share of the foreign taxes actually paid by its related foreign corporations. The share of foreign taxes was treated as deemed paid by the U.S. corporation. To receive credit against U.S. tax, the foreign taxes deemed paid need to be included in the corporation's worldwide income. The dividend gross-up, which is the equivalent amount of the foreign taxes deemed paid by the U.S. corporation, is included as income of the U.S. corporation. Constructive taxable income from related foreign corporations is not included in the statistics for total receipts, but is included in net income (less deficit).

Cost of goods sold—This item generally consisted of the costs incurred by corporations in producing the goods or providing the services that generated the business receipts. Included were costs of materials used in manufacturing; costs of goods purchased for resale; direct labor; and a share of overhead expenses, such as rent, utilities, supplies, maintenance, and repairs. For statistical processing purposes, however, certain items (such as advertising, amortization, bad debts, compensation of officers, depletion, depreciation, interest paid, taxes, and contributions to charitable organizations, employee benefit programs, and pension plans) reported by taxpayers on cost of goods sold schedules were transferred to their respective and separate deduction categories. Companies who produced goods or acquired goods for resale were subject to the "uniform capitalization rules" of Internal Revenue Code section 263A. Under these rules, corporations were required to capitalize direct costs and an allocable portion of most indirect costs that relate to the goods produced or acquired for resale. Costs attributable to property that is inventory are included in inventory costs, while costs attributable to other property are included in capital accounts. For insurance companies, benefits paid (e.g., the death benefits paid by life insurance companies and the losses incurred by other insurance companies) were included in the cost of goods sold. In general, finance corporations did not have any cost of goods sold.

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

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

Foreign person—A foreign person (or entity) includes: (1) a foreign citizen or nonresident alien, (2) an individual who is a citizen of a U.S. possession (but who is not a U.S. citizen or resident), (3) a foreign corporation, (4) a foreign partnership, (5) a foreign estate or trust within the meaning of IRC section 7701(a)(31), and (6) a foreign government (or one of its agencies or instrumentalities) to the extent that it is engaged in the conduct of a commercial activity as described in IRC section 892.

Foreign tax credit—Although the United States taxes the worldwide income of U.S. persons (including corporations), foreign-source income is often taxed as well by the country in which it is earned. The foreign tax credit provisions were enacted to mitigate the potential impact of the double taxation of foreign-source income. U.S. persons are allowed a credit against U.S. income tax for income taxes paid (or accrued) to foreign countries or U.S. possessions, subject to a limitation that prevented corporations from using foreign tax credits to reduce U.S. tax liability on U.S.-source income. Foreign taxes in excess of the limitation for a given tax year could be carried back or forward to other years for prescribed periods. A corporation that claimed the foreign tax credit could not also claim a business deduction for the same foreign taxes paid. The foreign tax credit was not allowed for taxes paid to certain foreign countries whose governments were not recognized by the United States, with which the United States severed or did not conduct diplomatic relations, or which provided support for international terrorism.

General business credit—This credit consisted of many individual credits (e.g., the investment credit, research activities credit, and low-income housing credit). Each of the credits was computed separately. However, the purpose of the general business credit was to provide a uniform limitation on the amount that could be used to reduce tax liability and to establish uniform rules for carrybacks (1 year) and carryforwards (20 years).

Income subject to tax—For most corporations, income subject to tax (i.e., taxable income) consisted of (positive) net income minus statutory special deductions. However, there were special provisions in the Internal Revenue Code for determining the taxable income of insurance companies, based on changes in their reserve accounts. Also, S corporations, regulated investment companies, and real estate investment trusts generally passed their net income on so it was taxed at the shareholder level. They had limited tax liabilities (based on capital gains for S corporations and undistributed income for RICs and REITs) and, thus, small amounts of taxable income.

Income tax—This item was the amount of a corporation's tax liability calculated at the regular corporate tax rates under Internal Revenue Code section 11. The rates on taxable incomes were graduated between 15 percent and 35 percent, with some exceptions. Certain taxable income brackets were taxed at 38 percent or 39 percent rates to phase out the benefits of the lower brackets for high-income corporations. This item is included in the amounts reported for both total income tax before (and after) credits. A small number of corporations without net income had an income tax liability under special life insurance rules, including consolidated returns filing with a life insurance subsidiary. Personal service corporations were taxed at a flat rate of 35 percent on their taxable incomes. Members of controlled groups were required to apportion their tax liabilities between the group members.

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

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

Net operating loss deduction (NOLD)—In general, a "net operating loss" (NOL) is the excess of allowable deductions for ordinary and necessary business expenses over gross income, with certain adjustments, calculated using the laws and IRS regulations in effect for a given tax year. A NOL could be carried back 2 years to reduce the taxable income of those years. Any amount of the NOL not offset against income during that time could be carried forward to offset taxable income for a period not to exceed 20 years. The amount of the statutory net operating loss deduction (NOLD) included in the statistics of this article consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2012) tax year. Losses incurred after Tax Year 2012 and carried back to that year at a later date were not reported on the tax returns used for this article.

Net worth—This item represents the shareholders' equity in the corporation, i.e., total assets less the claims of creditors. It is the net sum of capital stock, additional paid-in capital, appropriated retained earnings, unappropriated retained earnings, and adjustments to shareholders' equity, minus the cost of treasury stock. Capital stock includes amounts of outstanding shares of both common and preferred stock. Additional paid-in capital comprises additions to the corporation's capital from sources other than earnings, including receipts from the sale of capital stock in excess of the stated value and stock redemptions or conversions. Retained earnings and profits of corporations can be appropriated (i.e., set aside for specific purposes such as for plant expansions, bond retirements, and loss reserves) or unappropriated (dividends and distributions to shareholders are paid from these funds). Adjustments to shareholders' equity can be either positive or negative, and include unrealized gains and losses on securities held "available for sale." Treasury stock is common or preferred stock originally issued by the corporation that has been reacquired, and the issuing corporation held the stock at the end of the accounting period.

Number of returns—The data contained in this article include the number of returns filed by "active" corporations (i.e., those reporting at least one item of income or deductions) for Tax Year 2012. For simplicity, the number of returns is sometimes referred to as the number of corporations. However, the actual number of corporations may be larger than the number of returns because many domestic corporations, including FCDCs, could elect to file consolidated income tax returns. S corporations and regulated investment companies (RICs) could not file consolidated returns. Consolidated income tax returns were filed by common parent corporations and contained the combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit.

