

A First Look at 2012 Schedule M-3 Reporting and Multinational Type

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In this study, the authors compare 2012 Schedule M-3 and Form 1120 tax return data for U.S. corporations classified as U.S. only, U.S. multinational enterprise, or foreign-controlled, focusing on U.S. corporations with assets of \$100 million or more. The study also compares the corporations based on financial statement type. The authors find that U.S. MNEs with total assets of \$100 million or more generally dominate the aggregate book and tax dollar amounts reported by U.S. only and foreign-controlled corporations in 2012 for all key tax return and Schedule M-3 data items. The full text of this report will be available on taxnotes.com.

Executive Summary and Conclusions

The study compares 2012 Schedule M-3 and Form 1120 tax return data for U.S. corporations classified as U.S. only, U.S. multinational enterprise, or foreign-controlled (FC). The focus is on U.S. corporations with assets of \$100 million or more. The study also compares the corporations based on financial statement type: SEC Form 10-K/public, audited (not SEC), or unaudited.

- A non-FC U.S. corporation is classified as a U.S. MNE if it reports a foreign subsidiary on Form 5471, "Information Return of U.S. Persons With Respect to Certain Foreign Corporations," or reports foreign partnership interest on Form 8865, "Return of U.S. Persons With Respect to Certain Foreign Partnerships."
- A U.S. corporation is classified as FC if it reports more than 50 percent foreign ownership on Form 1120, Schedule K, line 7.

The study presents 2012 data for 42,301 corporations filing Schedule M-3. The 42,301 corporations report total assets of \$50.9 trillion. The study also presents 2012 data for the 12,427 corporations filing Schedule M-3 and reporting total assets of \$100 million or more.

- The 12,427 corporations report total assets of \$50 trillion — that is, 98 percent of the \$50.9 trillion reported by the 42,301 corporations.
- In terms of financial statement type, the 12,427 corporations are:
 - SEC 10-K/Public: 3,288 (26 percent);
 - Audited: 5,554 (45 percent); and
 - Unaudited: 3,585 (29 percent)
- In terms of MNE type, the 12,427 corporations consist of the following:
 - 5,958 U.S. only (48 percent);
 - 3,291 U.S. MNE (26 percent); and
 - 3,178 FC (26 percent).
- U.S. only corporations with assets of \$100 million or more are concentrated in banking (3,129 or 25 percent of the 12,427).

Pretax Book Income by MNE Type

The 2012 pretax book income for Schedule M-3 returns with total assets of \$100 million or more is \$114,798 million for U.S. only, \$779,867 million for U.S. MNE, and \$136,156 million for FC. These amounts are, respectively, 11 percent, 76 percent, and 13 percent, totaling 100 percent (with rounding) of the \$1,027,879 million reported for all Schedule

M-3 corporations. The Schedule M-3 corporations with total assets of \$100 million or more report total pretax book income of \$1,030,821 million, which is 100 percent (with rounding) of the \$1,027,879 million book income of all Schedule M-3 corporations. The corporations with assets of less than \$100 million have a small negative aggregate pretax book income.

Tax Net Income by MNE Type

The 2012 tax net income for Schedule M-3 returns with total assets of \$100 million or more is \$57,327 million for U.S. only, \$679,833 million for U.S. MNE, and \$149,184 million for FC. These amounts are, respectively, 6 percent, 76 percent, and 17 percent, totaling 100 percent (with rounding) of the \$889,481 million reported for all Schedule M-3 corporations. The Schedule M-3 corporations with total assets of \$100 million or more report total tax net income of \$886,343 million, which is 100 percent (with rounding) of the \$889,481 million tax net income of all Schedule M-3 corporations. The corporations with assets of less than \$100 million have a small negative aggregate pretax book income converted to a small positive aggregate tax net income because of small positive total book-tax differences.

Tax Less Credits by MNE Type

The 2012 tax less credits for Schedule M-3 returns with total assets of \$100 million or more is \$25,407 million for U.S. only, \$155,157 million for U.S. MNE, and \$36,804 million for FC. With rounding, these amounts are, respectively, 11 percent, 68 percent, and 16 percent, totaling 95 percent (with rounding) of the \$228,822 million reported for all Schedule M-3 corporations.

Industry by MNE Type

- For U.S. only returns, the aggregate book and tax dollar amounts for the finance sector

generally dominate the aggregate amounts for the “other” sector (non-finance, non-manufacturing), which dominate the aggregate amounts for the manufacturing sector.

- For U.S. MNE returns, the aggregate book and tax dollar amounts for the manufacturing sector generally dominate the aggregate amounts for the “other” sector (non-finance, non-manufacturing), which dominate the aggregate amounts for the finance sector.
- For FC returns, the aggregate book and tax dollar amounts for the manufacturing sector generally dominate the aggregate amounts for the finance sector and the “other” sector (non-finance, non-manufacturing), which are mixed regarding which is larger or smaller on a particular variable.

Conclusions by MNE Type and FS Type

U.S. MNEs with total assets of \$100 million or more generally dominate the aggregate book and tax dollar amounts reported by U.S. only and FC corporations in 2012 for all key tax return and Schedule M-3 data items.

- Among Schedule M-3 corporations with SEC Form 10-K/public financial statements, U.S. MNEs with total assets of \$100 million or more also generally dominate the aggregate book and tax dollar amounts reported by U.S. only and FC corporations.
- Among Schedule M-3 nonpublic corporations with audited or unaudited financial statements, FC corporations with total assets of more than \$100 million generally dominate the aggregate book and tax dollar amounts reported by U.S. only corporations and U.S. MNEs.

Editor's Note: The following pages contain the full text of this report and were not included in the printed magazine.

I. Overview: Schedule M-3 and MNE Type

A. MNE Type

This study compares 2012 Schedule M-3 and Form 1120 tax return data for U.S. corporations classified as U.S. only, U.S. MNE, or FC. The focus is on U.S. corporations with assets of \$100 million or more. The study also compares the corporations based on financial statement type: SEC Form 10-K/public, audited (not SEC), or unaudited.

- A non-FC U.S. corporation is classified as U.S. MNE if it reports a foreign subsidiary on Form 5471 or foreign partnership interest on Form 8865.
- A U.S. corporation is classified as FC if it reports more than 50 percent foreign ownership on Form 1120, Schedule K, line 7.¹

B. Schedule M-3

Taxpayers prepare corporate and partnership tax returns by adjusting amounts from their financial statements or books and records. The goal of the Schedule M-3 reconciliation is:

- to increase taxpayer transparency to the IRS regarding book-tax differences resulting from adjustments made to financial statements or books and records in preparing the tax return; and
- to assist the IRS in selecting returns and issues for audit when tax compliance risk is present and in not selecting returns and issues where that risk is not present.

This is the ninth paper in a series by the authors researching the differences between financial statement income (often called book income) and tax income as reported on U.S. corporate income tax returns.²

Schedule M-3 was first introduced in 2004 for U.S. corporations with total assets of \$10 million or more filing U.S. income tax return Form 1120. It replaced four decades of use of the less-structured Schedule M-1 for these corporations for the required reconciliation of financial statement income to tax income.³

A 1999 Treasury report and Treasury testimony in 2000 by then-Treasury Assistant Secretary for Tax Policy Jonathan Talisman viewed the widening difference in the 1990s between the sum of corporate financial statement income (book income) and federal income tax expense reported on Form 1120

M-3 data from 2004-2005. The sixth report analyzes final data for 2008, 2009, and 2010 corporate Form 1120 Schedule M-3 as well as earlier Schedule M-3 data for 2006 and 2007 and information on 2010 Schedule UTP (uncertain tax position statement) filing status. The seventh report analyzes the Schedule M-3 profiles of Schedule UTP filers and nonfilers with \$100 million or more in assets in 2010 and 2011. The eighth report compares 2011-2012 Schedule M-3 and Form 1120 tax return data profiles for Schedule UTP filers and nonfilers with \$100 million or more in assets and SEC Form 10-K/public financial statements. It further compares, for the Schedule UTP filers, the profiles of corporations that cite or do not cite on Schedule UTP Part I any of the five most commonly cited code sections: section 482 (transfer pricing), section 41 (research credit), section 162 (trade or business expense), section 199 (domestic production activities deduction), and section 263 (capitalized cost).

³This report repeats some material from Boynton, DeFilippes, and Legel (2005, 2006a, 2006b, and 2008); Boynton, DeFilippes, Legel, and Reum (2011 and 2014); Boynton, DeFilippes, Legel, and Rupert (2014 and 2015); Boynton and Wilson (2006); and Boynton and Livingston (2010); all used with permission. Our tax return table values may not add because of rounding. The SOI corporate data file for year t includes all tax years ending between July of calendar year t and June of calendar year t+1. Effective for tax years ending after December 30, 2004, Schedule M-3 replaced Schedule M-1 for corporations filing Form 1120 and reporting total assets of \$10 million or more on Form 1120 Schedule L. Effective for tax years ending after December 30, 2006, for corporations with total assets of \$10 million or more, Schedule M-3 applies to Form 1120S for S corporations, to Form 1120-C for cooperative associations, to Form 1120-L for life insurance companies, and to Form 1120-PC for property and casualty insurance companies. Effective for tax years ending after December 30, 2006, Schedule M-3 also applies to Form 1065 and Form 1065-B for partnerships with total assets of \$10 million or more and to some other partnerships. Effective for tax years ending after December 30, 2007, a special Schedule M-3 applies to Form 1120-F for foreign corporations with effectively connected U.S. income and total assets of \$10 million or more. Schedule M-1 continues to apply to Form 1120-RIC for regulated investment companies, to Form 1120-REIT for real estate investment trusts, and to all corporations with total assets of less than \$10 million. Effective for tax years ending after December 30, 2014, corporations and partnerships with \$10 million or more in assets but less than \$50 million in assets and those partnerships with less than \$10 million in assets required to file Schedule M-3 would be permitted to file Schedule M-3, Part I and to file Schedule M-1 in place of Schedule M-3, parts II and III if they choose.

¹In Table 3 (asset size analysis) the FC class is subdivided into FC U.S. only (no Form 5471 or Form 8865) and FC U.S. MNE (any Form 5471 or Form 8865). For a recent discussion of FC U.S. corporations, see Hobbs (2015). James R. Hobbs defines FC as 50 percent or more foreign ownership (following the Statistics of Income practice as, for example, in SOI Table 24 "Returns of Active Corporations with 50 Percent or More Foreign Ownership," at <https://www.irs.gov/taxstats>). This report uses *more than 50 percent* foreign ownership, following the practice of OTA in tables it prepares from SOI data for the OECD.

²See Boynton, DeFilippes, and Legel (2005, 2006a, 2006b, and 2008); Boynton, DeFilippes, Legel, and Reum (2011 and 2014); and Boynton, DeFilippes, Legel, and Rupert (2014). The first two reports analyze corporate Form 1120 Schedule M-1 reporting for tax years 1990-2003. The third report in this series analyzes advance file data for the 2004 corporate Form 1120 Schedule M-3. The fourth report analyzes final data for the 2005 corporate Form 1120 Schedule M-3 and updates the prior 2004 report using final 2004 data. The fifth report analyzes final data for the 2006 and 2007 corporate Form 1120 Schedule M-3 as well as earlier Schedule M-1 data from 1994 through 2005 and Schedule

(Footnote continued in next column.)

Schedule M-1, lines 1 and 2, and tax income reported on Form 1120, page 1, line 28, as a possible indicator of corporate tax shelter activity but also noted the difficulty in interpreting Schedule M-1 book-tax difference data.⁴

Mills and Plesko (2003) proposed a redesign of Schedule M-1 to increase the transparency of the corporate book-to-tax reconciliation and to improve data interpretability. The Mills and Plesko Schedule M-1 redesign recommendations are largely reflected in Schedule M-3, particularly in Part I.⁵

⁴See Treasury Department (1999); and Talisman (2000). See also Mills (1998) (cited by Treasury (1999), at 32 n.118).

⁵See Mills and Plesko (2003) for the proposed redesign of Schedule M-1. For a discussion of the development of Schedule M-3, see Boynton and Mills (2004). For discussions of problems in interpreting Schedule M-1 book-to-tax reconciliation data and problems with the related Schedule L book balance sheet data, see Boynton, Dobbins, DeFilippes, and Cooper (2002); Mills, Newberry, and Trautman (2002); Boynton, DeFilippes, Lisowsky, and Mills (2004); Boynton, DeFilippes, and Legel (2005, 2006a, 2006b, and 2008); and Boynton and Wilson (2006). For discussions of the problems in reconciling financial accounting income and tax income, see McGill and Outslay (2002); Hanlon (2003); Plesko (2003); McGill and Outslay (2004); Plesko (2004); Hanlon and Shevlin (2005); and Lisowsky and Trautman (2007). For a summary of the research through May 2007 on book-tax differences and on Schedule M-1 and Schedule M-3, see Weiner (2007). For early discussions of book-tax differences, see Boynton, Dobbins, and Plesko (1992); Mills (1998); Plesko (2002); and Plesko and Shumofsky (2005). For a discussion of the relationship between financial accounting current federal income tax expense and Form 1120 tax liability, see Lisowsky (2009). For a discussion of tax shelters and financial accounting, see Lisowsky (2010). For a discussion of Financial Accounting Standards Board Interpretation No. 48 UTPs and Schedule M-3 data, see Dunbar, Philips, and Plesko (2009); Blouin, DeBacker, and Sikes (2010); and Lisowsky, Robinson, and Schmidt (2013). For a discussion of deferred taxes and the Financial Accounting Standard No. 109 tax footnote, see Poterba, Rao, and Seidman (2011); and Raedy, Seidman, and Shackelford (2012). For a discussion of corporate reporting and market reactions to the greater IRS transparency required under Schedule M-3, see Donohoe and McGill (2011). For a comparison of the financial statement income of a corporation's consolidated financial statement entities to the financial statement income of a corporation's tax return entities on a worldwide, domestic, and foreign income basis, see Bokulic, Henry, and Plesko (2012a). For a discussion of the distribution of corporate income from 2004 through 2008, see Bokulic, Henry, and Plesko (2012b). For implications for tax reform, see Henry and Plesko (2012). For a discussion of effective tax rates using Schedule M-3 data, see Government Accountability Office (2013); for a critique, see Sullivan (2013); for an extension treating the section 78 gross-up of foreign tax credits on foreign dividends reported on Schedule M-3, Part II, line 4 as additional foreign tax expense, see Lyon (2013); for a critique, see Citizens for Tax Justice (2013). For Schedule M-3 profiles of Schedule UTP filers and nonfilers and UTP filers by code section cited, see Boynton, DeFilippes, Legel, and Rupert (2014, 2015). For a discussion of the UTPs reported on Schedule UTP and an analysis of how Schedule UTP reporting requirements affect corporate tax and financial reporting behavior, see Towery (2015).

Schedule M-3, Part I is important and unique in tax reporting in that it lists the adjustments made to worldwide consolidated income in the parent corporation's financial statements to determine the book income of the includible corporations in the tax return.⁶ We also use Part I data to identify each corporation financial statement type as SEC Form 10-K/public, audited, or unaudited.⁷

Parts II and III of Schedule M-3 are a more structured listing of book-tax differences than on Schedule M-1 and specify several fixed categories as well as two "other with difference" categories. The fixed categories are machine readable. The book income and tax income amounts generating the book-tax differences are listed, as well as the book-tax difference and the name for the line.

On parts II and III of Schedule M-3, book-tax differences are characterized as temporary or permanent. Temporary differences are items of income or expense that are recognized for both financial and tax reporting but appear in different periods. Permanent differences are items of income or expense that are recognized for either financial or tax reporting, but not for both.⁸

⁶A major problem with interpreting Schedule M-1 data in the past was that the taxpayer was allowed to report a starting Schedule M-1, line 1, book income amount without reconciling the reported book income amount with financial accounting income on the taxpayer's financial statement. Schedule M-3, Part I, line 11 defines the starting book income for the book-to-tax reconciliation in parts II and III. An IRS notice released May 10, 2013, announced that effective for tax years ending December 31, 2014, and later, corporations and partnerships with \$10 million but less than \$50 million in assets may use Schedule M-1 in place of Schedule M-3, parts II and III. Those taxpayers must still use Schedule M-3, Part I, and their Schedule M-1, line 1, book income must equal the book income amount reported on Schedule M-3, line 11.

⁷We define the term "SEC Form 10-K/public" to include any tax return on which (1) Schedule M-3, Part I, line 1a indicated that an SEC Form 10-K was filed; or (2) Part I, line 3a indicated that the corporation had publicly traded common stock. Some corporations indicate the first without the second, which may mean publicly traded debt or a reporting error. Other corporations report the second without the first, suggesting a reporting error. We make use of the presence of either indicator. We define the term "audited" to include any tax return on which Schedule M-3, Part I, line 1b indicates that a certified audited financial statement was prepared and our requirements for SEC Form 10-K/public are unmet. We define the term "unaudited" to include all other returns.

⁸Temporary differences are important in tax administration because they may indicate that an item is being included in the wrong tax year. For example, deferring the recognition of \$1 billion of income for 30 years (or accelerating the recognition of \$1 billion of deductions by 30 years) involves a substantial time value of money change in the value of the tax due. Unlike temporary differences, permanent differences are adjustments that arise as a result of fundamental permanent differences in financial and tax accounting rules. These differences result from transactions that will not reverse in later periods. In financial

(Footnote continued on next page.)

Parts II and III contain four columns. Column (a) represents financial statement (book) income or expense amounts using the financial statement source determined in Part I. Column (d) represents amounts as shown on the tax return. The book-tax difference between the amount shown in column (a) and the amount shown in column (d) is reported either as a temporary difference amount in column (b) or as a permanent difference amount in column (c).

We impose some minimum reconciliation requirements on the Schedule M-3 returns included in our study.⁹

C. Book-Tax Differences and Signs

Book income is the financial statement income of the entity filing a corporation or partnership income tax return. For consolidated corporations filing Form 1120, book income is the consolidated financial statement income of the includible corporations joining in the consolidated tax return, and it will often differ from the worldwide consolidated income reported by the parent corporation's worldwide consolidated financial statements. Part I of Schedule M-3 reconciles worldwide consolidated financial statement income to book income.

We compare pretax book income (book income measured before federal income tax expense) with tax income and calculate book-tax differences as pretax differences, consistent with the book-tax difference literature since Talisman (2000).¹⁰

statement reporting under generally accepted accounting principles, permanent differences are not considered in the FAS 109 computation of deferred tax assets and liabilities, but they do have a direct impact on the effective tax rate. Therefore, permanent differences can substantially affect reported financial earnings per-share computations, and, for public companies, stock prices. Accordingly, permanent differences of a given size may represent a greater audit risk than temporary differences of the same size.

⁹Some companies with assets less than \$10 million voluntarily filed Schedule M-3. We do not analyze that data. Our minimum reconciliation tests require Schedule M-3 data agreement within tolerances of 1 percent of the maximum absolute value of the amounts on Part II, line 30 for income between Part I, line 11 and Part II, line 30, column (a) and for expenses/deductions between Part III, line 38 (line 36 through 2009) and the carryover line, Part II, line 27. Also, effective for data from the 2012 SOI corporate file, we require that the amounts reported on Part I, lines 4a through 10 reconcile with the total amount reported on line 11. If Part I, lines 4a to 10, are blank, we set Part I, line 4a worldwide income to line 11 book income. The reconciliations of the subset of corporations meeting our minimum data and reconciliation tests for this 2012 Schedule M-3 study with the full 2012 SOI corporate files are presented in Distribution Table D3 of the full M-3 "First Look" data sets for 2012, available on request.

¹⁰We calculate total pretax book income and total pretax temporary and permanent book-tax differences by adding back

(Footnote continued in next column.)

The book-tax difference literature before the introduction of Schedule M-3 defined the sign of the difference between pretax book income and tax income as "book minus tax," resulting in a positive difference if the book amount is higher than the tax amount. The reconciliation rules of Schedule M-3 reverse this prior convention to "tax minus book."

For Schedule M-3, the temporary and permanent adjustment amounts reported in columns (b) and (c) of parts II and III are the amounts added to column (a) book income to determine column (d) tax income. A positive total book-tax difference in columns (b) and (c) means that the tax amount is higher than the book amount. A negative total book-tax difference in columns (b) and (c) means that the tax amount is lower than the book amount.