Real estate investment trusts—Domestic corporations, trusts, and associations that meet certain ownership, purpose, income, and diversification requirements may elect to be taxed as real estate investment trusts (REITs). Foreign-controlled domestic corporations can be REITs. However, REITs played a much smaller role for FCDCs than for other domestic corporations (ODCs).[20] REITs generally invest in real estate and mortgages. A beneficial ownership of the trust is established through transferable shares or transferable certificates of beneficial interest. Among the income requirements, at least 95 percent of the total gross income of a REIT must come from dividends; interest; rents from real property; and gains from the sale of stock, securities, and real property; etc. Additionally, at least 75 percent of total gross income must be derived from rents from real property; interest on mortgages on real property; gains from sales of real property and mortgages; and dividends and gains from the sale of transferable shares in other REITs; etc. The tax liability of REITs is generally very low. This is because, through a statutory special deduction for dividends paid, REITs are not taxed on amounts distributed to shareholders. In general, REITs must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed to the shareholders (i.e., beneficiaries). Internal Revenue Code section 856 defines REITs.

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

[20] Shown in Appendix A of this article are Tax Year 2012 data for all REITs, RICs, and S corporations filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

loans, and gains from the sale of stock or securities, foreign currencies, or other income related to its business of investing in such stock, securities, or currencies. The tax liability of RICs is generally very low. This is because, through a statutory special deduction for dividends paid, RICs are not taxed on amounts distributed to shareholders. In general, RICs must distribute to their shareholders at least 90 percent of their taxable incomes. Such distributions are taxed at the shareholder level. Internal Revenue Code section 851 defines RICs.

S corporations—An S corporation is one that has elected to be taxed through its shareholders under Internal Revenue Code section 1362. The IRC contains restrictive criteria that a company must meet in order to qualify as an S corporation, which include: (1) 100 shareholders or less; (2) only individuals, estates, trusts, or certain exempt organizations can be shareholders; (3) no nonresident alien shareholders; and (4) only one class of stock. These companies report corporate income and deductions from their conduct of trades and businesses, but generally allocate any income or loss to their shareholders to be taxed only at the individual level. However, some S corporations are subject to certain special taxes at the corporate level. For S corporations that were previously C corporations, the corporate income tax was imposed on certain long-term capital gains, recognized built-in gains, and excess net passive income (i.e., gross receipts derived from rents, royalties, dividends, interest, annuities, or the sales of securities). S corporations comprise a very large part of the corporate population and are involved in numerous industrial activities. However, foreign-controlled domestic corporations cannot elect to be treated as S corporations.[20] Banks, life insurance companies, and affiliated group members eligible for inclusion on a consolidated return were also ineligible to be treated as S corporations.

Statutory special deductions—Statutory special deductions were in addition to ordinary and necessary business deductions. In general, net income less statutory special deductions equals income subject to tax. Statutory special deductions is the sum of: (1) deductions for net operating loss carryovers from prior years, and (2) special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. These special deductions include: (a) dividends received deductions, (b) deductions for dividends paid on certain stock of public utilities, (c) deductions for dividends paid by regulated investment companies and real estate investment trusts, (d) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (e) Code section 806(a) small life insurance company deductions.

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

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

Total income tax before and after credits—For 2012, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (over 98 percent of the total tax). The alternative minimum tax accounted for most of the remaining part of the total. A small number of corporation income tax returns without net income reported amounts of income tax. In these cases, income tax resulted from special provisions of the Internal Revenue Code applicable to life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture taxes. Thus, a small number of corporations without net income and income tax may have reported such taxes on their tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were personal holding company taxes and the taxes on undistributed net capital gains of regulated investment companies. Total income tax included an adjustment that could be either positive or negative. This adjustment was used for write-in amounts on the tax computation schedule (e.g., Schedule J of Form 1120), as well as for differences in total tax reported on the tax computation schedule and reported on the tax and payments section of the tax return (e.g., Page 1 of Form 1120). For 2012, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (nearly 78 percent of the $16.6 billion of total credits), the general business credit (nearly 17 percent), and the prior-year minimum tax credit (nearly 6 percent), as well as very small amounts of other credits.

Total receipts—This item includes all of the income actually (as opposed to constructively) received by a corporation and reported on its income tax return. It includes gross taxable receipts (i.e., business receipts, taxable interest, rents, royalties, most net capital gains, net noncapital gains, dividends received, and other receipts), before the deduction of cost of goods sold and ordinary and necessary business expenses. It also includes tax-exempt interest received on State and local government obligations. A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country, as well as in the United States. Thus, total receipts may include those from foreign branch operations of the U.S. company. Also, the total receipts of a domestic corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries. However, total receipts exclude certain taxable income from related foreign corporations, which was only constructively received by the domestic corporation. Also excluded from this item are long-term capital gains of regulated investment companies, as well as taxable interest, rents, royalties, net capital gains, and dividends received from S corporations.

Total receipts less total deductions—This item differs from the "net income (less deficit)" shown in the statistics in that it includes nontaxable interest received on State and local government obligations, and excludes constructive taxable income from related foreign corporations.

Data Sources and Limitations

Period Covered

Data for Tax Year 2012 are based on returns with accounting periods ending between July 2012 and June 2013. This span, in effect, defines the tax year so the accounting periods for non-calendar years are centered at the calendar year that ended in December 2012.

The accounting periods were 12 months in length, or less for part-year accounting periods. Continuing corporations that changed their accounting periods, new corporations that existed for less than 12 months, and corporations that merged or liquidated, filed part-year returns. Because of the 12-month span for ending accounting periods, the statistics include accounting periods that began and ended within a 23-month span. For Tax Year 2012, that span was from August 2011 (the beginning of the first-included accounting period) through June 2013 (the end of the last-included accounting period). Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2012. Of the 83,814 FCDC returns filed for Tax Year 2012, some 63,436 (nearly 76 percent of the total) had accounting periods that ended in December 2012. These returns accounted for 77 percent of both the receipts and deductions reported by all FCDCs, as well as nearly 83 percent of FCDC assets.

The sampling frame for the 2012 statistics consisted, in general, of tax returns with accounting periods that ended between July 2012 and June 2013, and that posted to the IRS Business Master File between July 2012 and June 2014. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2013. Second, while corporation returns must be filed within 2 1/2 months after the close of the accounting period, many corporations requested and received 6-month filing extensions. Third, normal administrative processing time lags required that the sampling process remained open until June 2014.

Returns Covered

The number of corporate income tax returns represents returns of “active” corporations, i.e., those that reported any income or deduction items. While any corporation in existence during any portion of the taxable year was required to file an income tax return (even though it may have been inactive, not having any income or deductions), the great majority of returns filed with the Internal Revenue Service were for active corporations. Part-year returns, those filed for accounting periods of less than 12 months, were included in the number of returns and other data shown in this article. To avoid double counting, data from the balance sheets of part-year returns were not included in the statistics, except for those from initial returns of newly incorporated businesses.

The target population of FCDCs included the following forms included in the SOI Corporation Study: 1120, 1120-L, 1120-PC, 1120-REIT, and 1120-RIC. FCDC statistics did not include Forms 1120-F and 1120S, which were included in the overall corporation statistics.