In our report, the sign of Schedule M-3, Part III expense/deduction data including book-tax differences has been changed to agree with the effect of those expense/deduction items and book-tax differences on net income reported on Part II, line 30. If a Part III expense/deduction item or book-tax difference reduces Part II, line 30 net income, it is shown as a negative amount in our report.¹¹

D. Limits of Schedule M-3 Data

With the exception of Schedule M-3, Part I, amounts reported on the Form 1120 tax return and the Schedule M-3, parts II and III:

- are limited to the tax information and pretax book income information of the includible corporations in the tax consolidated return; and
- do not include the tax information or pretax book income information of the nonincludible corporations and partnerships (both foreign and domestic) that are included in the worldwide consolidated after-tax income reported on Schedule M-3, Part I, line 4 (the worldwide book income reported in the financial statements for consolidated book purposes).

The after-tax income of the nonincludible corporations and partnerships are removed in gross after-tax amounts on Schedule M-3, Part I, lines 5 and 6

federal income tax expense and differences reported on Schedule M-3, Part III, lines 1 and 2, columns (a), (b), and (c), to book income and differences reported on Schedule M-3, Part II, line 30, columns (a), (b), and (c), column by column. Total book-tax difference is the sum of total temporary and permanent book-tax differences.

¹¹Schedule M-3 instructions require that column (a) book expense and column (d) tax deduction amounts that reduce net book income and reduce net tax income be shown on Part III as positive amounts. However, some taxpayers fail to follow the instructions. For a discussion of the problem and how we deal with it, see Boynton, DeFilippes, and Legel (2006b, and 2008); and Boynton, DeFilippes, Legel, and Reum (2011).

as one step in determining the book income of the includible corporations reported on Schedule M-3, Part I, line 11.

Form 1120 tax return and Schedule M-3 data do not yield generalizations about the financial statement pretax consolidated worldwide income. Amounts reported on Form 1120 and Schedule M-3 do not provide the data needed to calculate the pretax worldwide effective tax rate for the entities included in the worldwide financial statements.

E. Source of Data

A weighted statistical sample of tax return data is electronically encoded annually by the IRS Statistics of Income division for use by Treasury's Office of Tax Analysis (OTA) and the Joint Committee on Taxation of the U.S. Congress.¹² The Office of Planning, Analysis, Inventory, and Research (PAIR) within the IRS Large Business and International Division also receives a copy of the file.¹³ The SOI corporate file includes Schedule M-1 data and, beginning with the 2004 file, Schedule M-3 data. The 2012 SOI corporate file was issued to OTA, the JCT, and LB&I in October 2014.

Beginning May 2011 researchers using SOI data must report tax data as an aggregate for a minimum of five taxpayers to protect taxpayer confidentiality.¹⁴ For statistical reasons, SOI prefers that reported aggregate data are for 10 or more taxpayers when possible.¹⁵

¹²The SOI corporate file is a statistical sample. The record for a smaller tax return (usually measured by total assets) may be weighted to represent more than one tax return. Generally, tax returns for corporations with \$50 million or more in assets have a weight of one — that is, the record represents only itself. The record for a smaller tax return generally has a weight greater than one (for example, five) — that is, the record represents several similar tax returns (for example, five tax returns). The SOI corporate data file for year t includes all tax years ending between July of calendar year t and June of calendar year t+1. The final SOI corporate file may contain placeholder records representing returns that are unavailable when the SOI file is issued but desired by SOI for statistical purposes. Placeholder data is commonly the edited return data from the prior tax year but may also be current-year data from the IRS Business Master File (limited return data tabulated by the IRS when the return is first received and processed) or data from the IRS Employee User Portal. Placeholder returns are not included in the Schedule M-3 "First Look" data files.

¹³Under a formal memorandum of understanding between SOI and LB&I, use of the SOI file by PAIR and LB&I is limited to research studies. SOI file data is not used for IRS audit case building.

¹⁴Before May 2011 the minimum aggregation requirement for SOI and for other government agencies was data aggregation for three or more taxpayers or individuals. SOI has increased the required minimum for the use of SOI data to five or more. The change for SOI data applies to tax year 2008 and to new studies of data from earlier tax years. A data count of zero is permitted. Tests must be performed to ensure that data cannot

(Footnote continued in next column.)

II. Worldwide Income to Tax Less Credits

Table 1A presents 2012 Schedule M-3, Part I, aggregate data and other tax return aggregate data. The rows of Table 1A list various steps in transforming worldwide consolidated income for financial statement purposes: first to book income for the includible corporations in a consolidated tax return, then to pretax book income, then to tax income, then to taxable income, and finally to tax less credits.

The first four columns of Table 1A are data for all corporations filing Schedule M-3 and meeting our study minimum reconciliation requirements.¹⁶ The next two columns of Table 1A are data for the subset of corporations with assets of \$100 million or more. The final six columns are data for corporations with assets of \$100 million or more divided into our three MNE types: U.S. only, U.S. MNE, or FC U.S. corporations.¹⁷

In Table 1A, the first four columns present 2012 data for 42,301 corporations filing Schedule M-3. The 42,301 corporations report total assets of \$50.9 trillion.

- The first column reports for each row the frequency of returns with a nonzero amount in the fourth column.
- The second column reports the frequency as a percentage of 42,301.
- The third column reports for each row the total assets of the corporations with a nonzero

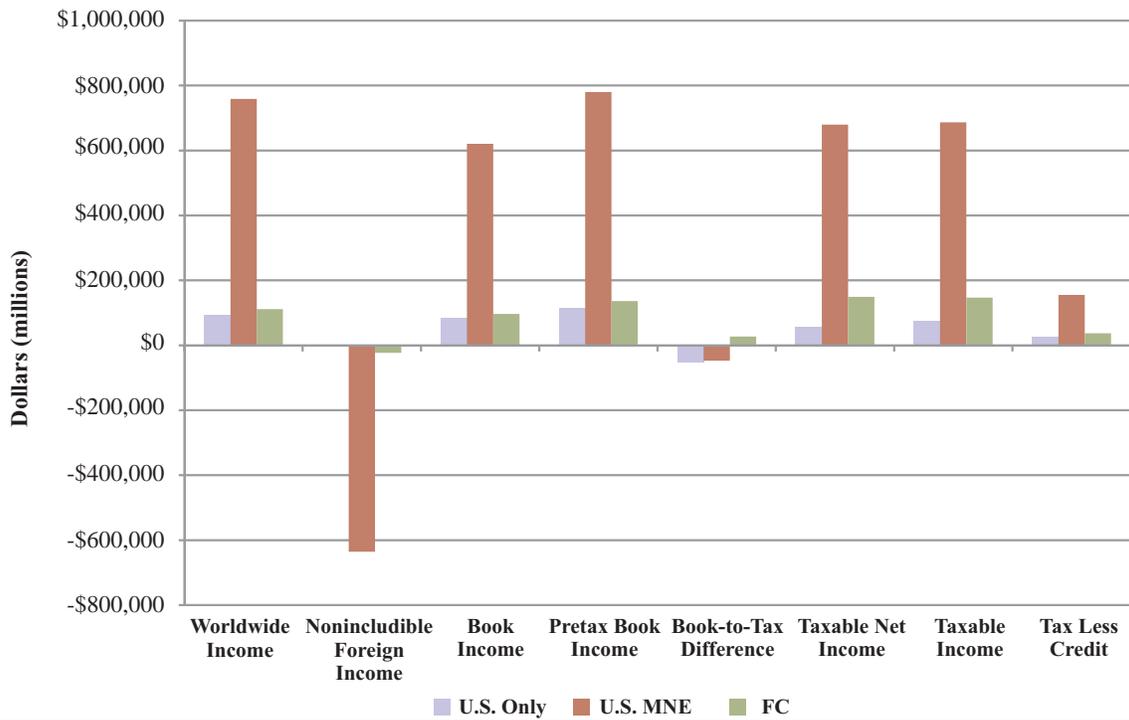
be generated by a subtraction that would violate the minimum aggregations requirement. For a discussion of the older requirement of three or more taxpayers or individuals for aggregate data, see OMB working paper 22 (2005); and IRS Publication 1075 (rev. 2007).

¹⁵Our tax return table values may not add and may differ from official 2012 SOI values because of rounding. SOI publications do not include Schedule M-1 or Schedule M-3 data. Before the publication of Boynton, DeFilippes, and Legel (2005 and 2006a), only Plesko (2002) (for 1996-1998) and Plesko-Shumofsky (2005) (for 1995-2001) presented public Schedule M-1 data for the SOI corporate file population. The year-by-year reconciliations of the subset of corporations meeting our minimum data and reconciliation tests with the full SOI corporate files are presented in Distribution Table D3 of the full M-3 "First Look" data set for each year, available on request. Our minimum data and reconciliation tests require that Part I, line 11 and Part II, line 30, column (a) agree and that Part III, line 38 and Part II, line 27 agree within 1 percent of the maximum absolute value of the amounts on Part II, line 30. Also, effective for data from the 2012 SOI corporate file, we require that the amounts reported on Part I, lines 4a through 10 reconcile with the total amount reported on line 11. If Part I, lines 4a to 10 are blank, we set Part I, line 4a worldwide income to line 11 book income.

¹⁶See Section I.B for a description of our study minimum reconciliation requirements.

¹⁷See Section I.A for a description of our study MNE types.

Figure 1A. 2012 U.S. Corporations: Worldwide Income to Tax Less Credits by MNE Status With Total Assets \$100 Million +



amount in the fourth column stated as a percentage of the \$50.9 trillion assets reported by all 42,301 corporations.

- If the percentage in the third column is larger than the percentage in the second column, larger asset corporations are disproportionately more likely than smaller asset corporations to report nonzero amounts for the row.

In Table 1A, the fifth column presents 2012 data for the 12,427 corporations filing Schedules M-3 and reporting total assets of \$100 million or more. The 12,427 corporations are 29 percent of the 42,301 corporations in number but report \$50 trillion (98 percent) of the \$52.9 trillion in total assets of the 42,301 corporations. In terms of MNE type, the 12,427 corporation consist of 5,958 U.S. only (48 percent), 3,291 U.S. MNE (26 percent), and 3,178 FC (26 percent). U.S. only corporations with assets of \$100 million or more are concentrated in banking (3,129 or 25 percent of the 12,427).

In Table 1A, the sixth column reports the amount in the fifth column (Schedule M-3 returns with assets of \$100 million or more) stated as a percentage of the amount in the fourth column (all Schedule M-3 returns in the study). Generally, the percentage reported in the sixth column for each row is close to 100 percent. Corporations filing Schedule M-3 with total assets of \$100 million or more account for almost all the amounts reported

for all Schedules M-3, and corporations with less than \$100 million account for relatively small amounts.

In Table 1A, the seventh through 12th columns present 2012 data for corporations with \$100 million or more in assets categorized by MNE type (U.S. only, U.S. MNE, or FC).

- The seventh column reports the amount in the fourth column reported by U.S. only corporations with total assets of more than \$100 million, and the eighth column reports the seventh column as a percentage of the fourth column for all Schedules M-3.
- The ninth column reports the amount in the fourth column reported by U.S. MNEs with total assets of more than \$100 million, and the 10th column reports the ninth column as a percentage of the fourth column for all Schedules M-3.
- The 11th column reports the amount in the fourth column reported by FC U.S. corporations with total assets of more than \$100 million, and the 12th column reports the 11th column as a percentage of the fourth column for all Schedules M-3s.

Figure 1A summarizes the data in Table 1A for corporations with \$100 million or more in assets categorized by MNE type for eight key amounts:

- worldwide income;
- nonincludible foreign income;

- book income;
- pretax book income;
- book-tax difference;
- tax net income;
- taxable income; and
- tax less credits.

In Figure 1A, for 2012 for Schedule M-3 returns with total assets of \$100 million or more, total worldwide consolidated financial statement income (reported on Schedule M-3, Part I, line 4) is \$93,433 million for U.S. only, \$759,112 million for U.S. MNE, and \$111,217 million for FC. These amounts are, respectively, 10 percent, 78 percent, and 11 percent, totaling 99 percent of the \$969,512 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

Next shown in Figure 1A is the adjustment to remove nonincludible foreign net income (reported on Schedule M-3, Part I, line 5). The 2012 adjustment for Schedule M-3 returns with total assets of \$100 million or more is -\$1,777 million for U.S. only, -\$635,710 million for U.S. MNE, and -\$23,181 million for FC.¹⁸ These amounts are, respectively, 0 percent (with rounding), 95 percent, and 3 percent, totaling 99 percent (with rounding) of the -\$669,129 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

Data for the following 2012 Schedule M-3, Part I adjustments are included in Table 1A but are not shown in Figure 1A:

- the adjustment to remove nonincludible U.S. net income (reported on Schedule M-3, Part I, line 6);¹⁹
- the adjustment to include the net income of other includible entities (reported on Schedule M-3, Part I, line 7);²⁰

¹⁸The adjustment to remove positive nonincludible foreign net income from worldwide financial statement income is shown as a negative amount on Schedule M-3, Part I in the calculation of the book income of includible corporations. The income must be removed from worldwide financial statement income in the calculation of the book income of includible corporations because foreign subsidiaries owned more than 50 percent and some foreign partnerships are includible in worldwide consolidated financial statements, but only U.S. corporations owned more than 80 percent are includible in the U.S. tax consolidated group tax return.

¹⁹The adjustment to remove positive nonincludible U.S. net income from worldwide financial statement income would be shown as a negative amount. U.S. subsidiaries owned more than 50 percent and some U.S. partnerships are includible in worldwide consolidated financial statements, but only U.S. corporations owned 80 percent or more are includible in the U.S. tax consolidated tax return.

²⁰Other includible entities are U.S. subsidiaries owned 80 percent or more and some disregarded entities (if owned by any of the includible corporations) that for some reason are not

(Footnote continued in next column.)

- the adjustment to financial statement consolidation eliminations (reported on Schedule M-3, Part I, line 8) because of the removal of the net income of foreign and U.S. nonincludible corporations and partnerships and the inclusion of the net income of other includible entities.²¹
- The adjustment to income because of differences in financial statement year and tax year (reported on Schedule M-3, Part I, line 9).
- Other adjustments (reported on Schedule M-3, Part I, line 10) required to determine the net income of includible corporations on line 11 (“book income”).²²

Shown next in Figure 1A is the 2012 net income of includible corporations (book income) (reported on Schedule M-3, Part I, line 11).²³ The 2012 book income for Schedule M-3 returns with total assets of \$100 million or more is \$84,700 million for U.S. only, \$620,544 million for U.S. MNE, and \$96,468 million for FC. These amounts are, respectively, 11 percent, 79 percent, and 12 percent, totaling 102 percent of the \$787,529 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A). The Schedule M-3 corporations with total assets of \$100 million or more report total book income of \$801,712 million, which is 102 percent of the book income of all Schedule M-3 corporations of \$787,529 million because the corporations with assets of less than \$100 million have negative aggregate book income.

Data for the adjustment to book income to reverse federal income tax expense to determine pretax book income are included in Table 1A but are not shown in Figure 1A.

Shown next in Figure 1A is 2012 pretax book income.²⁴ The 2012 pretax book income for Schedule M-3 returns with total assets of \$100 million or

included in the worldwide consolidated financial statements and are therefore not included on Schedule M-3, Part I, line 4.

²¹These adjustments include the restoration of specific dividends, minority interests, and equity method income eliminated in the consolidation for worldwide consolidated financial statement income.

²²These adjustments include adjustments required between GAAP and statutory accounting when subsidiaries are insurance companies.

²³Book income on Schedule M-3, Part I, line 11 is the book anchor for the Schedule M-3 book-to-tax reconciliation in parts II and III. Tax net income on Form 1120, page 1, line 28 is the tax anchor.

²⁴For our analysis, consistent with the book-tax difference literature since Talisman (2000), we adjust book income to pretax book income by reversing the recognition of federal income tax expense (reported on Schedule M-3, Part III, lines 1 and 2) and calculate book-tax differences as pretax differences. The adjustment of book income to pretax book income permits

(Footnote continued on next page.)

more is \$114,798 million for U.S. only, \$779,867 million for U.S. MNE, and \$136,156 million for FC. These amounts are, respectively, 11 percent, 76 percent, and 13 percent, totaling 100 percent (with rounding) of the \$1,027,879 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

- The Schedule M-3 corporations with total assets of \$100 million or more report total pretax book income of \$1,030,821 million, which is 100 percent (with rounding) of the \$1,027,879 million book income of all Schedule M-3 corporations.
- The corporations with assets of less than \$100 million have small negative aggregate pretax book income.

Next shown in Figure 1A is the adjustment for net total book-tax differences. Net total book-tax difference is the sum of net temporary book-tax differences and net permanent book-tax differences. A negative book-tax difference reduces tax net income compared with pretax book income. A positive book-tax difference increases tax net income compared with pretax book income.

The 2012 total book-tax differences for Schedule M-3 returns with total assets of \$100 million or more is -\$51,523 million for U.S. only, -\$47,321 million for U.S. MNE, and \$27,183 million for FC. These amounts are, respectively, 79 percent, 72 percent, and -42 percent, totaling 110 percent (with rounding) of the -\$65,400 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

- In 2012, U.S. only and U.S. MNE corporations with total assets of \$100 million or more report similar negative total book-tax difference amounts even though U.S. only corporations have far less pretax book income as their starting point.
- In contrast, the FC corporations with total assets of \$100 million or more report positive total book-tax differences — that is, their tax net income is adjusted to be greater than their pretax book income.
- The Schedule M-3 corporations with total assets of \$100 million or more report total book-tax differences of -\$71,660 million, which is 110 percent of the -\$65,400 million total book-tax difference of all Schedule M-3 corporations because the corporations with assets of less than \$100 million report positive total book-tax differences.

a consistent comparison with tax return income. See our discussion of pretax income, book-tax differences, and signs in Section I.C of this report.

Not shown in Figure 1A but reported on Table 1A are the amounts reported by taxpayers as tax net income on Schedule M-3, Part II, line 30, column (d) and the adjustments to Form 1120, page 1, line 4 dividend income and line 28 tax net income made by SOI to remove intercompany dividends and the adjustment to correct other Form 1120, page 1 reporting errors affecting line 28 tax net income.²⁵

Tax net income is the next item in Figure 1A. The 2012 tax net income for Schedule M-3 returns with total assets of \$100 million or more is \$57,327 million for U.S. only, \$679,833 million for U.S. MNE, and \$149,184 million for FC. These amounts are, respectively, 6 percent, 76 percent, and 17 percent, totaling 100 percent (with rounding) of the \$889,481 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

- The Schedule M-3 corporations with total assets of \$100 million or more report total tax net income of \$886,343 million, which is 100 percent (with rounding) of the \$889,481 million tax net income of all Schedule M-3 corporations.
- The corporations with assets of less than \$100 million have a small negative aggregate pretax book income converted to a small positive aggregate tax net income because of small positive total book-tax differences.

Not shown in Figure 1A but reported on Table 1A is total positive tax net income — that is, the total tax net income of corporations not reporting a loss on Form 1120, page 1, line 28. Loss corporations are not subject to the regular corporate income tax.

Table 1A shows that negative tax net income is:

- disproportionately higher among Schedule M-3 returns with total assets of less than \$100 million and among U.S. only and FC Schedule M-3 returns with total assets of \$100 million or more; and
- disproportionately lower among U.S. MNE Schedule M-3 returns with total assets of \$100 million or more.

²⁵Some taxpayers improperly include intercompany dividends in tax net income on Form 1120, page 1, line 28 — the reconciliation target for Schedule M-3. The taxpayer then removes the same intercompany dividend amount as a 100 percent dividends received deduction on line 29b so that it does not increase final income subject to tax on line 30. On the SOI corporate file, SOI removes all intercompany dividends that it identifies from Form 1120 data, including from page 1, line 28, regardless of whether the tax consolidation group contains an insurance company subsidiary. See the discussion of the history of intercompany dividend editing by SOI for 1990-2003 tax years in Boynton, DeFilippes, and Legel (2005 and 2006a); and Boynton, DeFilippes, Legel, and Reum (2011 and 2014). Note that changes on the SOI corporate file do not change the amounts on the tax return and do not affect IRS audits (or lack of audits) for corporate tax returns.

Also not shown in Figure 1A but reported on table 1A are:

- the Form 1120, page 1, line 29a net operating loss deduction using prior-year losses to reduce current taxable income; and
- the adjustment for special deductions (dividend received deductions) on Form 1120, page 1, line 29b, which reduces taxable income.²⁶

The next item shown in Figure 1A is Form 1120, page 1, line 30 taxable income. The 2012 taxable income for Schedule M-3 returns with total assets of \$100 million or more is \$76,056 million for U.S. only, \$686,916 million for U.S. MNE, and \$147,047 million for FC. These amounts are, respectively, 8 percent, 73 percent, and 16 percent, totaling 96 percent (with rounding) of the \$945,577 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

Corporations with total assets of less than \$100 million report approximately 4 percent of the taxable income for all Schedule M-3 corporations.

Not shown in Figure 1A but reported in Table 1A are:

- U.S. federal corporate income tax before credits;
- foreign tax credits;²⁷
- the general business credit; and
- other credits reducing taxes due.²⁸

In Figure 1A, the last item is the U.S. corporate income tax less credits. The 2012 tax less credits for Schedule M-3 returns with total assets of \$100 million or more is \$25,407 million for U.S. only, \$155,157 million for U.S. MNE, and \$36,804 million for FC. These amounts are, respectively, 11 percent, 68 percent, and 16 percent, totaling 95 percent (with rounding) of the \$228,822 million reported for all Schedule M-3 corporations (shown in the fourth column of Table 1A).

Corporations with total assets of less than \$100 million report approximately 5 percent of the tax less credits for all Schedule M-3 corporations.

The last four rows of Table 1A report the Schedule M-3, Part I, line 12a-12d aggregate amounts for total assets for the following entity groups derived from the taxpayers' financial statements:

- financial statement assets of entities included on Part I, line 4 (should be the financial statement assets of the taxpayer, which are generally different from the taxpayer's Form 1120 Schedule L assets because different entities are included in the financial consolidation and in the tax consolidation);
- financial statement assets of entities with non-includible income removed on Part I, line 5 (should be the financial statement assets of the nonincludible foreign subsidiaries and other foreign entities of the taxpayer in the taxpayer's financial statements);
- financial statement assets of entities with non-includible income removed on Part I, line 6 (should be the financial statement assets of the nonincludible U.S. subsidiaries and other U.S. entities of the taxpayer in the taxpayer's financial statements); and
- financial statement assets of entities with other includible income included on Part I, line 7 (should be the financial statement assets of the other includible U.S. subsidiaries and other U.S. entities of the taxpayer not in the taxpayer's financial statements but in the U.S. tax consolidated group).

Tables 1B, 1C, and 1D are similar to Table 1A, but each is restricted to corporations with one of three financial statement types used in this study: SEC Form 10-K/public, audited (not SEC), or unaudited.²⁹ Table 1E presents a means analysis of the key data in tables 1B, 1C, and 1D for corporations with assets of \$100 million or more broken down into nine classes based on the three financial statement types and the three MNE types.³⁰

Figures 1B-1, 1C-1, and 1D-1 are similar to Figure 1A but, following tables 1B, 1C, and 1D, each is restricted to corporations with one of the three financial statement types used in this study. Figures 1B-2, 1C-2, and 1D-2 present mean data from Table 1E but otherwise are similar to figures 1B-1, 1C-1, and 1D-1 in that each is restricted to corporations with one of the three financial statement types. All the figures are for Schedule M-3 returns with total assets of \$100 million or more.

Figures 1B-1 and 1B-2 show the dominance in aggregate book and tax dollar amounts of U.S. MNEs among Schedule M-3 corporations with total assets of \$100 million or more and SEC Form

²⁶The adjustments for the NOL deduction and the special deductions (dividend received deduction) are shown as negative because the adjustments reduce taxable income.

²⁷The adjustment for credits is shown as negative because the adjustment reduces the U.S. income tax owed. The FTC reduces U.S. income taxes, within limits, for income taxes paid to foreign countries on income that is earned outside the United States but included in U.S. taxable income.

²⁸The adjustment for credits is shown as negative because the adjustment reduces the U.S. income tax owed.

²⁹See Section 1.B for a description of our three study financial statement types.

³⁰Note that in tables 1D and 1E, nonincludible foreign income is a net loss for U.S. MNEs with total assets of \$100 million and unaudited financial statements.

Figure 1B-1. 2012 U.S. Corporations: Worldwide Income to Tax Less Credits for SEC Form 10-K Public FS by MNE Status with Total Assets \$100 Million +

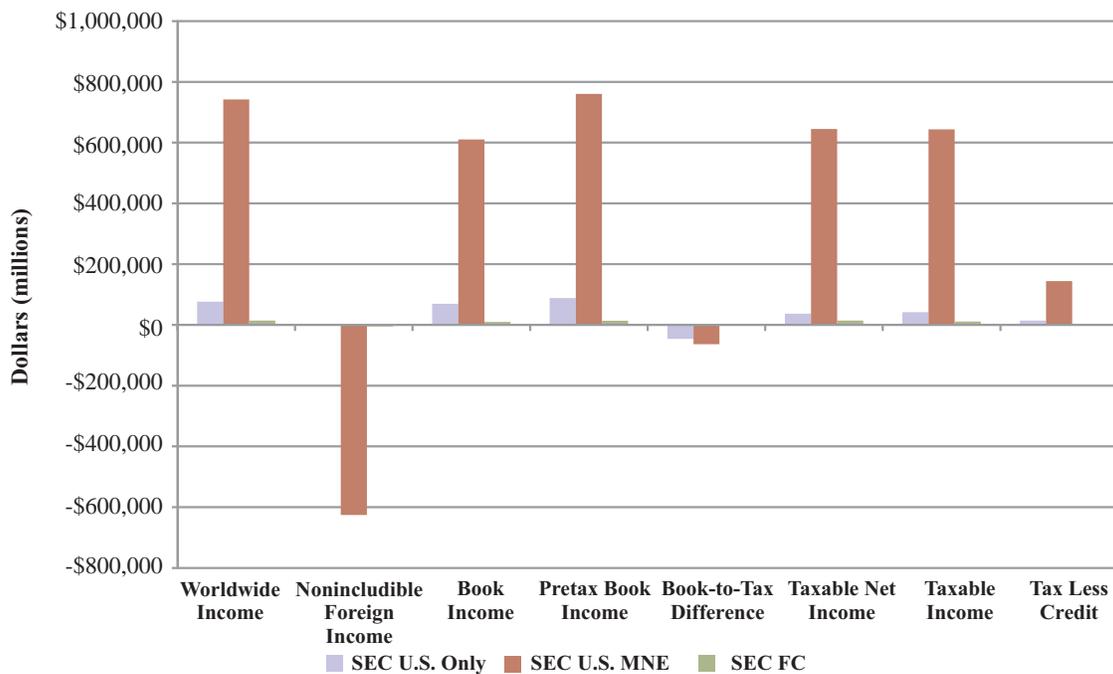
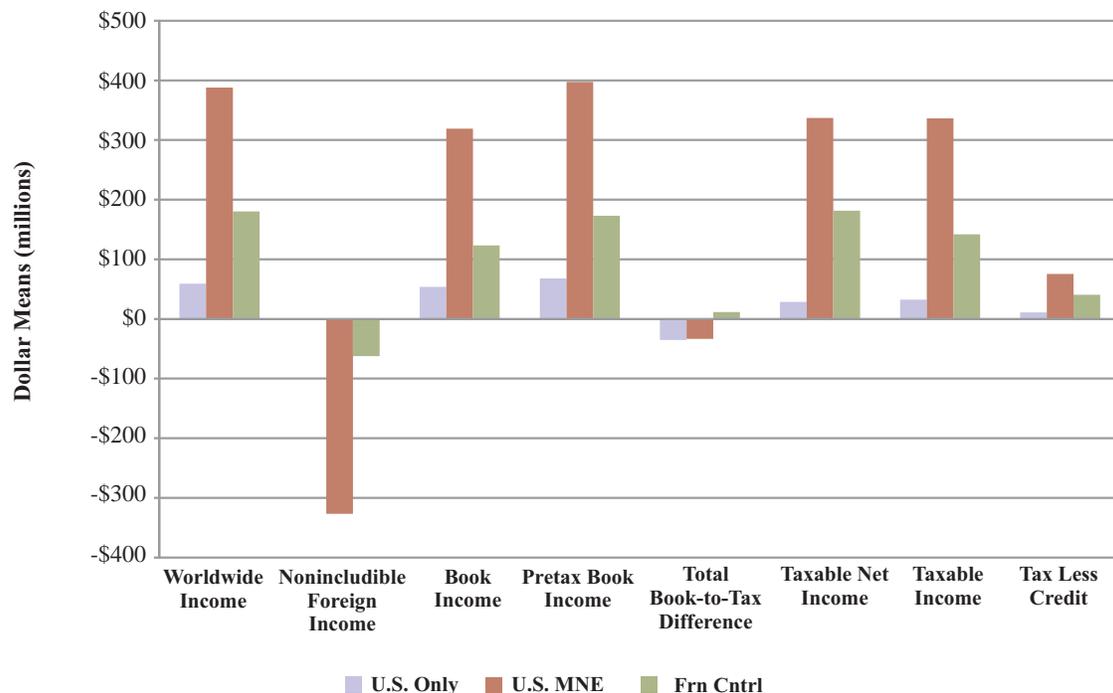


Figure 1B-2. 2012 U.S. Corporations Means Analysis for SEC Form 10-K/Public With Assets of \$100 Million or More by MNE Status



10-K/public financial statements. As for the remaining two groups in these two figures:

- in Figure 1B-1, the aggregate book and tax dollar amounts for U.S. only corporations in general dominate the aggregate amounts for FC corporations; and

Figure 1C-1. 2012 U.S. Corporations: Worldwide Income to Tax Less Credits for Audited FS by MNE Status With Total Assets \$100 Million +

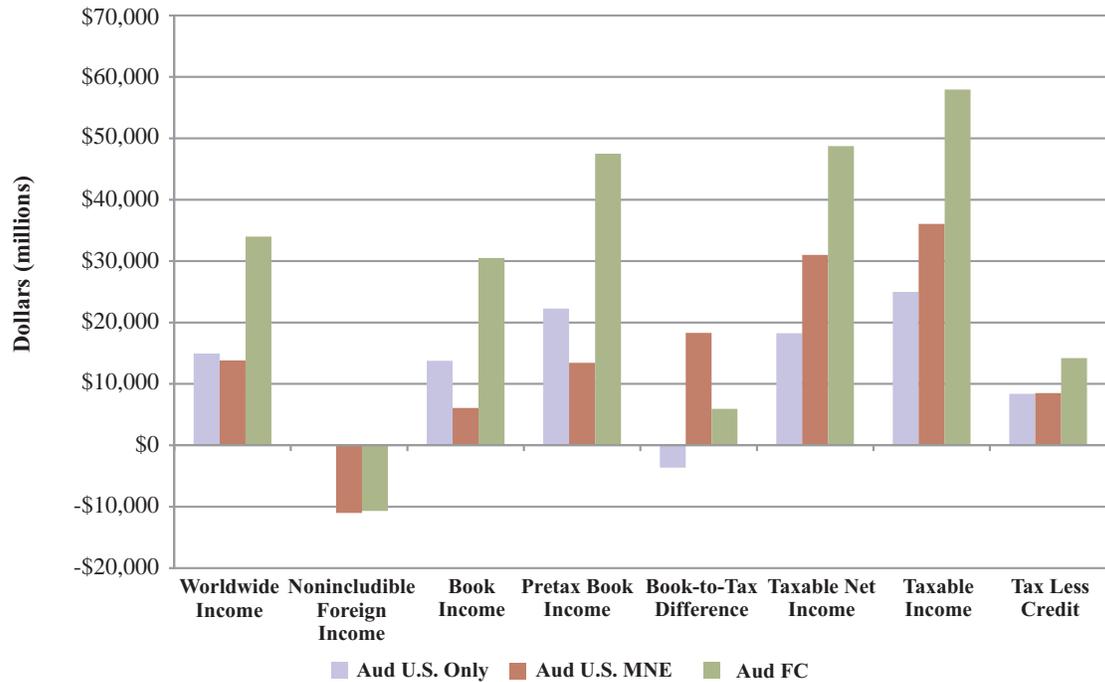
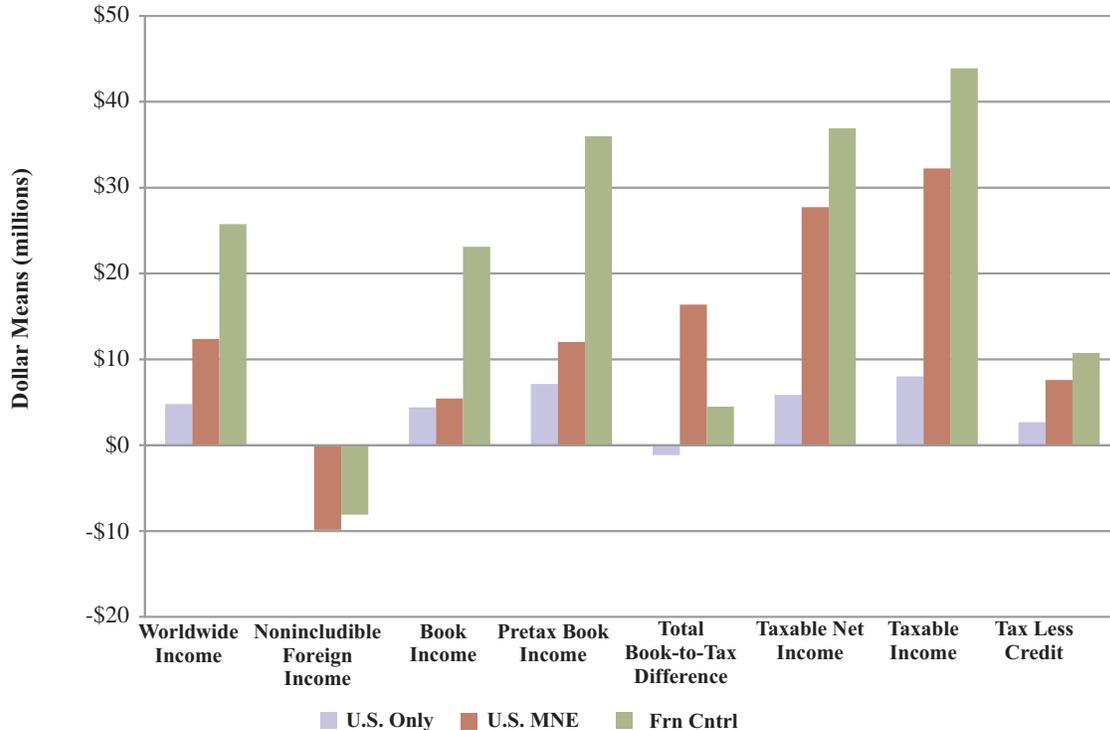


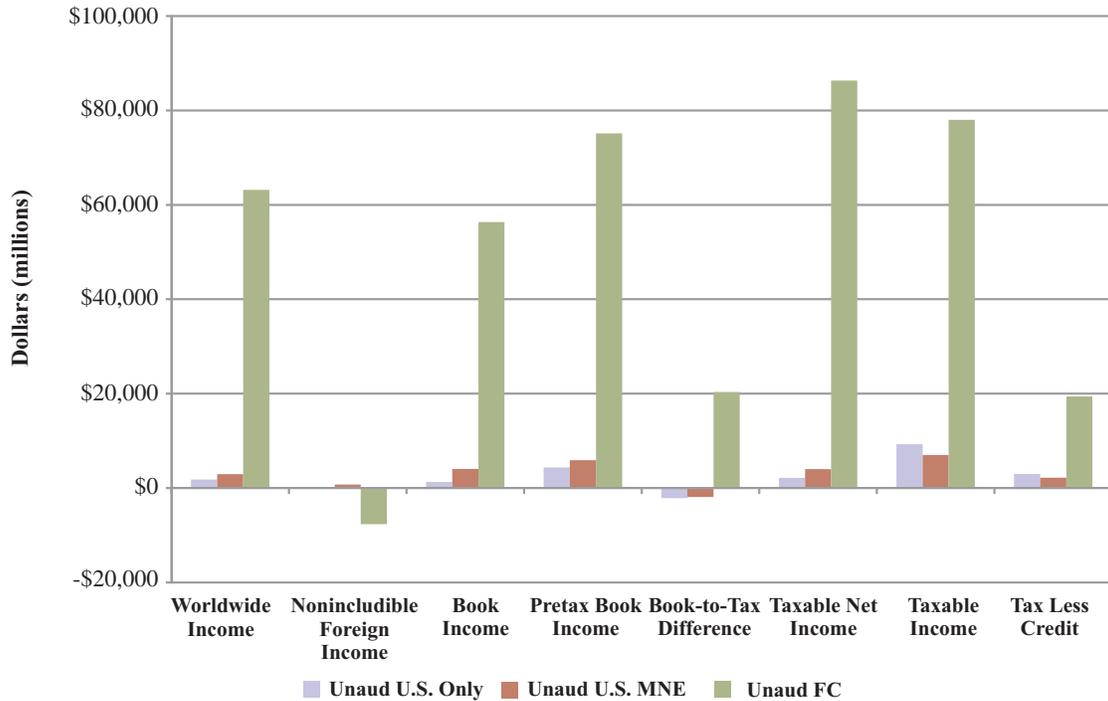
Figure 1C-2. 2012 U.S. Corporations Means Analysis for Audited With Assets of \$100 Million or More by MNE Status



• in contrast, in Figure 1B-2, the mean size of book and tax dollar amounts for FC corpora-

tions in general dominates the mean size of amounts for the U.S. only corporations.

Figure 1D-1. 2012 U.S. Corporations: Worldwide Income to Tax Less Credits for Unaudited FS by MNE Status With Total Assets \$100 Million +



Figures 1C-1 and 1C-2 show the dominance in aggregate book and tax dollar amounts of FC corporations among Schedule M-3 corporations with total assets of \$100 million or more and audited financial statements. As for the remaining two groups in these two figures:

- in Figure 1C-1, the aggregate book and tax dollar amounts for U.S. only corporations and U.S. MNEs are generally similar but mixed regarding which is the larger or smaller on a particular variable in the figure; and
- in contrast, in Figure 1C-2, the mean size of book and tax dollar amounts for U.S. MNEs in general dominates the mean size of amounts for the U.S. only corporations.

Figures 1D-1 and 1D-2 show the dominance in aggregate book and tax dollar amounts of FC corporations among Schedule M-3 corporations with total assets of \$100 million or more and unaudited financial statements. As for the remaining two groups in these two figures³¹:

- in Figure 1D-1, the aggregate book and tax dollar amounts for U.S. only corporations are

generally similar but mixed regarding which is the larger or smaller on a particular variable in the figure;

- in contrast, in Figure 1D-2, the mean size of book and tax dollar amounts for U.S. MNEs in general dominates the mean size amounts for the U.S. only corporations.

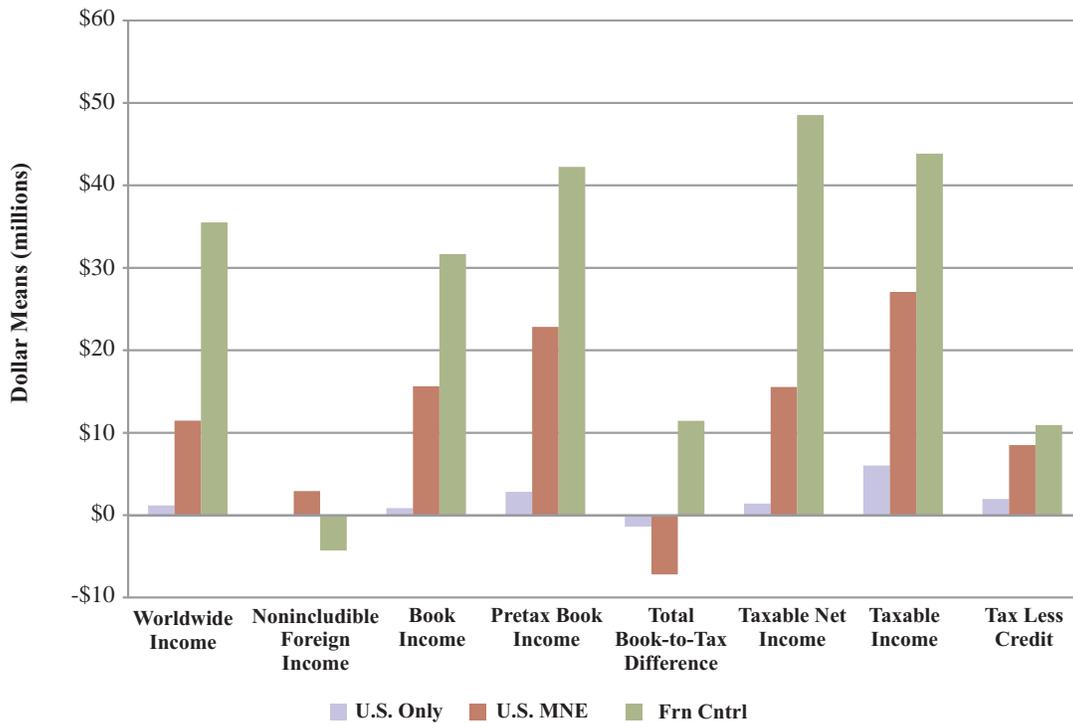
III. Schedule M-3, Book-Tax Difference Analysis

Table 2A reports aggregate 2012 data for the Schedule M-3, Part II, four-column analysis: book income amounts in column (a); temporary difference in column (b); permanent difference in column (c); and tax income amounts in column (d). Schedule M-3, Part II, lines 1 through 26 deal with income and loss items and cost of goods sold (COGS). Line 27 of Part II reports the expense/deduction amounts carried over from Part III; line 28 reports items with no book-tax difference; line 29 reports adjustments for mixed-group sub-consolidation amounts; and line 30 is the general reconciliation between the book income amount on Schedule M-3, Part I, line 11 and the tax income amount on Form 1120, page 1, line 28.