Sample

This article presents statistical estimates based on a probability sample stratified by form type of 11,400 unaudited tax returns selected from over 83,800 returns of active domestic corporations controlled by a foreign person and filed for Tax Year 2012. The statistics for FCDCs are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDCs include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*). For Tax Year 2012, the population estimates of FCDCs by form type are 83,151 Forms 1120, 227 Forms 1120-RIC, 171 Forms 1120-REIT, 67 Forms 1120-PC, and 42 Forms 1120L.[21]

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

For 2012, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of $50 million or more, or with “proceeds” of $10 million or more, were selected for the Statistics of Income study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income—2012, Corporation Income Tax Returns*.

Data Limitations

The IRS Statistics of Income (SOI) Division used several extensive quality review processes to improve data quality, beginning with weekly monitoring at the sample selection stage. This continued through the data collection, data cleaning, and data completion procedures with consistency testing and error resolution. SOI processed returns through tests to check for impossible conditions (e.g., incorrect tax data for specific types of tax forms), internal inconsistencies (e.g., items that did not add up to totals), and questionable values (e.g., banks with large amounts of cost of goods sold). Part of the review process included extensive comparisons between the current-year data and the prior-year data. SOI made a great amount of effort at every stage of processing to ensure data integrity.

[21] The count of 42 Forms 1120L does not include returns of life insurance companies that were filed as part of consolidated returns under IRC section 1504(c). Under this section, a nonlife insurance parent company could include a domestic life insurance subsidiary in a consolidated return. For 2012, there were 156 section 1504(c) returns included in the FCDC’s collective total of 83,814. Of this number, 81 returns had a property/casualty insurance company as the largest subsidiary (based on income), another 61 returns had a noninsurance company as the largest subsidiary, and 14 returns had a life insurance company as the largest subsidiary.

Figure I

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2012

Selected industrial sector or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	**2.58**	**0.01**	**0.10**	**0.10**	**0.36**	**0.12**	**0.15**
Selected industrial sectors:							
Construction	29.61	0.61	1.33	2.32	2.25	2.52	3.24
Finance and insurance	10.64	0.01	0.12	0.14	1.21	0.25	0.25
Information	18.25	0.20	1.51	0.86	2.58	0.89	0.81
Management of companies (holding companies)	12.85	0.04	0.22	0.33	1.27	0.33	0.40
Manufacturing	8.86	0.03	0.08	0.11	0.43	0.13	0.17
Professional, scientific, and technical services	9.63	0.26	0.83	1.04	3.47	1.15	1.34
Real estate and rental and leasing	4.83	0.39	1.32	2.37	2.46	3.57	3.78
Retail trade	19.09	0.33	0.60	0.61	4.23	0.47	0.47
Wholesale trade	4.41	0.13	0.25	0.47	1.91	0.50	0.58
Selected countries of foreign owners:							
Bermuda	20.26	0.16	0.33	0.43	3.31	0.70	1.37
Canada	6.48	0.06	0.60	0.49	0.89	0.66	0.67
France	16.06	0.04	0.51	0.31	1.64	0.39	0.42
Germany	10.88	0.06	0.35	0.50	1.84	0.60	0.65
Japan	8.80	0.07	0.22	0.28	1.25	0.34	0.40
Netherlands	18.28	0.04	0.25	0.18	1.83	0.20	0.27
South Korea, Republic of	19.80	0.51	0.81	1.51	3.10	1.60	1.60
Sweden	22.84	0.36	0.82	0.95	7.51	0.84	1.08
Switzerland	9.64	0.04	0.29	0.19	1.78	0.27	0.28
United Kingdom	10.42	0.02	0.14	0.18	0.98	0.18	0.32
Venezuela	31.11	1.08	0.98	1.76	9.19	1.49	1.59

NOTE: For a general discussion on coefficients of variation, see the "Sampling Methodology and Data Limitations" section of this issue of the *Statistics of Income Bulletin.*

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

Sampling Error

Because the data presented here are estimates based on samples, they may differ from the population aggregates that would have been obtained if a complete census of all income tax returns had been taken. Thus, the data are subject to sampling error. To use these data properly, the magnitude of the sampling error should be known. Coefficients of variation (CVs) are used to measure that magnitude (Figure I). The smaller the CV, the more reliable the estimate is judged to be. For this article, CVs were calculated for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of sampling procedures and CVs, see “Sampling Methodology and Data Limitations” located near the back of this issue of the *Statistics of Income Bulletin*.

Nonsampling Error

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

SOI selected returns for this study based on taxpayers’ responses to two questions on Forms 1120. The first question asked whether one “foreign person” owned, directly or indirectly, 25 percent or more of the filing corporation’s voting stock or the total value of all the corporation’s stock at any time during the tax year. If a taxpayer answered this question “Yes,” then a second question asked for the percentage owned.[22] If the percentage owned fell between 50 percent and 100 percent, then the return was included in the FCDC statistics.[23] Taxpayers sometimes incorrectly answered these questions or did not answer them at all.[24] However, prior to tabulation, corporations with large amounts of assets or receipts, and changes in foreign

[22] On Form 1120, Page 4, Schedule K, the actual questions were: “(7) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of the corporation’s stock entitled to vote, or (b) the total value of all classes of the corporation’s stock?” and “(7i) If ‘Yes,’ enter percentage owned.” The rules of attribution under IRC section 318 applied to these questions. There was an additional question used for the country distribution of these statistics, which was: “(7ii) If ‘Yes,’ enter owner’s country.”

[23] For Tax Year 2012, the great majority (70,304 returns) of FCDCs reported 100 percent foreign ownership. Additionally, 5,763 returns reported between 75 percent and 99 percent foreign ownership, 3,447 returns reported 51 percent to 74 percent foreign ownership, and 3,223 returns reported exactly 50 percent foreign ownership.

[24] The FCDC statistics include data from returns in which the first question (see footnote 22) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,077 returns for Tax Year 2012 included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported $7.3 billion of assets and $6.2 billion of receipts.

ownership status between 2011 and 2012, were researched and their answers to questions verified. These large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

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

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

Each return was assigned a foreign country code that identified the owner's country. For individuals, it was the owner's country of residence. For all others, it was the country in which the foreign entity was incorporated, organized, created, or administered. To the extent that a holding company or other affiliated entity was part of a chain between a U.S. subsidiary company and the ultimate foreign parent, the country data may be related to the holding company and, thus, may not be related to the foreign country of the ultimate parent.

Appendix A

Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs) that filed as REITs, RICs, and S Corporations, Tax Year 2012

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts (REITs):		
Number of returns	171	1,975
Total assets	53,509	1,605,426
Total receipts	3,539	113,547
Net income (less deficit)	1,022	43,962
Income subject to tax	3	44
Total income tax after credits	3	27
Regulated Investment Companies (RICs):		
Number of returns	227	15,257
Total assets	185,454	16,476,284
Total receipts	3,917	412,002
Net income (less deficit)	2,670	296,356
Income subject to tax	0	881
Total income tax after credits	3	6
S Corporations:		
Number of returns	0	4,205,452
Total assets	0	3,593,278
Total receipts	0	6,572,866
Total net income (less deficit)	0	475,998
Net income (less deficit) from a trade or business	0	378,357
Total income tax before credits	0	310

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2012

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

Item	1971	1990	2000	2003	2009	2010	2011	2012
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total	1,733,332	3,716,650	5,045,274	5,401,237	5,824,545	5,813,725	5,823,126	5,840,821
Number with net income	1,063,940	1,910,670	2,819,153	2,932,115	3,148,768	3,264,726	3,384,712	3,548,701
Total assets	2,889,221	18,190,058	47,026,872	53,644,785	75,965,019	79,904,747	81,279,900	84,952,036
Total receipts	1,906,008	11,409,520	20,605,808	20,689,574	24,772,531	26,198,523	28,335,601	29,403,675
Business receipts	1,763,760	9,860,442	17,636,551	18,264,394	21,584,886	23,058,235	25,197,648	26,029,143
Interest received [1]	65,596	942,238	1,576,101	1,132,675	1,478,717	1,306,237	1,289,432	1,208,961
Total deductions	1,824,063	11,032,575	19,691,592	19,940,595	23,943,765	24,944,311	27,092,729	27,712,775
Cost of goods sold	1,241,282	6,610,770	11,135,288	11,318,645	13,286,300	14,501,547	16,180,343	16,578,523
Interest paid	64,697	825,372	1,271,679	818,017	1,069,664	888,206	860,102	814,426
Total receipts less total deductions	81,945	376,945	914,216	748,980	828,766	1,254,212	1,242,872	1,690,901
Net income (less deficit)	79,700	370,633	927,526	779,989	918,953	1,356,496	1,323,009	1,774,274
Net income	96,688	552,527	1,336,620	1,175,609	1,614,867	1,836,377	1,829,098	2,175,015
Deficit	-16,988	-181,894	-409,094	-395,620	-695,913	-479,881	-506,089	-400,741
Income subject to tax	83,165	366,353	760,404	699,337	894,850	1,022,175	994,393	1,149,800
Total income tax before credits	37,510	128,186	266,282	243,823	313,464	358,414	349,348	402,963
Income tax	37,143	119,434	262,233	241,275	310,112	354,922	345,415	399,106
Total income tax after credits	30,220	96,403	204,044	177,517	204,996	222,969	220,894	267,854
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total	5,154	44,113	60,609	58,945	66,197	73,210	76,793	83,814
Number with net income	2,575	17,360	26,519	27,269	25,158	31,473	33,358	34,736
Total assets	36,674	1,652,255	6,071,994	6,170,122	10,461,430	11,245,199	11,732,552	12,277,447
Total receipts	39,181	1,060,295	2,612,072	2,569,302	3,518,194	4,056,172	4,586,774	4,721,115
Business receipts	38,043	950,083	2,253,215	2,329,930	3,147,948	3,671,712	4,203,240	4,284,239
Interest received [1]	420	67,315	180,006	102,179	175,969	161,677	161,850	143,242
Total deductions	38,050	1,056,921	2,549,986	2,542,193	3,487,675	3,966,077	4,511,644	4,563,917
Cost of goods sold	28,804	709,052	1,584,513	1,652,622	2,204,868	2,655,897	3,099,807	3,147,347
Interest paid	733	77,562	186,835	109,453	151,639	136,187	134,886	126,534
Total receipts less total deductions	1,132	3,374	62,085	27,109	30,519	90,095	75,129	157,198
Net income (less deficit)	1,111	3,966	66,312	31,952	36,431	99,173	79,803	167,052
Net income	1,496	29,410	118,598	92,846	152,727	174,256	166,514	238,934
Deficit	-384	-25,444	-52,287	-60,895	-116,296	-75,083	-86,710	-71,882
Income subject to tax	1,344	23,704	97,515	73,521	105,152	127,237	130,503	174,151
Total income tax before credits	650	8,719	34,650	25,971	37,783	45,078	46,252	61,851
Income tax	631	8,008	33,950	25,607	36,631	44,404	45,500	60,707
Total income tax after credits	610	7,438	28,073	19,121	28,271	33,192	35,705	45,240
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total	0.30	1.19	1.20	1.09	1.14	1.26	1.32	1.43
Number with net income	0.24	0.91	0.94	0.93	0.80	0.96	0.99	0.98
Total assets	1.27	9.08	12.91	11.50	13.77	14.07	14.43	14.45
Total receipts	2.06	9.29	12.68	12.42	14.20	15.48	16.19	16.06
Business receipts	2.16	9.64	12.78	12.76	14.58	15.92	16.68	16.46
Interest received [1]	0.64	7.14	11.42	9.02	11.90	12.38	12.55	11.85
Total deductions	2.09	9.58	12.95	12.75	14.57	15.90	16.65	16.47
Cost of goods sold	2.32	10.73	14.23	14.60	16.60	18.31	19.16	18.98
Interest paid	1.13	9.40	14.69	13.38	14.18	15.33	15.68	15.54
Total receipts less total deductions	1.38	0.90	6.79	3.62	3.68	7.18	6.04	9.30
Net income (less deficit)	1.39	1.07	7.15	4.10	3.96	7.31	6.03	9.42
Net income	1.55	5.32	8.87	7.90	9.46	9.49	9.10	10.99
Deficit	2.26	13.99	12.78	15.39	16.71	15.65	17.13	17.94
Income subject to tax	1.62	6.47	12.82	10.51	11.75	12.45	13.12	15.15
Total income tax before credits	1.73	6.80	13.01	10.65	12.05	12.58	13.24	15.35
Income tax	1.70	6.70	12.95	10.61	11.81	12.51	13.17	15.21
Total income tax after credits	2.02	7.72	13.76	10.77	13.79	14.89	16.16	16.89

[1] Excludes nontaxable interest received on State and local government obligations.

NOTES: Detail may not add to totals because of rounding. All amounts are in current dollars. Tax law and tax form changes affect the year-to-year comparability of the data. See *Statistics of Income—Corporation Income Tax Returns,* selected years, for discussions of changes affecting the comparability of the data over time.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2012