In Table 2A, the fourth through seventh columns are 2012 aggregate data for all 42,301 corporations filing Schedule M-3 returns included in this study, and they correspond to Schedule M-3, Part II, columns (a), (b), (c), and (d):

³¹Note that in figures 1D-1 and 1D-2, nonincludible foreign income is a net loss for U.S. MNEs with total assets of \$100 million and unaudited financial statements.

Figure 1D-2. 2012 U.S. Corporations Means Analysis for Unaudited With Assets of \$100 Million or More by MNE Status



- the fourth column reports the aggregate book income amount for the row from column (a);
- the fifth column reports the aggregate temporary difference for the row from column (b);
- the sixth column reports the aggregate permanent difference for the row from column (c); and
- the seventh column reports the aggregate tax return amount for the row from column (d).

In Table 2A, the first three table columns are similar to the first three columns in tables 1A through 1D:

- the first table column reports the frequency of nonzero responses on the row in the aggregate data in the fourth through seventh table columns;³²
- the second column reports the frequency as a percentage of 42,301 — the number of 2012 Schedule M-3 corporations in this study (the 42,301 corporations report total assets of \$50.9 trillion);
- the third column reports for each row the total assets of the corporations with a nonzero

amount on the row in any of the fourth through seventh table columns stated as a percentage of the \$50.9 trillion in assets reported by all 42,301 corporations; and

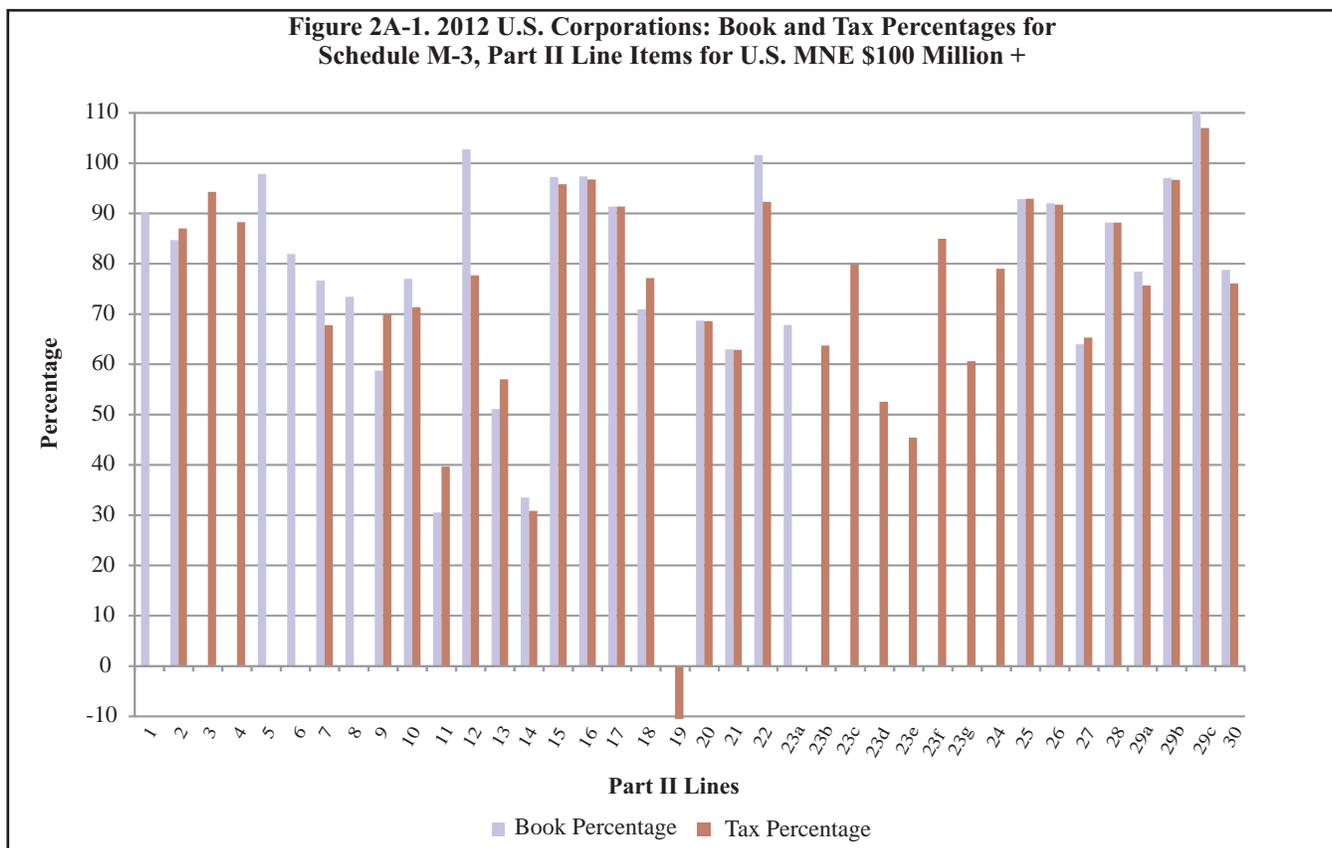
- if the percentage in the third column is larger than the percentage in the second column, larger asset corporations are disproportionately more likely to report nonzero amounts for the row than are smaller asset corporations.

In Table 2A, the eighth through 11th columns, respectively, present 2012 Schedule M-3, Part II, four-column data (book income amount, temporary difference, permanent difference, and tax return amount) for the 12,427 corporations filing Schedule M-3 and reporting total assets of \$100 million or more stated as a percentage of the amounts reported in, respectively, the fourth through seventh table columns for all Schedule M-3 returns in the study:

- the 12,427 corporations are 29 percent of the 42,301 corporations;
- generally, the percentage reported in the eighth through 11th column for each row is close to 100 percent; and
- corporations filing Schedule M-3 with total assets of \$100 million or more account for almost all the amounts reported for all Schedules M-3, Part II, and corporations with less than \$100 million account for relatively little.

³²A response is treated as nonzero if a nonzero amount is reported for any of the four columns for book income amount, temporary difference, permanent difference, or tax return amount.

Figure 2A-1. 2012 U.S. Corporations: Book and Tax Percentages for Schedule M-3, Part II Line Items for U.S. MNE \$100 Million +



In Table 2A, the 12th through 15th columns, respectively, present 2012 Schedule M-3, Part II, four-column data for the MNEs filing Schedule M-3 and reporting total assets of \$100 million or more stated as a percentage of the amounts reported in, respectively, the fourth through seventh table columns for all Schedule M-3 returns in the study:

- although these percentages are often close to 100 percent, they may vary substantially higher or lower than 100 percent and may be negative;
- if the percentage is greater than 100 percent, the MNEs with total assets of \$100 million or more report an aggregate amount that is larger than, but with the same sign as, the aggregate amount for all Schedules M-3 in the study, indicating that the other corporations are reporting an aggregate amount with a sign opposite to the sign of the aggregate amount for all Schedules M-3 in the study; and
- if the sign of the percentage is negative, the MNEs with total assets of \$100 million or more are reporting an aggregate amount with a sign opposite to the sign of the aggregate amount for all Schedules M-3 in the study.

Table 2B is similar to Table 2A and reports aggregate 2012 data for the Schedule M-3, Part III, four-column analysis of expense-deduction book

income amounts, temporary and permanent book-tax difference adjustments, and tax income amounts.

Corporations filing Schedule M-3 with total assets of \$100 million or more account for almost all the amounts reported for all Schedules M-3, Part III, and corporations with less than \$100 million account for relatively small amounts.

Figure 2A-1 summarizes the percentages in Table 2A's 12th and 15th columns for book income and tax return amount for MNEs with \$100 million or more in assets. Figure 2A-2 summarizes the percentages in Table 2A's 13th and 14th columns for temporary and permanent differences for MNEs with \$100 million or more in assets. The percentages are truncated to range from -10 percent to 110 percent.

Figure 2B-1 summarizes the percentages in Table 2B's 12th and 15th columns for book income and tax return amount for MNEs with \$100 million or more in assets. Figure 2B-2 summarizes the percentages in Table 2B's 13th and 14th columns for temporary and permanent differences for MNEs with \$100 million or more in assets. The percentages are truncated to range from -10 percent to 110 percent.

Figure 2A-2. 2012 U.S. Corporations: Temporary and Permanent Book-to-Tax Difference Percentages of Schedule M-3, Part II Line Items for U.S. MNE \$100 Million +

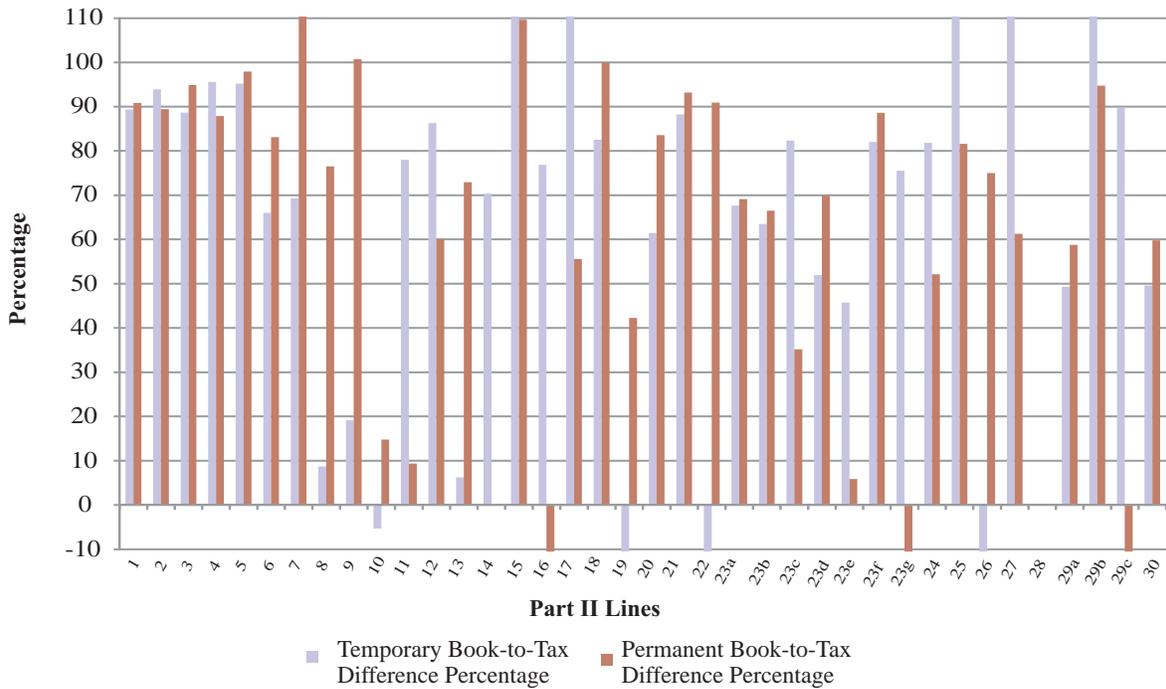


Figure 2B-1. 2012 U.S. Corporations: Book and Tax Percentages for Schedule M-3 Part III Line Items for U.S. MNE \$100 Million +

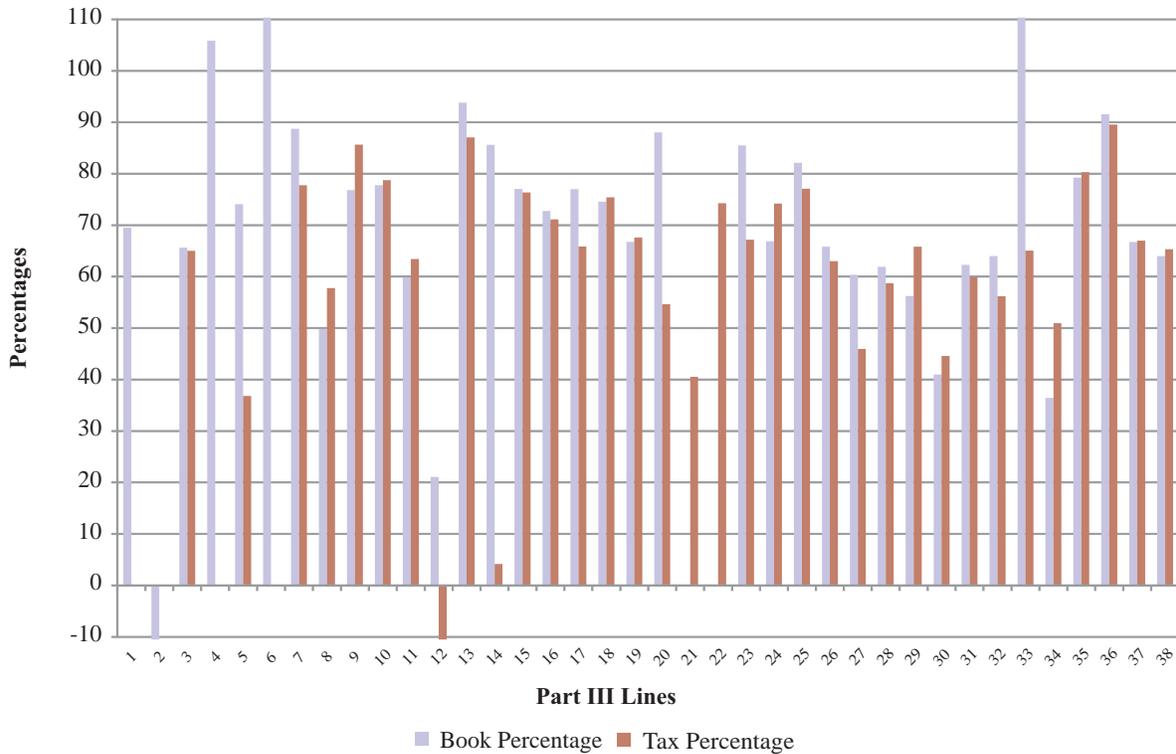
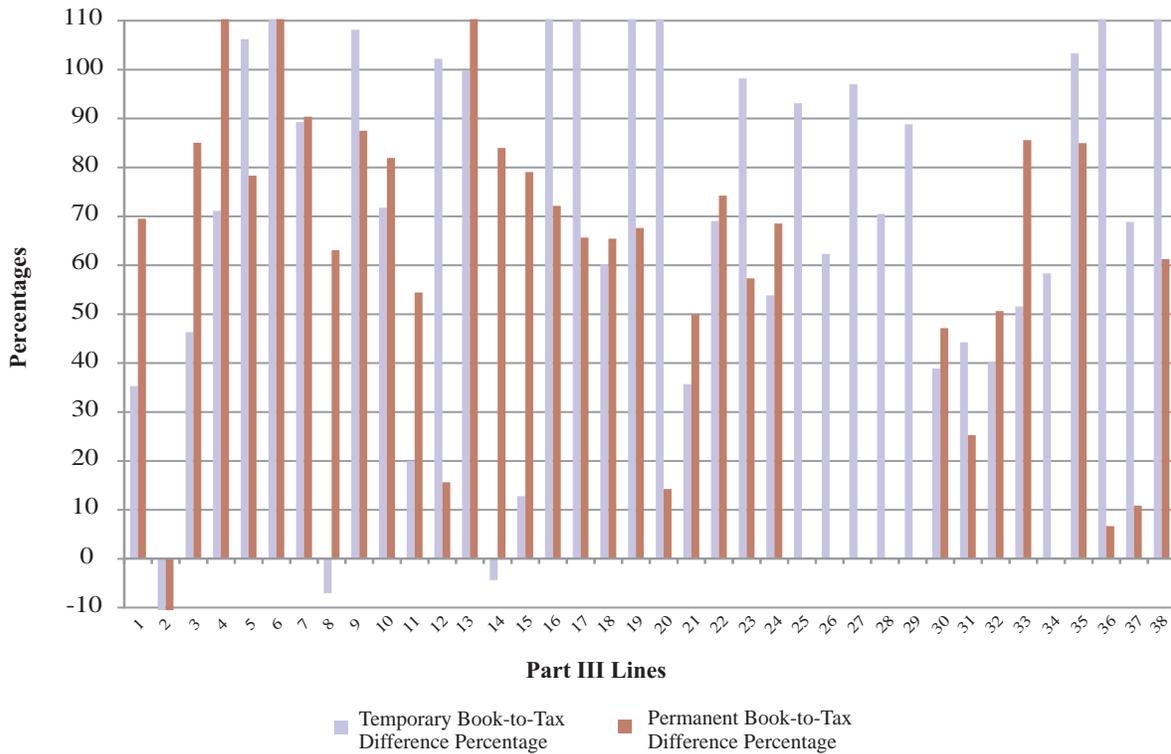


Figure 2B-2. 2012 U.S. Corporations: Temporary and Permanent Book Tax Difference Percentages for Schedule M-3 Part III Line Items for U.S. MNE \$100 Million +



IV. Asset Size Analysis

Table 3 presents 2012 data for 10 key variables for Schedule M-3 corporations by five asset size classes, and by financial statement type and MNE type within each asset size class.³³

The five asset size classes are:

- all;
- \$1 billion or more;
- \$100 million but less than \$1 billion;
- \$100 million or more; and
- less than \$100 million.

The 10 key variables are:

- total number of returns;
- total assets (Schedule L);
- worldwide income;
- foreign nonincludible income;
- pretax book income;
- book-tax temporary difference;
- book-to-tax permanent difference;
- tax net income;
- taxable income; and
- tax less credits.

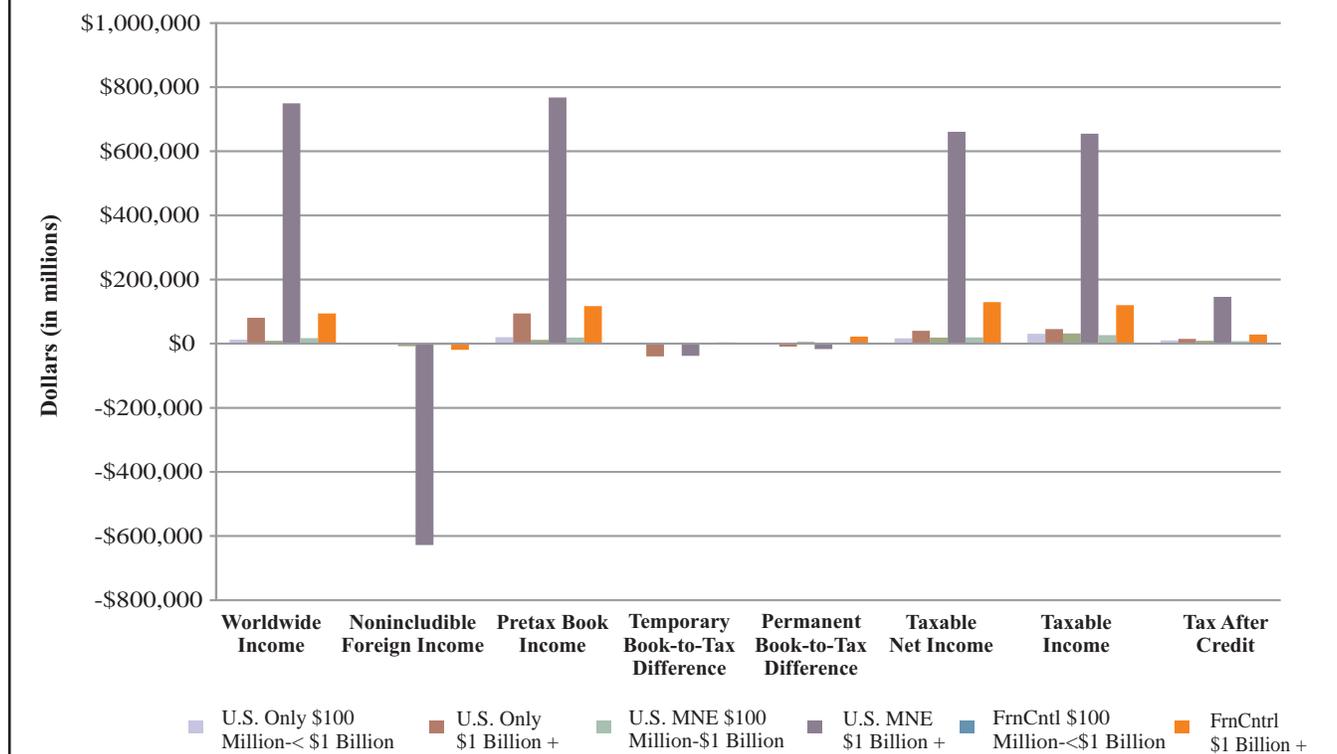
³³In Table 3, in three of the asset size classes (\$1 billion or more, \$100 million but less than \$1 billion, and less than \$100 million), the total for the FC class is shown and, further, the FC class is subdivided into FC U.S. only (no Form 5471 or Form 8865) and FC U.S. MNE (any Form 5471 or Form 8865).