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

Major industry	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth	Total receipts	Business receipts	Total deductions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries	**83,814**	**34,736**	**23,418**	**12,277,447**	**2,808,971**	**4,721,115**	**4,284,239**	**4,563,917**
Agriculture, forestry, fishing, and hunting	525	294	212	10,496	4,710	11,062	10,629	10,961
Agricultural production	405	264	182	9,664	4,403	10,273	9,918	10,162
Forestry and logging	* 15	* 10	* 10	* 522	* 272	* 626	* 615	* 613
Support activities and fishing, hunting, and trapping	* 105	* 20	* 20	* 310	* 35	* 163	* 97	* 186
Mining	896	199	171	335,852	131,094	120,886	109,913	118,464
Utilities	207	114	48	146,758	50,068	52,282	50,070	54,771
Construction	1,459	544	451	52,298	11,643	46,966	45,124	47,820
Construction of buildings	417	87	30	28,707	6,734	28,928	28,036	29,323
Heavy and civil engineering construction	547	63	58	19,299	4,132	11,602	10,683	11,960
Specialty trade contractors	495	395	363	4,292	777	6,436	6,405	6,537
Manufacturing	7,687	4,031	3,028	2,815,087	882,823	2,146,906	2,060,236	2,081,444
Food manufacturing	685	496	474	93,182	28,584	113,496	112,488	110,650
Beverage and tobacco product manufacturing	68	29	25	103,147	16,903	35,634	35,242	33,801
Textile mills and textile product mills	204	188	59	6,823	2,725	6,959	6,845	6,811
Apparel manufacturing	329	* 290	* 32	1,466	563	2,439	2,371	2,341
Leather and allied product manufacturing	* 3	* 0	* 0	* 11	* -95	* 33	* 42	* 41
Wood product manufacturing	125	81	57	6,550	2,098	7,702	7,620	7,690
Paper manufacturing	80	45	33	14,915	6,229	15,413	15,302	14,997
Printing and related support activities	46	39	39	3,059	1,014	3,561	3,080	3,420
Petroleum and coal products manufacturing	31	26	d	743,634	239,155	653,711	632,961	645,030
Chemical manufacturing	694	345	310	541,871	163,259	305,495	281,673	277,526
Plastics and rubber products manufacturing	473	254	172	56,619	13,886	63,243	61,916	60,646
Nonmetallic mineral product manufacturing	171	82	69	106,370	49,010	49,245	47,789	50,169
Primary metal manufacturing	226	127	115	89,935	19,214	94,321	92,313	93,730
Fabricated metal product manufacturing	429	273	215	53,857	17,606	47,399	46,394	46,154
Machinery manufacturing	1,040	668	518	209,914	72,054	153,923	147,848	147,189
Computer and electronic product manufacturing	888	349	307	211,952	71,014	121,677	113,004	117,704
Electrical equipment, appliance, and component manufacturing	288	153	118	72,461	29,093	41,539	40,734	40,382
Transportation equipment manufacturing	678	348	265	447,224	145,209	396,756	380,629	390,268
Furniture and related product manufacturing	150	* 44	* 44	5,869	833	3,619	3,581	3,514
Miscellaneous manufacturing	1,081	196	d	46,224	4,470	30,742	28,403	29,383
Wholesale and retail trade	22,796	12,023	7,987	820,345	228,185	1,336,699	1,300,340	1,307,974
Wholesale trade	19,260	10,778	7,077	710,810	192,311	1,160,458	1,127,928	1,135,899
Wholesale trade, durable goods	14,351	8,194	5,295	423,357	101,937	677,264	656,646	663,396
Wholesale trade, nondurable goods	4,768	2,503	1,722	287,110	90,314	483,115	471,224	472,428
Wholesale electronic markets and agents and brokers	* 141	* 81	* 60	* 342	* 60	* 79	* 59	* 74
Retail trade	3,536	1,244	910	109,535	35,874	176,241	172,412	172,075
Motor vehicle dealers and parts dealers	491	461	402	2,942	644	7,046	6,787	7,014
Furniture and home furnishings stores	98	* 75	* 40	7,027	451	6,813	6,555	6,776
Electronics and appliance stores	200	* 49	* 48	2,243	-256	7,012	6,923	6,877
Building material and garden equipment and supplies dealers	* 43	* 18	* 12	* 802	* 110	* 495	* 493	* 495
Food, beverage and liquor stores	132	7	7	41,292	16,125	84,451	83,596	82,556
Health and personal care stores	127	* 74	* 16	13,675	6,798	8,095	7,934	7,605
Gasoline stations	* 11	d	d	* 5,299	* 1,240	* 21,478	* 21,269	* 21,268
Clothing and clothing accessories stores	454	87	57	26,180	7,893	26,477	25,083	24,965
Sporting goods, hobby, book, and music stores	* 333	d	d	* 1,032	* -50	* 1,156	* 1,089	* 1,250
General merchandise stores	* 15	* 6	d	* 887	* 265	* 1,206	* 1,193	* 1,210
Miscellaneous store retailers	659	258	168	2,298	774	2,150	1,734	2,145
Nonstore retailers	973	194	140	5,859	1,879	9,862	9,755	9,913

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2012—Continued

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

Major industry	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth	Total receipts	Business receipts	Total deductions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Transportation and warehousing	1,810	832	475	87,491	26,820	71,340	66,431	70,190
Air, rail, and water transportation	335	88	60	23,358	6,630	13,306	12,802	12,699
Truck transportation	119	71	* 30	2,458	983	5,018	4,919	5,030
Transit and ground passenger transportation	* 283	* 6	d	* 8,881	* 1,639	* 7,233	* 6,815	* 7,146
Pipeline transportation	* 8	* 3	d	* 6,206	* 2,105	* 966	* 505	* 1,058
Other transportation and support activities	886	505	240	36,739	11,118	41,238	38,083	40,899
Warehousing and storage	178	159	140	9,848	4,344	3,580	3,308	3,358
Information	3,721	1,425	996	219,477	51,870	109,759	100,453	105,889
Publishing industries	1,202	484	203	89,377	20,653	38,464	36,601	36,596
Motion picture and sound recording industries	612	137	131	43,934	10,184	13,576	10,684	14,032
Broadcasting (except internet)	305	* 17	* 17	3,633	1,652	1,654	856	977
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	674	257	202	52,968	9,099	39,872	37,527	38,762
Data processing, hosting, and related services	107	55	* 43	7,581	3,693	2,871	2,682	2,799
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	821	475	400	21,983	6,588	13,321	12,103	12,723
Finance and insurance	3,225	1,626	977	5,523,515	761,818	446,155	262,507	409,727
Credit intermediation	296	166	146	373,640	39,847	26,605	12,142	20,911
Depository credit intermediation	34	25	d	122,315	18,573	6,405	1,404	5,091
Nondepository credit intermediation	262	141	d	251,325	21,274	20,200	10,738	15,820
Securities, commodity contracts, and other financial investments and related activities	1,831	880	525	2,891,019	138,770	105,540	41,018	87,529
Insurance carriers and related activities	323	178	172	2,027,466	376,242	308,262	209,309	298,818
Funds, trusts, and other financial vehicles	775	403	134	231,389	206,959	5,748	39	2,469
Real estate and rental and leasing	20,315	5,607	2,980	198,585	70,510	30,226	20,499	29,414
Real estate	19,981	5,476	2,882	144,503	55,194	16,539	8,663	15,999
Rental and leasing services	285	114	91	44,817	10,012	12,544	10,817	12,358
Lessors of nonfinancial intangible assets (except copyrighted works)	48	* 16	* 8	9,265	5,305	1,143	1,019	1,058
Professional, scientific, and technical services	10,913	4,594	3,438	235,423	81,355	148,738	141,006	144,875
Management of companies (holding companies)	4,979	1,403	1,009	1,676,146	462,957	78,441	7,488	63,191
Administrative and support and waste management and remediation services	1,319	494	309	58,756	21,158	54,451	51,793	54,361
Administrative and support services	1,217	491	d	51,037	16,707	49,078	46,910	49,432
Waste management and remediation services	102	3	d	7,719	4,451	5,373	4,883	4,929
Educational services	93	37	25	5,134	1,686	2,429	2,325	2,293
Health care and social assistance	316	281	252	23,645	7,465	15,040	13,720	14,092
Offices of health practitioners and outpatient care centers	* 15	* 9	d	* 14,708	* 5,500	* 8,392	* 7,700	* 7,481
Miscellaneous health care and social assistance	259	* 242	d	6,414	1,631	4,557	4,470	4,581
Hospitals, nursing, and residential care facilities	* 42	* 30	d	* 2,523	* 334	* 2,091	* 1,551	* 2,030
Arts, entertainment, and recreation	1,389	409	389	13,556	2,979	7,829	6,949	7,853
Amusement, gambling, and recreation industries	259	29	14	10,456	2,135	4,962	4,570	5,032
Other arts, entertainment, and recreation	1,129	380	375	3,100	844	2,867	2,378	2,821
Accommodation and food services	1,165	311	170	50,481	12,937	36,505	29,589	35,496
Accommodation	233	114	99	27,975	11,420	7,998	5,026	7,787
Food services and drinking places	933	198	71	22,506	1,517	28,506	24,563	27,709
Other services [2]	998	511	503	4,403	-1,105	5,401	5,167	5,102
Repair and maintenance	488	427	423	2,125	585	3,067	2,986	3,026
Personal and laundry services	238	84	80	2,278	-1,690	2,334	2,181	2,076

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2012—Continued

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All industries	**3,147,347**	**157,198**	**167,052**	**238,934**	**-71,882**	**174,151**	**61,851**	**45,240**
Agriculture, forestry, fishing, and hunting	9,152	101	143	391	-247	189	66	49
Agricultural production	8,550	111	154	364	-210	162	57	41
Forestry and logging	* 550	* 12	* 12	* 19	* -7	* 19	* 7	* 5
Support activities and fishing, hunting, and trapping	* 52	* -23	* -23	* 8	* -31	* 8	* 3	* 3
Mining	54,550	2,422	3,463	15,178	-11,714	13,536	4,892	2,252
Utilities	29,967	-2,489	-2,432	554	-2,986	371	132	118
Construction	38,063	-854	-817	1,153	-1,969	725	214	188
Construction of buildings	24,681	-395	-377	498	-875	290	61	60
Heavy and civil engineering construction	8,121	-358	-360	457	-817	315	111	91
Specialty trade contractors	5,261	-101	-80	198	-278	120	42	38
Manufacturing	1,605,963	65,463	70,958	91,829	-20,870	75,640	26,651	18,041
Food manufacturing	79,664	2,846	2,870	3,431	-561	2,919	1,024	978
Beverage and tobacco product manufacturing	15,005	1,833	1,840	1,991	-151	1,975	691	676
Textile mills and textile product mills	5,290	148	155	220	-65	182	63	59
Apparel manufacturing	1,739	99	99	* 134	* -35	* 119	* 42	* 41
Leather and allied product manufacturing	* 36	* -8	* -8	* 0	* -8	* 0	* 0	* 0
Wood product manufacturing	6,052	12	12	242	-229	134	47	47
Paper manufacturing	11,832	416	421	568	-147	275	100	74
Printing and related support activities	2,288	141	141	171	-29	121	43	41
Petroleum and coal products manufacturing	578,694	8,681	11,379	17,617	-6,238	16,211	5,684	d
Chemical manufacturing	165,042	27,969	29,349	30,890	-1,541	26,549	9,308	7,353
Plastics and rubber products manufacturing	45,424	2,597	2,682	2,934	-252	1,787	757	709
Nonmetallic mineral product manufacturing	33,975	-924	-872	1,344	-2,216	932	334	256
Primary metal manufacturing	79,455	591	596	1,635	-1,039	1,314	461	437
Fabricated metal product manufacturing	33,739	1,245	1,291	2,208	-917	1,958	677	632
Machinery manufacturing	108,365	6,734	7,096	8,385	-1,289	7,441	2,604	2,223
Computer and electronic product manufacturing	75,445	3,973	4,498	7,131	-2,634	3,761	1,319	837
Electrical equipment, appliance, and component manufacturing	27,327	1,157	1,263	1,861	-598	1,310	458	327
Transportation equipment manufacturing	317,709	6,488	6,563	8,808	-2,245	6,691	2,351	1,974
Furniture and related product manufacturing	2,400	105	105	* 163	* -58	* 155	* 54	* 49
Miscellaneous manufacturing	16,481	1,358	1,477	2,095	-618	1,806	634	d
Wholesale and retail trade	1,086,460	28,725	29,856	37,714	-7,858	29,429	10,279	8,603
Wholesale trade	962,618	24,559	25,583	31,933	-6,349	23,989	8,376	6,847
Wholesale trade, durable goods	557,368	13,867	14,590	17,838	-3,248	12,250	4,281	3,486
Wholesale trade, nondurable goods	405,249	10,687	10,989	14,071	-3,082	11,726	4,091	3,357
Wholesale electronic markets and agents and brokers	* 0	* 4	* 4	* 23	* -19	* 13	* 4	* 4
Retail trade	123,842	4,166	4,272	5,781	-1,509	5,440	1,903	1,756
Motor vehicle dealers and parts dealers	5,989	32	32	73	-42	59	19	19
Furniture and home furnishings stores	4,188	36	36	* 167	* -130	* 158	* 55	* 36
Electronics and appliance stores	5,149	135	135	* 213	* -78	* 212	* 74	* 72
Building material and garden equipment and supplies dealers	* 360	* [1]	* [1]	* 3	* -4	* 1	* [1]	* [1]
Food, beverage and liquor stores	62,480	1,895	1,897	2,291	-394	2,222	778	687
Health and personal care stores	3,542	490	490	* 518	* -28	* 456	* 159	* 150
Gasoline stations	* 18,933	* 210	* 304	d	d	d	d	d
Clothing and clothing accessories stores	12,725	1,513	1,521	1,990	-468	1,843	646	629
Sporting goods, hobby, book, and music stores	* 675	* -94	* -94	d	d	d	d	d
General merchandise stores	* 741	* -3	* -3	* 46	* -50	* 46	* 16	d
Miscellaneous store retailers	1,166	5	5	62	-57	60	19	19
Nonstore retailers	7,894	-51	-51	108	-158	90	32	30