Table 3 shows, consistent with our comments in the prior two sections of the study, that the 12,427 (29 percent) of Schedule M-3 returns with total assets of \$100 million or more report close to 100 percent of the aggregate amounts reported by all 42,301 Schedule M-3 returns for eight of the nine aggregate dollar book and tax variables.³⁴

Table 3 also shows that the 2,856 (7 percent) of Schedule M-3 returns with total assets of \$1 billion

³⁴The exception is that Schedule M-3 returns with total assets of \$100 million or more report only 52 percent of the net positive aggregate permanent book-tax differences. The net positive permanent book-tax difference is small compared with the net negative aggregate temporary book-tax difference for all Schedule M-3 returns (-\$74,106 million temporary versus \$8,707 million permanent) and for those with total assets of \$100 million or more (-\$76,217 million temporary versus \$4,556 million permanent). As reported in our discussion of Table 1A, Schedule M-3 returns with total assets of \$100 million or more report total book-tax differences of -\$71,660 million (110 percent) of the total book-tax differences of -\$65,400 million for all Schedule M-3 returns.

Figure 3. 2012 U.S. Corporations Key Schedule M-3 Data and 1120 Return Data by MNE Status: Assets \$100 Million to \$1 Billion Versus \$1 Billion or More



or more report more than 90 percent of the aggregate amounts reported by all 42,301 Schedule M-3 returns for six of the nine aggregate dollar variables.³⁵

Figure 3 compares eight of the variables in Table 3 by MNE type for two of the asset size classes:

- \$100 million but less than \$1 billion (23 percent of the returns); and
- \$1 billion or more (7 percent of the returns).

In Figure 3 and Table 3, the aggregate amounts for returns in the \$1 billion-or-more asset size class dominate in aggregate book and tax dollar amounts the aggregate amounts for returns in the \$100 million-but-less-than \$1 billion asset size class for all three MNE types.

In aggregate book and tax dollar amounts, U.S. MNEs with \$1 billion or more in assets dominate FC corporations with \$1 billion or more in assets. Those FC corporations dominate U.S. only corporations with \$1 billion or more in assets, except for negative temporary book-tax difference, in which U.S. only

dominates, and positive permanent book-tax difference, in which FC corporations dominate.

V. Industry Analysis

Tables 4A-1, 4A-2, 4B, 4C-1, and 4C-2 present 2012 data by industry for the 12,427 Schedule M-3 returns with total assets of \$100 million or more.

In terms of MNE type, the 12,427 corporations consist of:

- 5,958 U.S. only (48 percent);
- 3,291 U.S. MNE (26 percent); and
- 3,178 FC (26 percent).

U.S. only corporations with assets of \$100 million or more are concentrated in banking (3,129, or 25 percent of the 12,427).

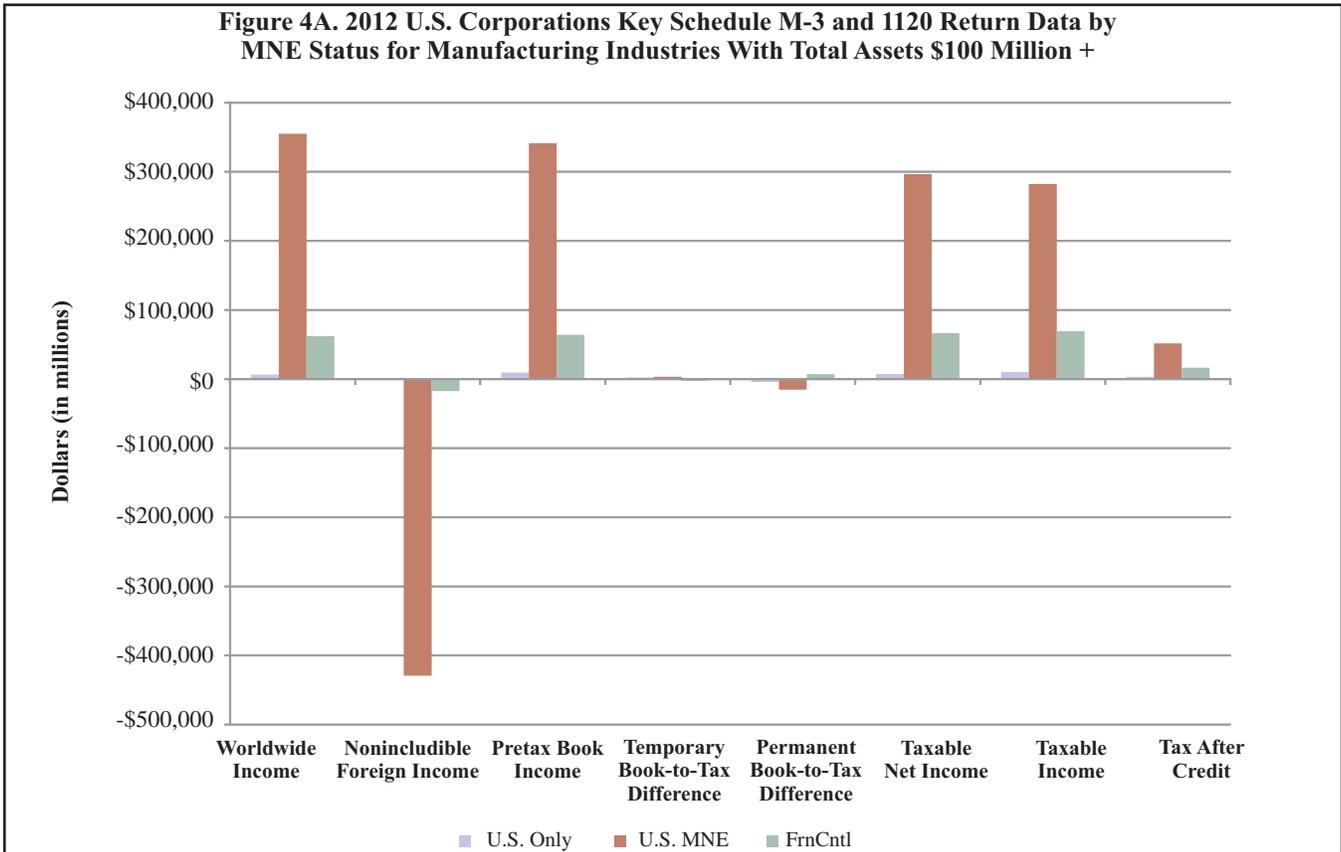
Tables 4A-1 and 4A-2 present 2012 data for manufacturing (all manufacturing subtotal and eight industry groups); Table 4B presents 2012 data for finance (all finance subtotal and four industry groups); and tables 4C-1 and 4C-2 present 2012 data for other industries (all other subtotal and seven industry groups).³⁶ Data within industries are

³⁵The exceptions are negative permanent book-tax differences of -\$3,990 million (-46 percent), taxable income of \$820,849 million (87 percent), and tax less credits of \$189,923 million (83 percent).

³⁶The industries listed in tables 4A-1, 4A-2, 4B, 4C-1, and 4C-2 are listed in SOI publications in the following industries, major codes, and sector codes: Petroleum Refineries: Ind. 324110; Pharmaceuticals: Ind. 325410; Computers/Electronics:

(Footnote continued on next page.)

Figure 4A. 2012 U.S. Corporations Key Schedule M-3 and 1120 Return Data by MNE Status for Manufacturing Industries With Total Assets \$100 Million +



shown for all returns by financial statement types and MNE types. The 10 data columns are the same variables as in Table 3.

Figures 4A, 4B, and 4C compare the U.S. only, U.S. MNE, and FC Schedule M-3 returns with total assets of \$100 million or more within each of the three industries: Figure 4A for manufacturing; Figure 4B for finance; and Figure 4C for other. Figures 4D, 4E, and 4F compare those three industries within the three MNE types: Figure 4D for U.S. only; Figure 4E for U.S. MNE; and Figure 4F for FC.

In Figure 4A for manufacturing, the aggregate book and tax dollar amounts for U.S. MNE returns

in general dominate the aggregate amounts for FC returns, which dominate the aggregate amounts for U.S. only returns.

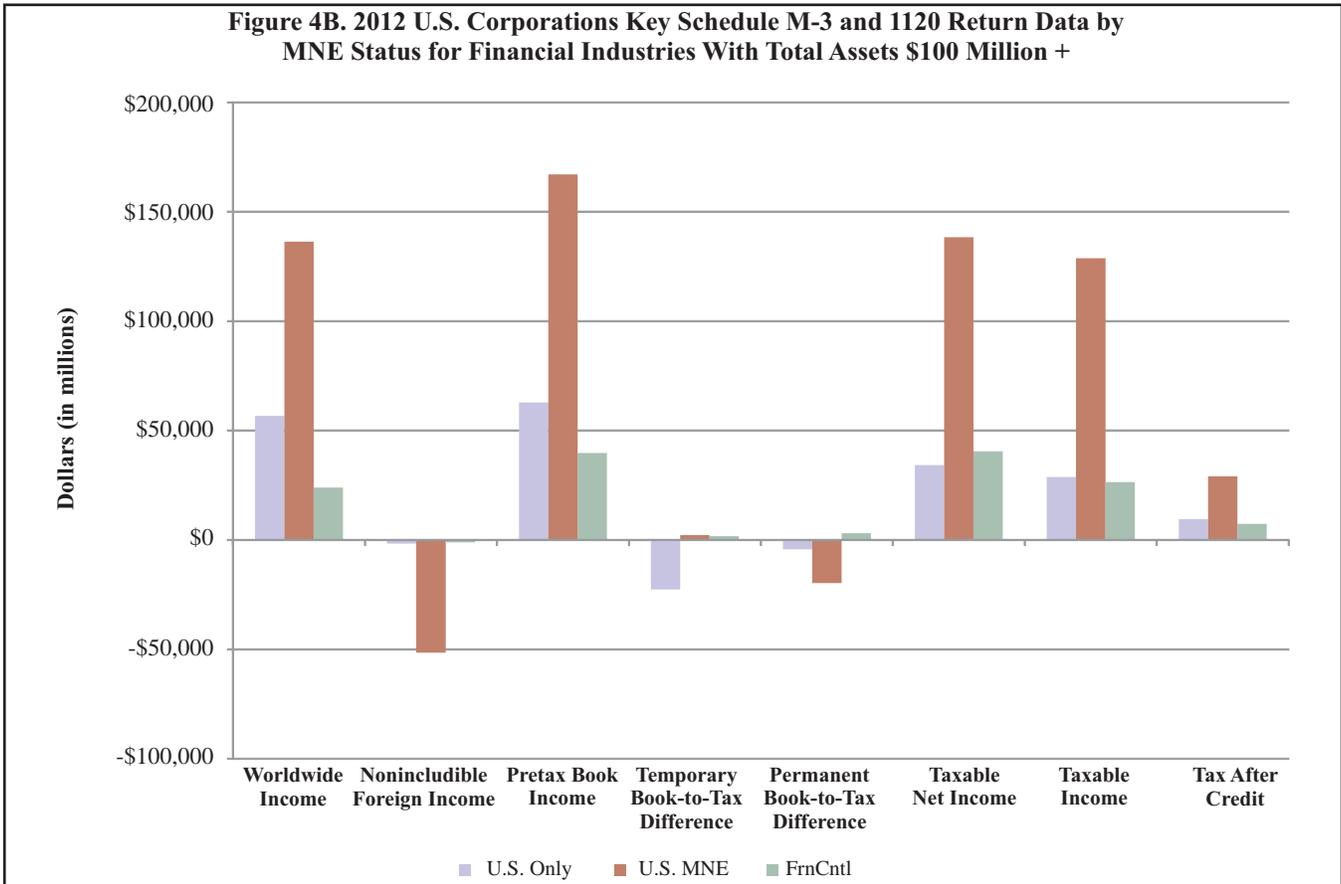
In Figure 4B for finance, the aggregate book and tax dollar amounts for U.S. MNE returns in general dominate the aggregate amounts for U.S. only and FC returns. The aggregate amounts for U.S. only and FC returns are mixed regarding which is larger or smaller on a particular variable in the figure, with the exception of negative temporary book-tax difference, in which U.S. only dominates.

In Figure 4C for “other” (non-manufacturing, non-finance), the aggregate book and tax dollar amounts for U.S. MNE returns in general dominate the aggregate amounts for U.S. only and FC returns, and the aggregate amounts for U.S. only and FC returns are mixed regarding which is larger or smaller on a particular variable in the figure.

In Figure 4D for U.S. only returns, the aggregate book and tax dollar amounts for finance in general dominate the aggregate amounts for other, which dominate the aggregate amounts for manufacturing, with the exceptions of taxable income and tax-after credits, in which other dominates; negative temporary book-tax difference, in which finance and other are approximately equal and dominate manufacturing; and negative permanent book-tax

Major code 334; Electrical Equipment: Major code 335; Transportation Equipment: Major code 336; Fabricated Metal and Machinery: Major codes 332 and 333; Food/Beverage Mfg: Major codes 311 and 312; Other Manufacturing: Major codes 313, 315, 316, 321, 322, 323, 325, 326, 327, 331, 337, 339, and Ind. 325125; Non-Bank Holding Company: Ind. 551112; Bank & Bank Holding Company: Ind. 551111, and Major code 521; Securities/Commodities: Major code 523; Other Financial: Major codes 522, 524, 525, and sector 53; Trade: Sector code 41; Information: Sector code 51; Utilities: Sector code 22; Transport/Warehousing: Sector code 48; Mining: Sector code 21; Construction: Sector code 23; and Service/Agriculture/Other: the remainder of the industries not listed above.

Figure 4B. 2012 U.S. Corporations Key Schedule M-3 and 1120 Return Data by MNE Status for Financial Industries With Total Assets \$100 Million +



difference, in which finance and manufacturing are approximately equal and dominate other.

In Figure 4E for U.S. MNE returns, the aggregate book and tax dollar amounts for manufacturing in general dominate the aggregate amounts for other (non-manufacturing, non-finance), which dominate the aggregate amounts for finance, with the exceptions of tax after credits, in which other dominates; negative temporary book-tax difference, in which other dominates; negative permanent book-tax difference, in which finance and manufacturing are approximately equal; and positive permanent book-tax difference, in which other dominates.

In Figure 4F for FC returns, the aggregate book and tax dollar amounts for manufacturing in general dominate the aggregate amounts for finance and other (non-manufacturing, non-finance), which are mixed regarding which is larger or smaller on a particular variable in the figure, with the exceptions of positive temporary book-tax difference, in which other dominates; and positive permanent book-tax difference, in which other dominates.

VI. Summary M-3: Specified vs. Other Lines

A. Format of Summary M-3

The “other with differences” lines on Schedule M-3 with book-tax differences are Part II, line 25

and Part III, line 37. The “other with no differences” line is Part II, line 28. In two prior studies in this series, we noted both the large dollar magnitude of the book income, tax income, and book-tax difference amounts reported on the “other with differences” lines and the documentation problems found on the lines.³⁷

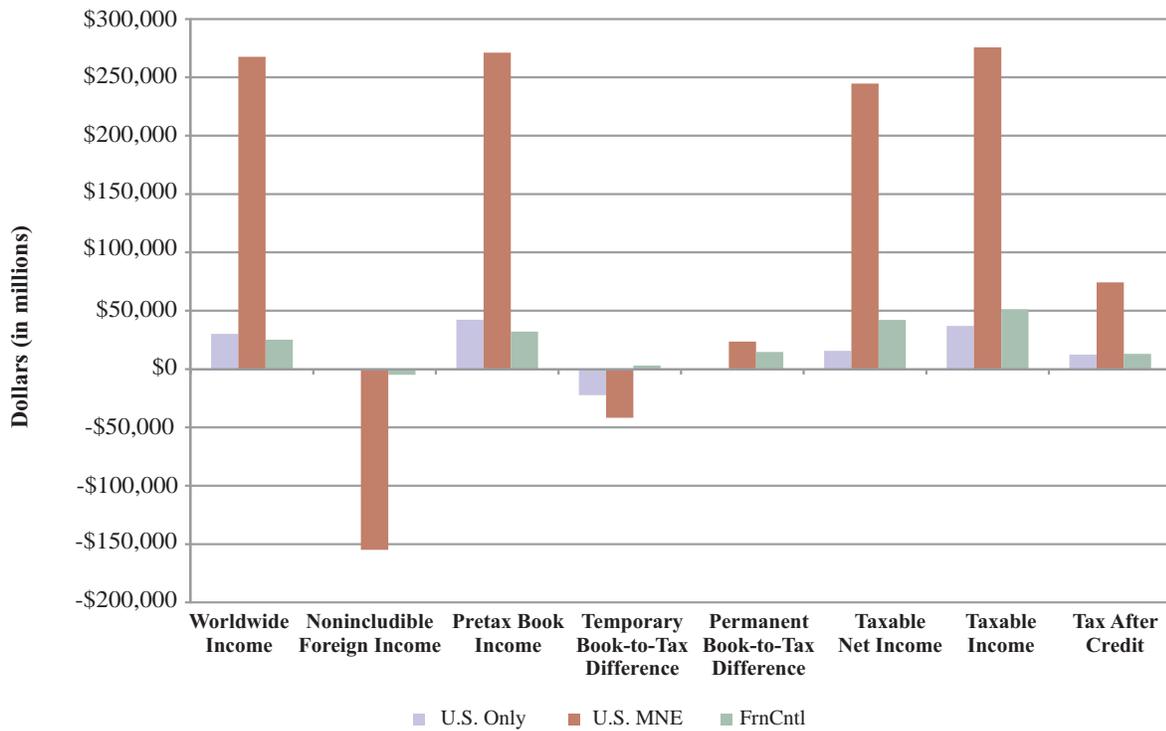
We use a Summary M-3 format to compare the aggregate amounts reported on the Schedule M-3, parts II and III “other with differences” or “other with no differences” lines with the aggregate amounts reported on the Schedule M-3, parts II and III “specified” lines — that is, the lines with specific captions.³⁸

³⁷For discussions of the “other with difference” documentation by large taxpayers in 2005 and 2007, see Boynton, DeFilippes, and Legel (2008); and Boynton, DeFilippes, Legel, and Reum (2011).

³⁸In two prior papers, we used the term “Mini M-3” rather than “Summary M-3.” See Boynton, DeFilippes, Legel, and Reum (2014); and Boynton, DeFilippes, Legel, and Rupert (2014). Amounts reported on the other with difference lines require attached documentation. The documentation must separately state and adequately disclose the book-tax difference for the line. The other items with no difference line has no documentation. Reporting on the other with difference lines is similar to, but more detailed than, reporting on Schedule M-1.

(Footnote continued on next page.)

Figure 4C. 2012 U.S. Corporations Key Schedule M-3 and 1120 Return Data by MNE Status for Other Industries With Total Assets \$100 Million +



A Schedule M-3 COGS adjustment is used to remove the cost of securities, commodity contracts, and other financial products reported in COGS by some corporations and to reconcile to the COGS amount reported by the SOI corporate data file. The Summary M-3 format also makes related special adjustments to other income with differences and other items with no differences lines and separates the adjusted other items with no differences line into “other income with no differences” and “other expense/deduction with no differences” lines. Finally, the other income with no differences line is adjusted to reconcile to the gross receipts amount reported by the SOI corporate data file.

After making the data adjustments, the Summary M-3 format has 10 categories of specified lines, other with differences, or other with no differences lines, and subtotals or totals³⁹:

- other income with no differences (Part II, line 28 adjusted) (gross receipts);
- COGS (Part II, line 17 adjusted);
- adjusted gross profit;
- specified income (Part II, lines 1-16, 18-24, and 29a-29c);
- other income with differences (Part II, line 25 adjusted);
- adjusted total income;
- specified expense/deduction (Part III, lines 3-36);
- other expense/deduction with differences (Part III, line 37);
- other expense/deduction with no differences (an adjustment to Part II, line 28); and
- pretax book income.