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2012—Continued

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

Major industry	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing	23,550	1,150	1,191	2,266	-1,075	1,827	634	564
Air, rail, and water transportation	3,619	606	620	853	-234	830	290	257
Truck transportation	2,611	-12	-12	79	-91	* 62	* 19	* 19
Transit and ground passenger transportation	* 1,091	* 87	* 87	* 136	* -49	* 7	* 3	d
Pipeline transportation	* 22	* -92	* -92	* 28	* -121	* 28	* 10	d
Other transportation and support activities	14,825	339	367	894	-528	779	270	235
Warehousing and storage	1,383	222	222	275	-53	121	42	42
Information	38,789	3,870	3,947	6,667	-2,720	4,125	1,470	1,370
Publishing industries	10,412	1,867	1,909	2,905	-996	2,170	761	685
Motion picture and sound recording industries	4,808	-455	-446	452	-898	195	68	67
Broadcasting (except internet)	357	677	677	* 777	* -100	* 710	* 249	* 249
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	17,493	1,110	1,115	1,424	-309	245	109	102
Data processing, hosting, and related services	275	72	80	166	-86	* 31	* 12	* 11
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	5,444	598	611	944	-333	775	271	256
Finance and insurance	169,919	36,428	36,118	41,530	-5,413	16,592	6,328	5,473
Credit intermediation	294	5,694	5,660	5,856	-196	3,422	1,239	1,133
Depository credit intermediation	0	1,314	1,245	1,311	-66	316	127	d
Nondepository credit intermediation	294	4,380	4,415	4,545	-130	3,107	1,113	d
Securities, commodity contracts, and other financial investments and related activities	403	18,011	18,298	19,771	-1,472	5,289	1,880	1,664
Insurance carriers and related activities	169,214	9,445	8,881	12,255	-3,374	7,503	3,077	2,548
Funds, trusts, and other financial vehicles	9	3,279	3,279	3,649	-370	378	132	128
Real estate and rental and leasing	3,106	811	843	4,301	-3,458	1,782	615	558
Real estate	250	540	587	3,287	-2,700	1,465	501	457
Rental and leasing services	2,606	187	171	904	-732	219	81	78
Lessors of nonfinancial intangible assets (except copyrighted works)	249	84	85	* 110	* -26	* 97	* 34	* 23
Professional, scientific, and technical services	43,145	3,863	4,207	7,681	-3,474	5,329	1,858	1,456
Management of companies (holding companies)	611	15,250	16,879	23,392	-6,514	19,671	6,975	5,153
Administrative and support and waste management and remediation services	20,987	90	151	1,958	-1,807	1,126	404	326
Administrative and support services	20,047	-354	-294	1,445	-1,739	1,121	393	d
Waste management and remediation services	939	444	444	513	-68	5	11	d
Educational services	465	137	137	209	-72	171	60	56
Health care and social assistance	4,716	949	949	1,142	-193	988	347	334
Offices of health practitioners and outpatient care centers	* 3,479	* 912	* 912	* 938	* -26	* 867	* 303	d
Miscellaneous health care and social assistance	1,060	-24	-24	* 127	* -151	* 46	* 17	d
Hospitals, nursing, and residential care facilities	* 178	* 61	* 61	* 78	* -16	* 75	* 26	d
Arts, entertainment, and recreation	1,877	-24	-15	298	-313	161	55	53
Amusement, gambling, and recreation industries	1,147	-70	-61	135	-196	43	15	14
Other arts, entertainment, and recreation	730	46	46	163	-117	118	40	39
Accommodation and food services	13,757	1,009	1,120	2,212	-1,092	2,051	718	522
Accommodation	770	211	213	1,038	-825	923	324	284
Food services and drinking places	12,987	797	906	1,174	-268	1,128	394	d
Other services [2]	2,270	298	354	460	-106	438	150	125
Repair and maintenance	1,873	40	43	96	-53	84	27	23
Personal and laundry services	397	259	311	364	-53	354	123	102

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

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

[1] Value is between -$500,000 and $500,000.

[2] Includes religious, grantmaking, civic, professional, and similar organizations, not shown separately.

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2012

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

Age of corporation and selected country of foreign owner	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth	Total receipts	Business receipts	Total deductions
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All foreign-controlled domestic corporations	**83,814**	**34,736**	**23,418**	**12,277,447**	**2,808,971**	**4,721,115**	**4,284,239**	**4,563,917**
AGE OF CORPORATION								
Old corporations:								
Number or amount	60,108	28,785	19,107	11,150,887	2,565,405	4,449,620	4,054,354	4,305,222
Percentage of all corporations	71.7	82.9	81.6	90.8	91.3	94.2	94.6	94.3
New corporations:								
Number or amount	23,707	5,951	4,311	1,126,560	243,567	271,495	229,886	258,695
Percentage of all corporations	28.3	17.1	18.4	9.2	8.7	5.8	5.4	5.7
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	74,627	31,877	21,760	12,210,906	2,789,012	4,680,710	4,246,636	4,523,743
Percentage of all countries	89.0	91.8	92.9	99.5	99.3	99.1	99.1	99.1
Selected countries:								
Argentina	1,616	560	560	1,265	493	1,281	1,260	1,378
Australia	2,311	836	539	179,262	43,723	62,195	56,217	60,267
Austria	506	271	249	14,341	4,464	23,535	23,216	22,778
Belgium	433	244	216	45,742	19,327	39,885	37,819	37,830
Bermuda	469	119	101	154,572	44,871	61,254	53,223	57,224
Brazil	1,625	617	341	39,347	10,221	43,432	42,688	44,401
British Virgin Islands [1]	3,720	723	469	34,496	9,641	25,818	23,925	25,888
Canada	11,320	4,924	3,943	1,392,332	296,863	397,374	346,997	391,311
Cayman Islands	2,490	975	643	110,581	37,819	53,607	46,138	54,409
China	3,166	1,156	352	66,454	7,008	34,655	33,122	35,104
China (Taiwan)	652	406	280	17,664	5,522	38,929	38,512	38,138
Cyprus	158	58	39	6,804	1,252	6,129	5,657	6,120
Denmark	449	159	111	22,986	7,574	28,445	26,833	27,221
Finland	171	98	78	20,547	8,655	17,139	15,488	16,393
Former Soviet Union [2]	491	47	* 20	10,880	1,737	10,985	10,865	11,108
France [3]	2,678	998	603	1,114,917	327,075	284,392	254,009	271,982
Germany	4,807	2,328	1,610	1,276,169	265,820	432,871	383,149	414,496
Hong Kong	978	503	329	22,503	1,037	11,615	11,286	11,734
Hungary	153	25	d	2,326	-472	12,347	12,019	11,916
India	1,649	1,061	710	26,643	6,859	28,515	27,940	28,586
Ireland	648	263	224	108,270	21,853	46,366	41,533	44,981
Isles of Man, Jersey, and Guernsey	610	202	137	89,330	42,300	25,430	22,678	23,113
Israel [4]	1,281	649	371	66,551	19,601	44,126	42,435	42,820
Italy	2,992	1,356	630	66,863	28,295	62,392	59,753	60,262
Japan	6,190	3,178	2,033	1,277,044	281,581	720,834	684,340	699,121
Liechtenstein	247	72	48	4,738	1,430	8,361	8,229	8,120
Luxembourg	531	301	232	102,109	34,172	57,856	55,122	57,119
Mexico	4,378	1,754	1,402	57,448	30,302	52,407	50,261	50,383
Netherlands	1,783	1,158	699	1,187,148	275,254	364,287	310,152	342,348
New Zealand	153	63	59	27,325	5,018	14,056	13,421	14,506
Norway	476	232	107	51,078	13,846	29,416	28,077	30,681
Panama	1,956	612	266	10,639	6,649	3,701	3,399	3,593
Portugal [5]	183	* 72	d	10,967	5,106	2,519	2,377	2,869
Puerto Rico	21	3	d	10,675	1,563	1,150	672	1,240