We use the adjusted total book income amount as a common-size scaling factor and compare percentages of adjusted total book income to remove or minimize the impact of differences in the size of corporations from our analysis. Also, in comparing the Schedule M-3 characteristics of different categories of corporate return filers, total pretax income book-tax difference is expressed as a percentage of total pretax book income.

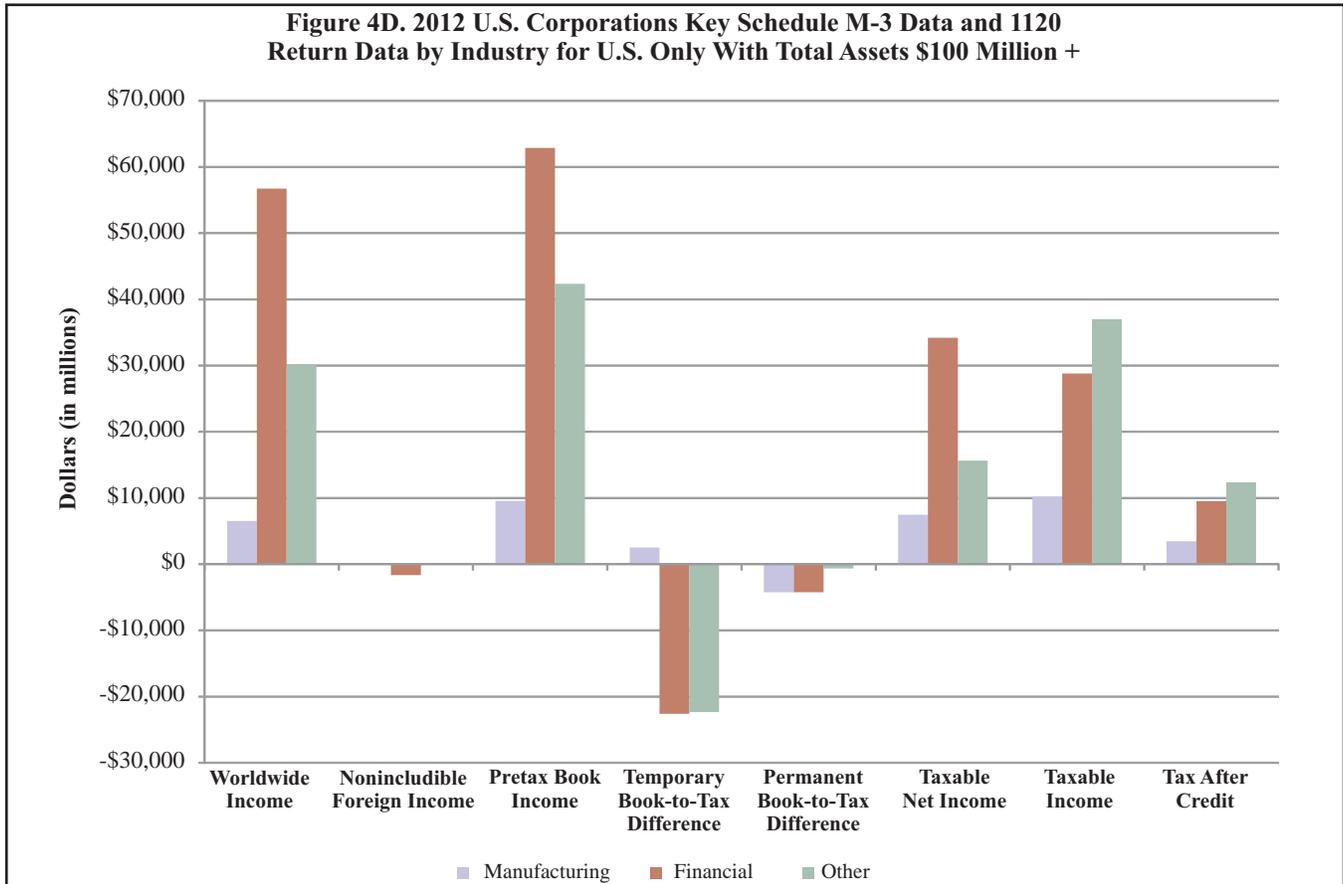
Both allow descriptions determined by the taxpayer. Schedule M-1 requires only a description and a book-tax difference. Schedule M-3 requires a description, a book income amount, a temporary book-tax difference amount, a permanent book-tax difference amount, and a tax income amount.

³⁹All book-tax differences in adjusted gross profit are from adjusted COGS. The adjustments we make to COGS are made equally to the unadjusted book amount and tax amount and have no effect on the book-tax difference. We exclude federal income tax expense reported on Schedule M-3, Part III, lines 1

(Footnote continued in next column.)

and 2 from our pretax analysis. See our discussion of pretax income and BTD in section I.B of this study.

Figure 4D. 2012 U.S. Corporations Key Schedule M-3 Data and 1120 Return Data by Industry for U.S. Only With Total Assets \$100 Million +



B. Adjustments for Summary M-3

We make a Schedule M-3 COGS adjustment for the Summary M-3. The adjustment reconciles the Schedule M-3 COGS tax income amount with Form 1120, page 1, line 2 COGS reported by SOI for the corporations in our study.⁴⁰ SOI removes the cost of securities, commodity contracts, and other financial products reported in Form 1120, page 1, line 2 COGS.⁴¹ We make the equal adjustments to Part II, line 17 COGS book income and tax income, with the result that COGS book-tax differences are unchanged. SOI also makes adjustments to Form 1120, page 1, line 1 gross receipts to match the amounts SOI removes from COGS. We match our COGS adjustments with adjustments to other income with

differences and to other items with no differences. We also separate the adjusted other items with no differences into other income with no differences and other expense/deduction with no differences.⁴² Finally, the other income with no differences line is adjusted to reconcile to the gross receipts amount reported by the SOI corporate data file. Adopting the SOI adjustments to COGS and gross receipts facilitates development of a consistent measure of total income applicable to different size corporations.⁴³

We adjust 2012 Schedule M-3 COGS book and tax income amounts to agree with the SOI Form 1120, page 1, line 2 COGS. In doing so, we need to determine where on Schedule M-3 to make the

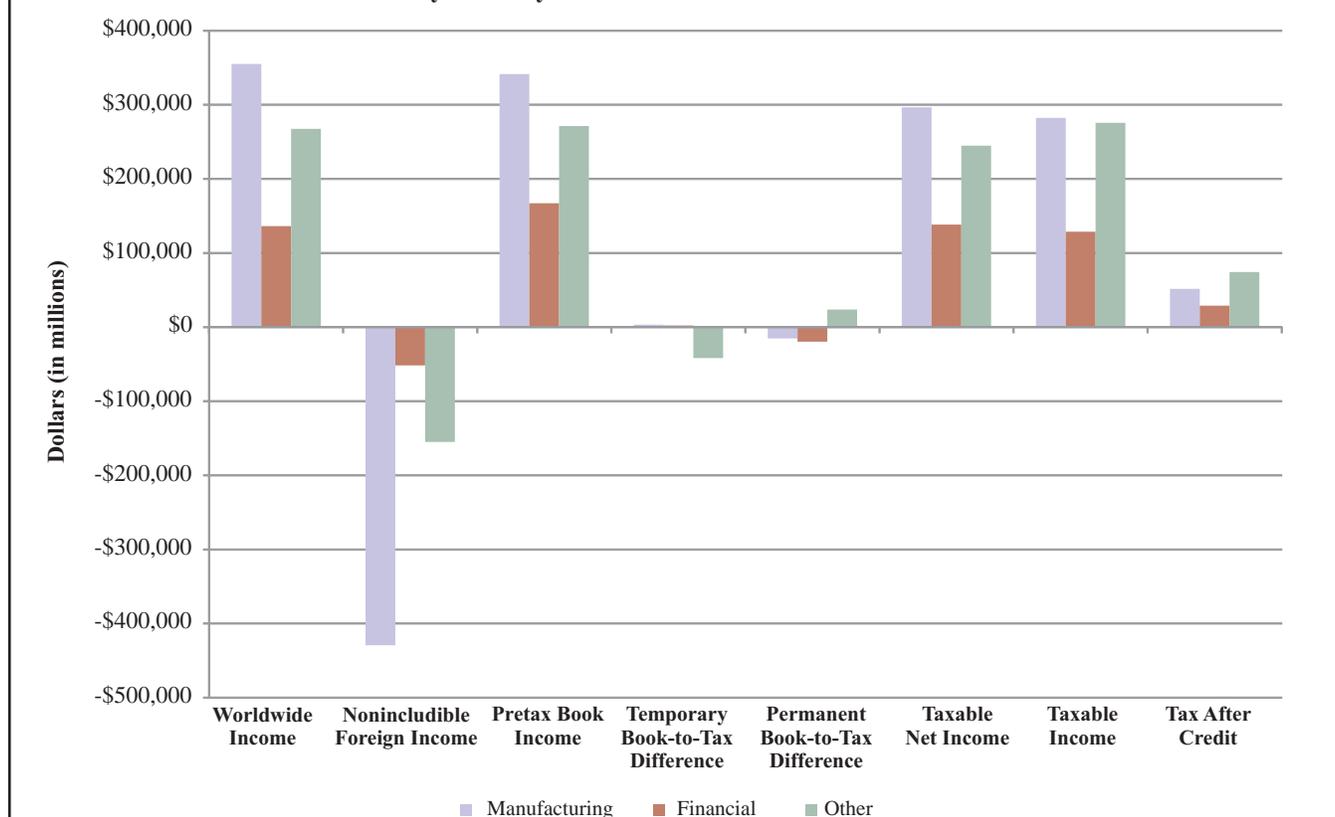
⁴⁰SOI has adjusted Form 1120, page 1, line 1 gross receipts and line 2 COGS, Schedule A COGS, and Schedule L inventory amounts since the 1980s to remove the cost of securities and commodities transactions. SOI-adjusted COGS, gross receipts, and inventory amounts are used by the Bureau of Economic Analysis for national income accounts. At the request of OTA, SOI has not adjusted Schedule M-3 data since its introduction in 2004.

⁴¹Note that changes on the SOI corporate file do not change the amounts on the tax return and do not affect IRS audits (or lack of audits) for corporate tax returns.

⁴²We have introduced adjustment lines into our 2010, 2011, and 2012 M-3 "First Look" FORM tables (available on request) to show the frequency of adjustment and the amounts needed to reconcile Schedule M-3, Part II, line 17 COGS to the SOI amount reported for Form 1120, page 1, line 2.

⁴³Both aggregate unadjusted book income and tax income reported on Schedule M-3, Part II, line 26 for all corporations are negative because the large absolute amount of COGS for all corporations on Part II, line 17 exceeds the income reported on the specified income lines and the other income with difference line combined. A majority of gross receipts are reported on Part II, line 28, "other items with no difference."

Figure 4E. 2012 U.S. Corporations Key Schedule M-3 Data and 1120 Return Data by Industry for U.S. MNE With Total Assets \$100 Million +



matching gross receipts adjustment. We developed a rule to allocate the matching gross receipts reduction between Schedule M-3, Part II, line 25, “other income with differences,” and line 28, “other items without differences.”⁴⁴

Also, we compare the Form 1120, page 1, line 27 total deduction amount with the total Part III deduction amount carried over from Part II as reported on Part II, line 27, column (d) to determine the total “deductions with no differences” amount currently included in Part II, line 28, “other items with no differences.”⁴⁵ We then separate the adjusted other items with no differences book and tax

income amounts into other income with no differences and other expense/deduction with no differences. Finally, the other income with no differences book and tax income amounts are adjusted to reconcile to the gross receipts amount reported by the SOI corporate data file on Form 1120, page 1, line 1, with a matching adjustment to the other

⁴⁴We developed our original rule using the top 25 returns in terms of COGS adjustments for 2010, accounting for 99 percent of the 2010 adjustment of approximately \$32 trillion. See Boynton, DeFilippes, Legel, and Reum (2014).

⁴⁵Our allocation rule:

ADJCOGS1 and ADJCOGS2: If the absolute value of P2L17 column D COGS is greater than Form 1120, page 1, line 2, COGS, then the excess difference is the COGS adjustment and the matching gross receipts adjustment. The adjustments reduce the absolute magnitude of P2L17, P2L25, and P2L28.

ADJCOGS1: The gross receipts adjustment is applied to P2L25 other income with difference if P2L25D other income with difference is greater than P2L28D other

(Footnote continued in next column.)

income without difference *and* P2L25D is greater than 80 percent of the gross receipts adjustment ELSE apply.

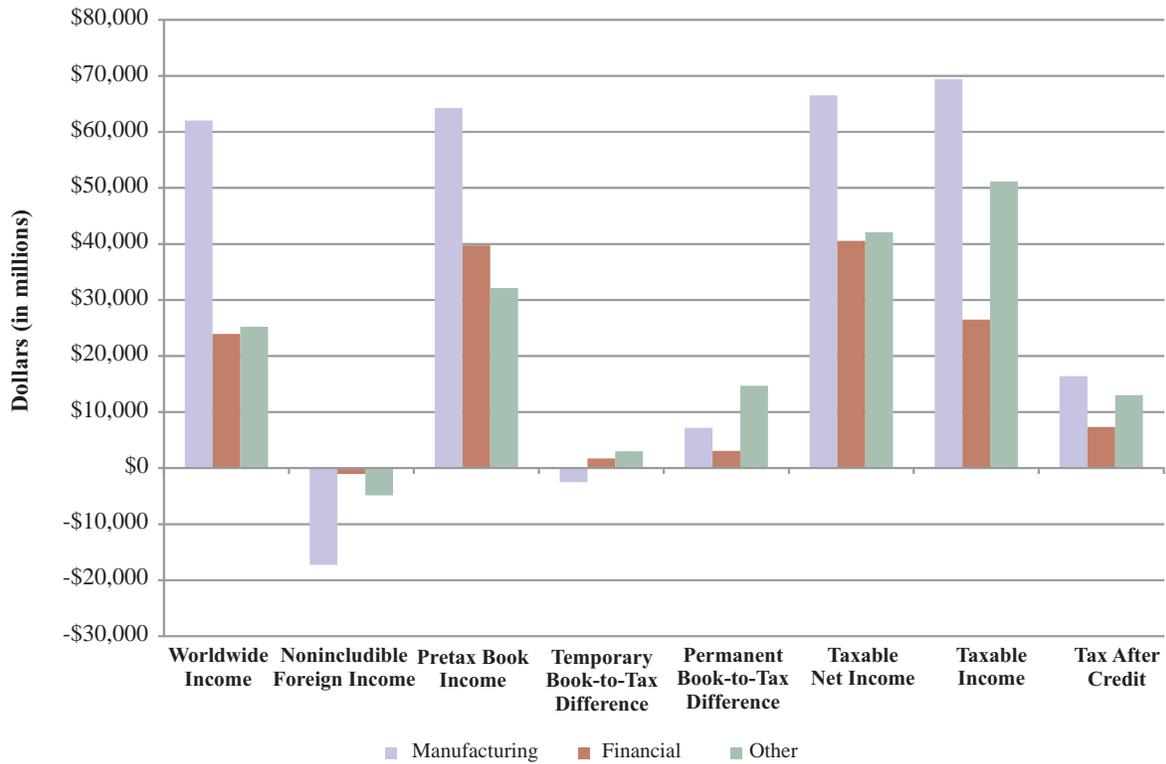
ADJCOGS2: The gross receipts adjustment goes to P2L28 other income without difference.

ADJCOGS3: If the absolute value of P2L17 column D COGS is less than 1120 page 1 line 2 COGS, the adjustment is an increase to P2L17 and P2L28 in absolute magnitude.

ADJEXPDED: We estimate expense/deductions without difference as the amount, if any, by which Form 1120, page 1, line 27 total deductions exceed the absolute value of P2L27 column D. We show it as an additional expense/deduction line and as an increase to P2L28. The adjusted P2L28 amount changes from “other items without difference” to “other income without difference.”

ADJGRSRCPT (added in 2011): We determine the adjustment amount necessary to make adjusted P2L28 “other income without difference” equal SOI gross receipts on Form 1120, page 1, line 1, and make an opposite adjustment to P2L25 “other income with difference.”

Figure 4F. 2012 U.S. Corporations Key Schedule M-3 Data and 1120 Return Data by Industry for Foreign Control With Total Assets \$100 Million +



income with differences book and tax income amounts on Schedule M-3, Part II, line 25.⁴⁶

The adjustments do not affect pretax net income or book-tax differences. Book-tax differences are unaffected by the COGS and other described adjustments because equal adjustments are made to book income and tax income amounts.

C. MNE Summary M-3

Table 5A presents the 2012 Summary M-3 unadjusted and adjusted book income and tax income amounts and the adjustment amounts for Schedule M-3 returns with assets of \$100 million or more. The first panel of Table 5A is for U.S. only returns; the second panel is for U.S. MNE returns; and the third panel is for FC returns.⁴⁷

Figure 5A compares the unadjusted and adjusted amounts of the book income amount for Schedule M-3 returns with assets of \$100 million or more for the four categories receiving the major adjustments:

- other income with no differences;

- COGS;
- other income with differences; and
- total income.

In Figure 5A, the unadjusted and adjusted book income amounts are shown separately for U.S. only, U.S. MNE, and FC returns. The adjustments largely affect U.S. MNE returns. The adjustments to U.S. MNE returns:

- reduce other income with no differences, COGS, and other income with differences; and
- increase total income.

Tables 5B, 5C, and 5D are each composed of three Summary M-3 panels. Each Summary M-3 panel has 13 data columns. The first five data columns are book income, temporary difference, permanent difference, tax income, and total book-tax difference in millions of dollars. The next five columns express the first five columns as percentages of the book amount of adjusted total income. The final three columns express temporary difference, permanent difference, and total book-tax difference as percentages of pretax book income.⁴⁸

⁴⁶The final gross receipts adjustment was added in 2011.

⁴⁷In Table 5, the row category names do not include “adjusted” because the rows show both unadjusted and adjusted amounts for the category. In tables 5B, 5C, and 5D, the word “adjusted” is used for the Summary M-3 row category names because the amounts are adjusted.

⁴⁸We used the adjusted-total-income book amount as a common-size scaling factor and compare percentages of adjusted-total-income book to remove or minimize the impact of differences in the size of corporations from our analysis. Also,
(Footnote continued on next page.)

Figure 5A. 2012 U.S. Corporations: Summary M-3 Analysis of Unadjusted and Adjusted Book Income in Dollars by MNE Status

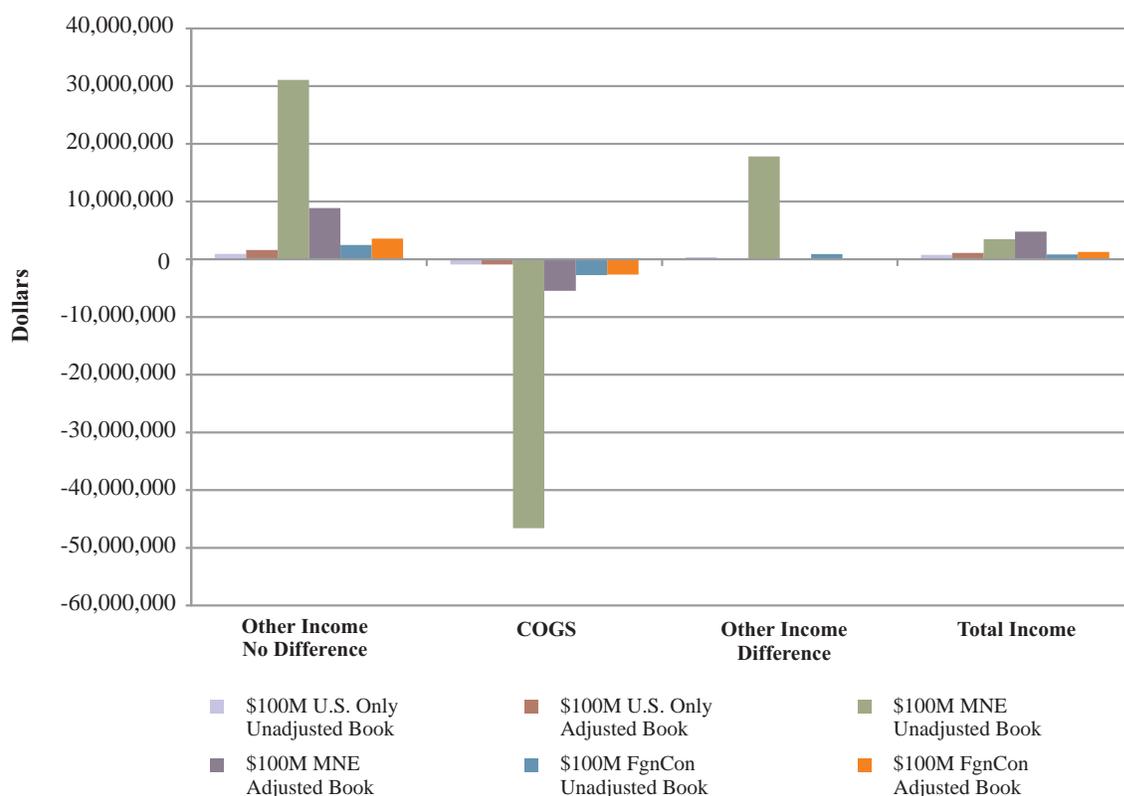


Table 5B presents three panels of 2012 Summary M-3 data for Schedule M-3 returns with assets of \$100 million or more and SEC Form 10-K/public financial statements. Table 5C presents three panels of 2012 Summary M-3 data for Schedule M-3 returns with assets of \$100 million or more and audited financial statements. Table 5D presents three panels of 2012 Summary M-3 data for Schedule M-3 returns with assets of \$100 million or more and unaudited financial statements.