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2012—Continued

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

Age of corporation and selected country of foreign owner	Number of returns			Total assets	Net worth	Total receipts	Business receipts	Total deductions
	Total	With net income	With total income tax after credits					
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Saudi Arabia	95	* 16	d	9,265	5,171	14,841	14,626	16,844
Singapore	344	100	83	37,036	20,904	18,448	17,990	18,377
South Korea, Republic of	1,904	698	614	83,778	21,012	136,602	133,225	135,729
Spain	1,653	329	189	264,504	62,838	47,605	35,746	45,115
Sweden	626	236	181	75,509	9,832	70,654	68,505	68,766
Switzerland	1,629	1,061	797	1,403,707	129,932	370,664	323,325	346,960
United Kingdom	5,568	2,484	1,992	2,685,077	668,377	934,093	840,253	903,113
Venezuela	1,517	930	392	22,014	4,487	40,499	40,154	39,399

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2012—Continued

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

Age of corporation and selected country of foreign owner	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations	**3,147,347**	**157,198**	**167,052**	**238,934**	**-71,882**	**174,151**	**61,851**	**45,240**
AGE OF CORPORATION								
Old corporations:								
Number or amount	2,995,958	144,398	152,949	213,957	-61,008	155,227	55,232	39,600
Percentage of all corporations	95.2	91.9	91.6	89.5	84.9	89.1	89.3	87.5
New corporations:								
Number or amount	151,388	12,800	14,102	24,976	-10,874	18,924	6,619	5,640
Percentage of all corporations	4.8	8.1	8.4	10.5	15.1	10.9	10.7	12.5
SELECTED COUNTRY OF FOREIGN OWNER								
Selected countries, total	3,120,830	156,958	166,740	236,466	-69,726	172,354	61,224	44,674
Percentage of all countries	99.2	99.8	99.8	99.0	97.0	99.0	99.0	98.7
Selected countries:								
Argentina	958	-97	-97	44	-141	42	12	12
Australia	28,499	1,928	2,193	5,799	-3,606	4,586	1,623	382
Austria	17,948	757	765	923	-158	842	292	286
Belgium	26,867	2,056	2,104	2,313	-208	2,011	707	674
Bermuda	31,670	4,029	3,964	5,215	-1,251	2,666	978	456
Brazil	39,069	-969	-949	721	-1,670	440	155	149
British Virgin Islands [1]	16,645	-70	-57	1,295	-1,352	760	263	256
Canada	255,244	6,063	6,011	16,851	-10,840	11,395	4,340	3,721
Cayman Islands	25,673	-803	-731	4,837	-5,568	3,888	1,361	1,186
China	29,141	-449	-406	764	-1,170	585	204	143
China (Taiwan)	35,244	791	791	944	-153	763	267	210
Cyprus	4,947	9	9	104	-95	77	27	25
Denmark	18,434	1,224	1,267	1,570	-303	1,474	516	440
Finland	11,497	746	768	802	-33	554	198	181
Former Soviet Union [2]	9,718	-123	-121	135	-256	* 106	* 37	* 37
France [3]	168,952	12,409	12,710	16,178	-3,468	11,753	4,135	3,540
Germany	264,815	18,374	19,149	22,996	-3,847	14,450	5,086	4,436
Hong Kong	8,865	-119	-117	256	-373	137	47	46
Hungary	9,248	431	484	545	-60	* 542	* 190	d
India	16,393	-71	-61	769	-830	633	220	200
Ireland	27,472	1,385	1,369	1,891	-522	1,256	454	382
Isles of Man, Jersey, and Guernsey	8,552	2,318	2,568	3,269	-701	2,426	844	635
Israel [4]	32,252	1,305	1,350	2,128	-778	1,530	540	479
Italy	41,302	2,129	2,559	3,567	-1,009	2,387	845	747
Japan	536,622	21,713	22,472	28,101	-5,629	21,241	7,567	5,765
Liechtenstein	6,115	242	242	322	-81	299	102	100
Luxembourg	40,365	737	791	2,073	-1,282	1,163	425	384
Mexico	35,979	2,023	2,394	3,440	-1,047	3,246	1,136	392
Netherlands	213,842	21,939	25,107	27,599	-2,493	22,866	8,129	5,523
New Zealand	10,305	-450	-450	78	-529	67	23	21
Norway	22,738	-1,265	-1,251	561	-1,811	455	160	147
Panama	2,346	108	95	249	-154	168	64	50
Portugal [5]	1,924	-350	-350	* 42	* -392	* 29	* 9	d
Puerto Rico	98	-90	-86	14	-100	14	5	d

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2012—Continued

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

Age of corporation and selected country of foreign owner	Cost of goods sold	Total receipts less total deductions	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
							Before credits	After credits
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
Saudi Arabia	13,622	-2,003	-2,003	* 10	* -2,013	* 10	* 4	d
Singapore	12,747	70	75	458	-383	337	118	114
South Korea, Republic of	117,860	872	893	2,503	-1,610	2,146	775	722
Spain	23,495	2,490	2,316	4,011	-1,695	3,221	1,148	1,078
Sweden	52,266	1,887	1,938	2,334	-395	2,080	682	551
Switzerland	220,824	23,703	24,225	26,750	-2,525	14,279	5,030	4,519
United Kingdom	642,938	30,979	33,710	42,880	-9,170	34,346	12,130	6,175
Venezuela	37,339	1,100	1,100	1,125	-25	1,084	376	326

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

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

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

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

[3] Includes domestic corporations with owners from Corsica.

[4] Includes domestic corporations with owners from the West Bank.

[5] Includes domestic corporations with owners from the Azores.

NOTES: "New" corporations were those with dates of incorporation between 2010 and 2013; "old" corporations were those with dates of incorporation prior to 2010 or with unknown dates of incorporation. Countries shown in this table were those in which one or more of the following were present: (a) at least 1,000 returns, (b) at least $10 billion of total assets, or (c) at least $5 billion of total receipts. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2015.