In each of tables 5B, 5C, and 5D, the first Summary M-3 panel is for data for U.S. only returns of the given type of financial statement; the second Summary M-3 panel is for U.S. MNE returns; and the third Summary M-3 panel is for FC returns.

Figure 5B presents data from the last three columns of the last row of each Summary M-3 panel in Table 5B: the temporary difference, permanent difference, and total book-tax difference as percentages of pretax book income for U.S. only, U.S. MNE, and FC for Schedule M-3 returns with assets of \$100

million or more and SEC Form 10-K/public financial statements. Figures 5C and 5D present similar Summary M-3 data from tables 5C and 5D for Schedule M-3 returns with assets of \$100 million or more and, respectively, audited or unaudited financial statements.

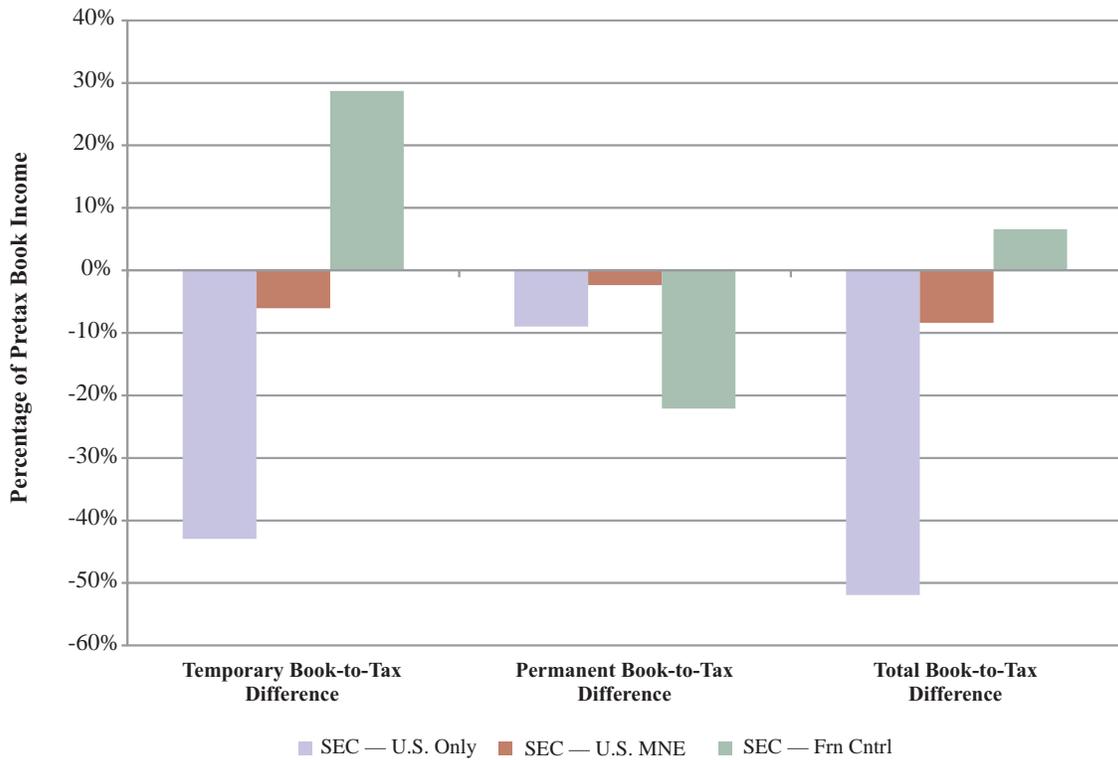
Table 5B and Figure 5B indicate that:

- U.S. only corporations with total assets of \$100 million or more and SEC Form 10-K/public financial statements reduce pretax book income with negative book-tax differences of -51.92 percent (-42.94 temporary and -8.99 permanent) in determining tax net income;⁴⁹
- U.S. MNEs with total assets of \$100 million or more and SEC Form 10-K/public financial statements reduce pretax book income with negative book-tax differences of -8.39 percent (-6.05 temporary and -2.34 permanent) in determining tax net income; and

in comparing the Schedule M-3 characteristics of different categories of corporate return filers, total pretax income book-tax difference is expressed as a percentage of total pretax book income.

⁴⁹We identified the largest returns by total assets within the group of U.S. only returns with SEC Form 10-K/public financial statements. Among the 15 largest — all with total assets of \$20 billion or more — all have negative book-tax differences reducing pretax book income to determine tax net income. For eight of the 15, the reduction as a percentage of pretax book income was -75 percent or more in absolute value.

Figure 5B. 2012 U.S. Corporation Schedule M-3: Book-to-Tax Difference as Percentage of Pretax Book Income for SEC Form 10-K/Public FS by MNE Type



- FC corporations with total assets of \$100 million or more and SEC Form 10-K/public financial statements increase pretax book income with positive book-tax differences of 6.61 percent (28.71 temporary and -22.10 permanent) in determining tax net income.

Table 5C and Figure 5C indicate that:

- U.S. only corporations with total assets of \$100 million or more and audited financial statements reduce pretax book income with negative book-tax differences of -16.29 percent (-16.90 temporary and 0.62 permanent) in determining tax net income;
- U.S. MNEs with total assets of \$100 million or more and audited financial statements increase pretax book income with positive book-tax differences of 136.24 percent (73.26 temporary and 62.98 permanent) in determining tax net income; and
- FC corporations with total assets of \$100 million or more and audited financial statements increase pretax book income with positive book-tax differences of 12.47 percent (-32.99 temporary and 45.46 permanent) in determining tax net income.

Table 5D and Figure 5D indicate that:

- U.S. only corporations with total assets of \$100 million or more and unaudited financial statements reduce pretax book income with nega-

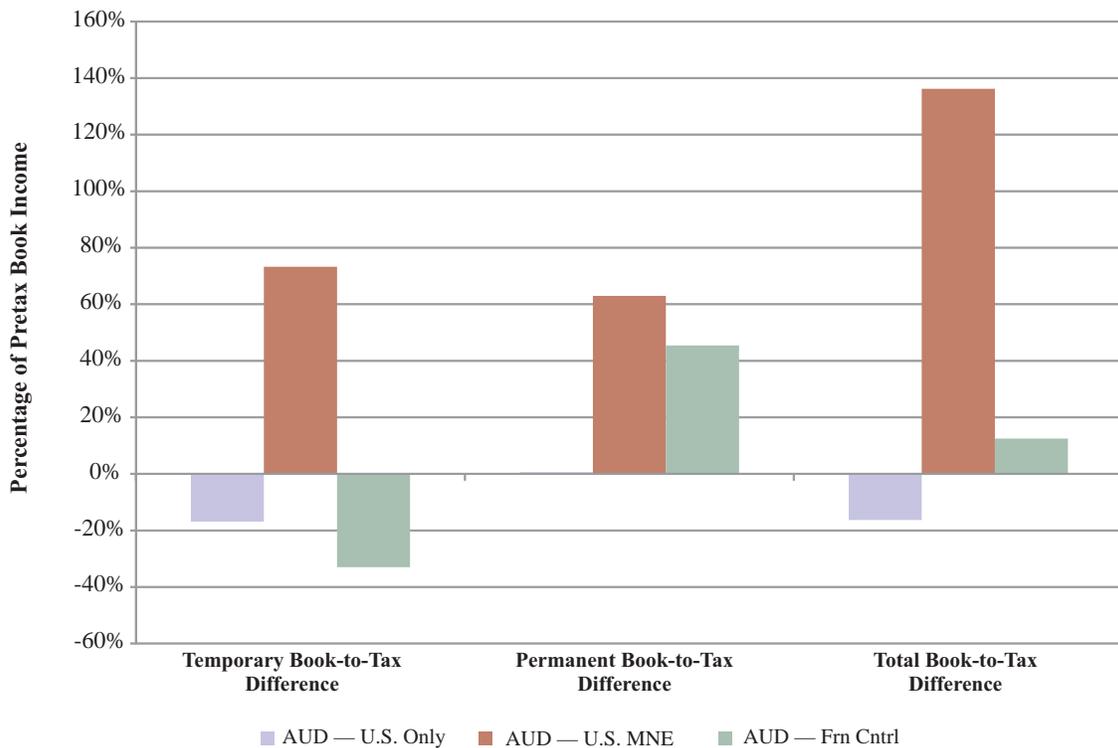
five book-tax differences of -48.54 percent (-17.88 temporary and -30.69 permanent) in determining tax net income;

- U.S. MNEs with total assets of \$100 million or more and unaudited financial statements reduce pretax book income with negative book-tax differences of -31.49 percent (1.13 temporary and -32.63 permanent) in determining tax net income; and
- FC corporations with total assets of \$100 million or more and unaudited financial statements increase pretax book income with positive book-tax differences of 27.10 percent (18.67 temporary and 8.42 permanent) in determining tax net income.

To summarize across MNE types, figures 5B, 5C, and 5D compare total book-tax differences for 2012 stated as a percentage of pretax book income for U.S. corporations with total assets of \$100 million or more:

- U.S. only corporations reduce book income with negative total book-tax differences in determining tax net income across all three financial statement types: -56.92 percent for SEC Form 10-K/public; -16.29 percent for audited; and -48.54 percent for unaudited;
- U.S. MNEs are mixed regarding the sign of total book-tax differences in determining tax net income from pretax book income across

Figure 5C. 2012 U.S. Corporation Schedule M-3: Book-to-Tax Difference as Percentage of Pretax Book Income for Audited FS by MNE Type



financial statement types: -8.39 percent, reducing tax net income for SEC Form 10-K/public; 136.24, increasing tax net income for audited; and -31.49 percent, reducing tax net income for unaudited; and

- FC corporations increase book income with positive total book-tax differences in determining tax net income from pretax book income across financial statement types: 6.61 percent for SEC Form 10-K/public; 12.47 percent for audited; and 27.10 percent for unaudited.

VII. M-3 Profile Analysis

Table 6 shows the Schedule M-3, Part I book income and tax income items in tables 1B, 1C, and 1D for Schedule M-3 returns with total assets of \$100 million or more stated as a percentage of adjusted total income book for each of nine classes of returns based on the three financial statement types and the three MNE types within each of the financial statement types.⁵⁰

In Table 6:

⁵⁰We use the adjusted total income book amount as a common-size scaling factor and compare percentages of adjusted total income book to remove or minimize the impact of differences in the size of corporations from our analysis.

- columns 1 through 3 are percentages of adjusted total income book for returns with SEC Form 10-K/public financial statements;⁵¹
- columns 4 through 6 are percentages of adjusted total income book for returns with audited financial statements;⁵² and
- columns 7 through 9 are percentages of adjusted total income book for returns with unaudited financial statements.⁵³

Figures 6A, 6B, and 6C summarize the percentage of adjusted total income book data in Table 6 for corporations with \$100 million or more in assets categorized by financial statement type and by MNE type within financial statement type for eight key amounts:

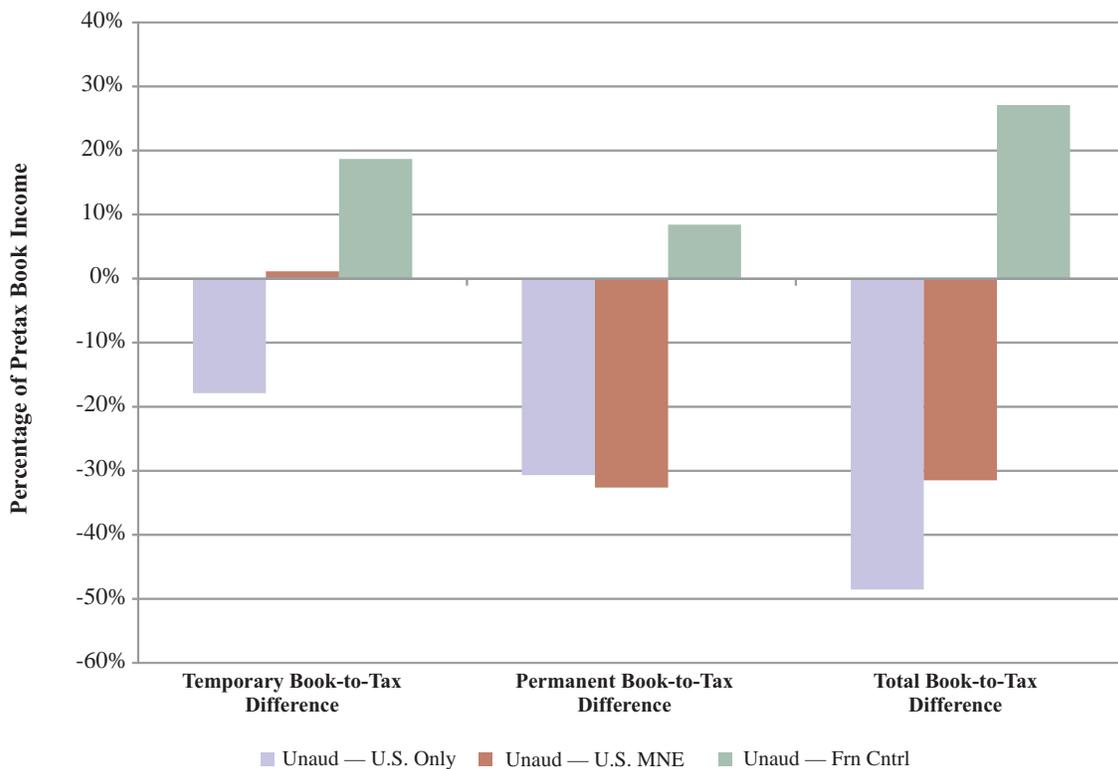
- worldwide income;

⁵¹The adjusted total income book amounts for returns with SEC Form 10-K/public financial statements are found in Table 5B: U.S. only \$728,137 million; U.S. MNE \$4,388,074 million; and FC \$76,883 million.

⁵²The adjusted total income book amounts for returns with audited financial statements are found in Table 5C: U.S. only \$284,320 million; U.S. MNE \$334,880 million; and FC \$497,600 million.

⁵³The adjusted total income book amounts for returns with unaudited financial statements are found in Table 5D: U.S. only \$99,067 million; U.S. MNE \$77,620 million; and FC \$681,780 million.

Figure 5D. 2012 U.S. Corporation Schedule M-3: Book-to-Tax Difference as Percentage of Pretax Book Income for Unaudited FS by MNE Type



- nonincludible foreign income;⁵⁴
- book income;
- pretax book income;
- book-tax difference;
- tax net income;
- taxable income; and
- tax less credits;

Figure 6A (percentage of adjusted total income book) presents a very different picture of corporations with SEC Form 10-K/public financial statements and with total assets of \$100 million or more from that presented in Figure 1B-1 (aggregate dollar amounts) and Figure 1B-2 (mean dollar amounts). In figures 1B-1 and 1B-2, the dominance of U.S. MNEs in aggregate book and tax dollar amounts is marked. Figure 6A compares percentages of adjusted-total-income book to remove or minimize the impact of differences in the size of corporations from our analysis. In Figure 6A:

- the scaled book and tax percentages for U.S. MNE and FC corporations generally dominated those for U.S. only corporations, except

that the percentage for U.S. only corporations is dominant in negative total book-tax differences; and

- the scaled book and tax percentages for U.S. MNE and FC corporations are generally mixed regarding each other, with each sometimes the larger and sometimes the smaller.

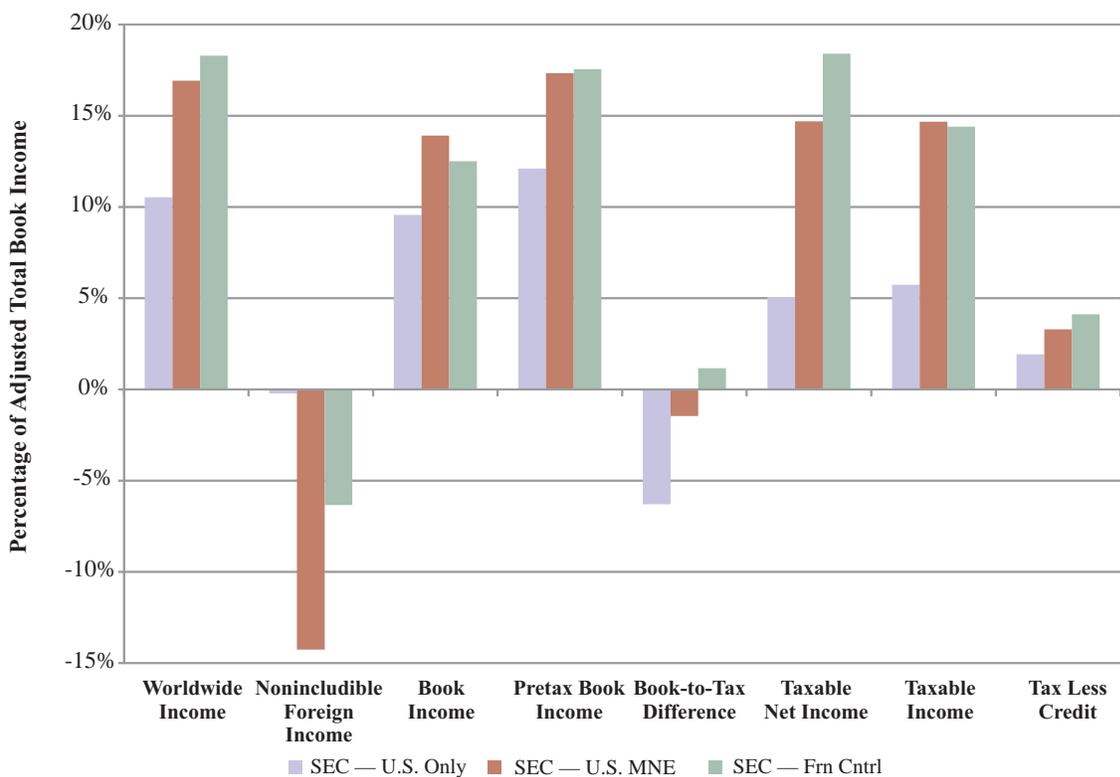
Figure 6B presents a picture of corporations with audited financial statements and with total assets of \$100 million or more similar to that presented in figures 1C-1 and 1C-2 regarding the dominance of FC corporations. Figure 6B compares percentages of adjusted-total-income book to remove or minimize the impact of differences in the size of corporations from our analysis. In Figure 6B:

- the scaled book and tax percentages for U.S. only and U.S. MNE corporations are generally mixed regarding each other, with each sometimes the larger and sometimes the smaller.

Figure 6C presents a picture of corporations with unaudited financial statements and with total assets of \$100 million or more similar to that presented in figures 1D-1 and 1D-2 regarding the dominance of FC corporations. Figure 6C compares percentages of adjusted-total-income book to remove or minimize the impact of differences in the size of corporations from our analysis. In Figure 6C:

⁵⁴Note that in Table 6 and Figure 6C, nonincludible foreign income is a net loss for U.S. MNEs with total assets of \$100 million and unaudited financial statements.

Figure 6A. 2012 U.S. Corporation Schedule M-3 Part I: Percentage of Adjusted Total Book Income for SEC Form 10-K/Public by MNE Type



- the scaled book and tax percentages for U.S. MNEs generally dominate those for U.S. only corporations, except that the percentages for U.S. only corporations are larger for taxable income and tax less credits.

VIII. Summary and Conclusions

U.S. MNEs with total assets of \$100 million or more generally dominate the aggregate book and tax dollar amounts reported in 2012 by U.S. only and FC corporations for all key tax return and Schedule M-3 data items:

- among Schedule M-3 corporations with SEC Form 10-K/public financial statements, U.S. MNEs with total assets of \$100 million or more also generally dominate the aggregate book and tax dollar amounts reported by U.S. only and FC corporations;
- among Form 1120 Schedule M-3 nonpublic corporations with audited or unaudited financial statements, FC corporations with total assets of more than \$100 million generally dominate the aggregate book and tax dollar amounts reported by U.S. only and U.S. MNE corporations.

XI. References

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(Text continues on p. 29.)

Figure 6B. 2012 U.S. Corporation Schedule M-3 Part I: Percentage of Adjusted Total Book Income for Audited by MNE Type

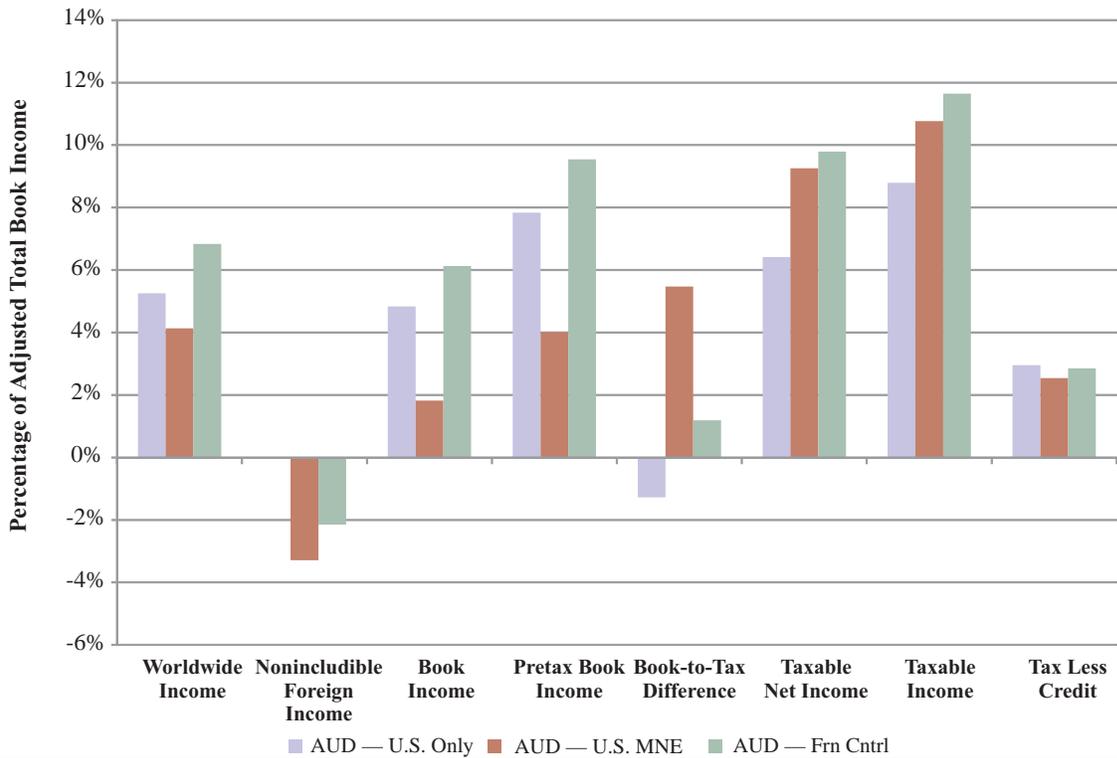
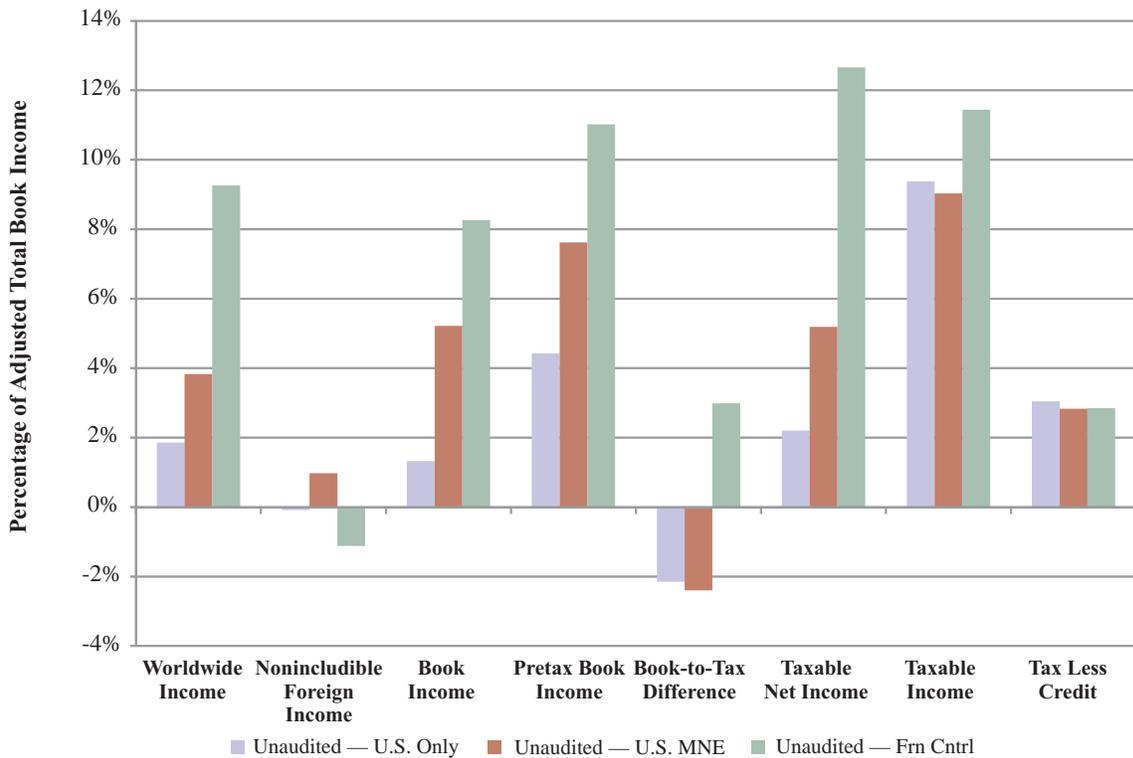


Figure 6C. 2012 U.S. Corporation Schedule M-3 Part I: Percentage of Adjusted Total Book Income for Unaudited by MNE Type



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(Tables appear on the following pages.)

Table 1A. 2012 U.S. Corporations Form 1120 Schedule M-3: All FS by MNE Type

Form 1120 Schedule M-3 Part I and Return Data (dollars in millions)	All Form 1120 Schedule M-3				Total Assets ≥ \$100 Million							
	Freq	FQ%	AT%	Data	AT ≥ \$100 Million	%All	U.S. Only	%All	U.S. MNE	%All	FC	%All
Total returns				42,301	12,427	29	5,958	14	3,291	8	3,178	8
Total assets				50,897,122	49,983,147	98	10,163,535	20	30,204,116	59	9,615,496	19
04 Worldwide consolidated net income (loss)	42,301	100	100	969,512	963,763	99	93,433	10	759,112	78	111,217	11
** Positive worldwide consolidated net income	27,804	66	89	1,256,442	1,193,208	95	130,909	10	881,109	70	181,190	14
** Negative worldwide consolidated net loss	14,497	34	11	-286,930	-229,445	80	-37,476	13	-121,997	43	-69,972	24
05 (Income) loss nonincludible foreign entities	5,848	14	65	-669,129	-660,668	99	-1,777	0	-635,710	95	-23,181	3
05a Income nonincludible foreign entities	4,746	11	63	-1,067,552	-1,050,116	98	-3,421	0	-1,003,907	94	-42,789	4
05b Loss nonincludible foreign entities	3,977	9	60	398,423	389,449	98	1,643	0	368,197	92	19,608	5
06 (Income) loss nonincludible U.S. entities	2,708	6	57	-87,014	-71,937	83	-10,071	12	-46,858	54	-15,008	17
06a Income nonincludible U.S. entities	1,936	5	55	-145,349	-118,187	81	-15,291	11	-73,686	51	-29,211	20
06b Loss nonincludible U.S. entities	1,496	4	48	58,335	46,250	79	5,220	9	26,828	46	14,202	24
07 Income (loss) of other entities	496	1	14	1,018	1,029	101	-628	-62	1,255	123	403	40
08 Adjust eliminations (because of lines 5-7)	2,447	6	30	383,037	379,258	99	3,264	1	355,434	93	20,560	5
09 Adjust to reconcile income statement period to tax year	499	1	8	8,840	8,917	101	2	0	8,611	97	303	3
10 Adjust to reconcile to line 11	1,134	3	46	181,270	181,357	100	478	0	178,704	99	2,174	1
11 Income — income statement includible corps	42,301	100	100	787,529	801,712	102	84,700	11	620,544	79	96,468	12
** Positive income — income statement includible corps	27,546	65	86	1,070,758	1,031,149	96	125,645	12	739,104	69	166,400	16
** Negative income — income statement includible corps	14,756	35	14	-283,229	-229,438	81	-40,945	14	-118,561	42	-69,932	25
** Reverse federal income tax expense	32,093	76	98	240,347	229,106	95	30,099	13	159,320	66	39,688	17
** Pretax book income	42,298	100	100	1,027,879	1,030,821	100	114,798	11	779,867	76	136,156	13
** Positive pretax book income	27,783	66	75	1,347,465	1,295,719	96	157,847	12	926,495	69	211,377	16
** Negative pretax book income	14,515	34	25	-319,586	-264,899	83	-43,049	13	-146,628	46	-75,221	24
** Total book tax difference (BTD)	41,442	98	100	-65,400	-71,660	110	-51,523	79	-47,321	72	27,183	-42
** Positive total BTD	21,020	50	46	455,654	427,372	94	40,032	9	264,057	58	123,283	27
** Negative total BTD	20,422	48	54	-521,054	-499,032	96	-91,555	18	-311,378	60	-96,100	18
** Net tax income per part II line 30 column D	42,106	100	100	962,480	959,161	100	63,275	7	732,546	76	163,339	17
** SOI removed ICD	309	1	25	-86,824	-86,683	100	-6,485	7	-66,112	76	-14,086	16
** Other SOI adjustments	622	1	35	13,824	13,865	100	536	4	13,398	97	-69	0
** Tax net income reported by SOI	42,103	100	100	889,481	886,343	100	57,327	6	679,833	76	149,184	17
** Positive tax net income reported by SOI	27,327	65	87	1,106,305	1,059,753	96	101,394	9	763,399	69	194,959	18
** Negative tax net income reported by SOI	14,776	35	13	-216,824	-173,409	80	-44,068	20	-83,566	39	-45,775	21
** Net operating loss deduction	9,909	23	69	-160,909	-150,316	93	-24,784	15	-78,502	49	-47,030	29
** Special deductions	5,751	14	69	-9,360	-8,903	95	-666	7	-4,964	53	-3,273	35
Taxable income	21,331	50	70	945,577	910,020	96	76,056	8	686,916	73	147,047	16
Tax before credits	24,961	59	86	332,569	320,268	96	26,980	8	241,235	73	52,053	16
Foreign tax credit	2,994	7	47	-81,349	-80,912	99	-170	0	-68,823	85	-11,919	15
General business credit	6,519	15	63	-19,982	-19,637	98	-1,104	6	-16,102	81	-2,431	12
Other tax credits	5,017	12	56	-2,416	-2,351	97	-300	12	-1,153	48	-898	37
Tax less credits	24,419	58	76	228,822	217,369	95	25,407	11	155,157	68	36,804	16
12a FS assets of entities included on part I line 4	40,099	95	80	41,206,331	39,993,879	97	4,708,796	11	27,031,517	66	8,253,567	20
12b FS Assets of entities removed on part I line 5	5,093	12	60	10,807,614	10,682,343	99	17,745	0	10,268,505	95	396,093	4
12c FS assets of entities removed on part I line 6	2,241	5	52	2,094,015	1,818,962	87	169,024	8	1,171,381	56	478,557	23
12d FS assets of entities included on part I line 7	407	1	12	326,626	324,409	99	8,341	3	190,009	58	126,059	39

Table 1B. 2012 U.S. Corporations Form 1120 Schedule M-3: SEC/Public FS by MNE Type

Form 1120 Schedule M-3 Part I and Return Data (dollars in millions)	All SEC 10-K/Public FS Form 1120 Schedule M-3				SEC 10-K/Public FS Total Assets ≥ \$100 Million							
	Freq	FQ%	AT%	Data	AT ≥ \$100 Million	%All	U.S. Only	%All	U.S. MNE	%All	FC	%All
Total returns				4,339	3,288	76	1,296	30	1,914	44	78	2
Total assets				37,053,332	37,009,746	100	7,945,572	21	28,573,746	77	490,427	1
04 Worldwide consolidated net income (loss)	4,339	100	100	830,523	833,017	100	76,646	9	742,308	89	14,063	2
** Positive worldwide consolidated net income	2,952	68	95	951,925	945,270	99	91,345	10	837,253	88	16,672	2
** Negative worldwide consolidated net loss	1,387	32	5	-121,403	-112,254	92	-14,699	12	-94,945	78	-2,609	2
05 (Income) loss nonincludible foreign entities	2,158	50	74	-633,774	-631,903	100	-1,588	0	-625,443	99	-4,872	1
05a Income nonincludible foreign entities	1,869	43	72	-1,003,831	-998,131	99	na	na	-981,572	98	na	na
05b Loss nonincludible foreign entities	1,733	40	69	370,057	366,227	99	na	na	356,128	96	na	na
06 (Income) loss nonincludible U.S. entities	859	20	66	-57,533	-54,468	95	-8,248	14	-44,632	78	-1,588	3
06a Income nonincludible U.S. entities	639	15	63	-93,838	-86,770	92	-11,747	13	-70,542	75	-4,481	5
06b Loss nonincludible U.S. entities	517	12	56	36,305	32,302	89	3,498	10	25,910	71	2,893	8
07 Income (loss) of other entities	105	2	14	-553	-552	100	na	na	116	-21	na	na
08 Adjust eliminations (because of lines 5-7)	986	23	34	357,948	356,875	100	2,635	1	352,266	98	1,974	1
09 Adjust to reconcile income statement period to tax year	181	4	9	7,753	7,727	100	na	na	7,513	97	na	na
10 Adjust to reconcile to line 11	497	11	55	179,087	178,975	100	718	0	178,285	100	-28	0
11 Income — income statement includible corps	4,339	100	100	683,445	689,665	101	69,641	10	610,407	89	9,616	1
** Positive income — income statement includible corps	2,846	66	90	802,974	801,024	100	87,534	11	702,410	87	11,081	1
** Negative income — income statement includible corps	1,494	34	10	-119,530	-111,359	93	-17,892	15	-92,002	77	-1,465	1
** Reverse federal income tax expense	3,625	84	100	172,925	172,471	100	18,497	11	150,095	87	3,879	2
** Pretax book income	4,339	100	100	856,373	862,139	101	88,138	10	760,506	89	13,495	2
** Positive pretax book income	2,867	66	76	1,000,808	998,451	100	106,838	11	876,492	88	15,121	2
** Negative pretax book income	1,473	34	24	-144,435	-136,312	94	-18,700	13	-115,986	80	-1,626	1
** Total book tax difference (BTD)	4,329	100	100	-107,040	-108,649	102	-45,766	43	-63,775	60	892	-1
** Positive total BTD	2,033	47	45	254,623	251,459	99	18,760	7	229,748	90	2,952	1
** Negative total BTD	2,297	53	55	-361,663	-360,108	100	-64,526	18	-293,522	81	-2,060	1
** Net tax income per part II line 30 column D	4,333	100	100	749,334	753,491	101	42,372	6	696,732	93	14,387	2
** SOI removed ICD	114	3	28	-70,505	-70,505	100	na	na	-64,261	91	na	na
** Other SOI adjustments	184	4	39	12,832	12,862	100	na	na	12,337	96	na	na
** Tax net income reported by SOI	4,333	100	100	691,661	695,848	101	36,898	5	644,808	93	14,143	2
** Positive tax net income reported by SOI	2,751	63	91	791,625	789,661	100	61,764	8	713,131	90	14,765	2
** Negative tax net income reported by SOI	1,582	36	9	-99,964	-93,812	94	-24,867	25	-68,324	68	-622	1
** Net operating loss deduction	1,417	33	79	-96,260	-95,451	99	-19,898	21	-72,254	75	-3,299	3
** Special deductions	913	21	76	-4,513	-4,503	100	-130	3	-3,977	88	-397	9
Taxable income	2,094	48	73	697,842	696,694	100	41,773	6	643,851	92	11,070	2
Tax before credits	2,534	58	90	245,452	245,046	100	15,024	6	226,121	92	3,901	2
Foreign tax credit	861	20	54	-65,826	-65,807	100	-51	0	-65,482	99	-274	0
General business credit	1,459	34	70	-16,363	-16,342	100	-844	5	-15,090	92	-408	2
Other tax credits	957	22	65	-1,282	-1,280	100	-135	11	-1,092	85	-53	4
Tax less credits	2,429	56	79	161,981	161,616	100	13,995	9	144,456	89	3,166	2
12a FS assets of entities included on part I line 4	4,067	94	80	28,861,991	28,695,291	99	2,536,259	9	25,782,164	89	376,868	1
12b FS Assets of entities removed on part I line 5	1,925	44	70	10,064,944	10,023,060	100	14,102	0	9,946,065	99	62,893	1
12c FS assets of entities removed on part I line 6	732	17	62	1,369,930	1,259,743	92	108,315	8	1,125,086	82	26,342	2
12d FS assets of entities included on part I line 7	100	2	13	175,528	175,438	100	na	na	169,957	97	na	na

Table 1C. 2012 U.S. Corporations Form 1120 Schedule M-3: Audited FS by MNE Type

Form 1120 Schedule M-3 Part I and Return Data (dollars in millions)	All Audited FS Form 1120 Schedule M-3				Audited FS Total Assets ≥ \$100 Million							
	Freq	FQ%	AT%	Data	AT ≥ \$100 Million	% All	U.S. Only	% All	U.S. MNE	% All	FC	% All
Total returns				17,192	5,554	32	3,116	18	1,118	7	1,320	8
Total assets				6,933,274	6,529,152	94	1,542,860	22	1,090,078	16	3,896,214	56
04 Worldwide consolidated net income (loss)	17,192	100	100	66,555	62,782	94	14,949	22	13,833	21	34,000	51
** Positive worldwide consolidated net income	11,623	68	75	146,864	118,334	81	25,934	18	35,752	24	56,648	39
** Negative worldwide consolidated net loss	5,569	32	25	-80,309	-55,552	69	-10,985	14	-21,919	27	-22,648	28
05 (Income) loss nonincludible foreign entities	2,781	16	49	-24,750	-21,810	88	-103	0	-11,020	45	-10,686	43
05a Income nonincludible foreign entities	2,174	13	44	-39,926	-35,371	89	-213	1	-21,386	54	-13,772	34
05b Loss nonincludible foreign entities	1,683	10	41	15,176	13,561	89	110	1	10,366	68	3,085	20
06 (Income) loss nonincludible U.S. entities	1,450	8	38	-12,837	-4,881	38	-763	6	-2,000	16	-2,117	16
06a Income nonincludible U.S. entities	1,014	6	34	-20,289	-9,568	47	-2,274	11	-2,794	14	-4,500	22
06b Loss nonincludible U.S. entities	781	5	22	7,452	4,687	63	1,510	20	794	11	2,383	32
07 Income (loss) of other entities	231	1	11	1,010	1,036	103	-2	0	1,268	126	-229	-23
08 Adjust eliminations (because of lines 5-7)	1,126	7	24	8,072	7,449	92	-63	-1	2,590	32	4,921	61
09 Adjust to reconcile income statement period to tax year	246	1	9	1,310	1,236	94	0	0	0	0	242	18
10 Adjust to reconcile to line 11	479	3	34	4,562	4,528	99	-179	-4	334	7	4,373	96
11 Income — income statement includible corps	17,192	100	100	43,923	50,340	115	13,748	31	6,088	14	30,503	69
** Positive income — income statement includible corps	11,493	67	74	124,050	107,767	87	24,609	20	28,736	23	54,422	44
** Negative income — income statement includible corps	5,699	33	26	-80,126	-57,427	72	-10,860	14	-22,648	28	-23,919	30
** Reverse federal income tax expense	14,105	82	96	38,050	32,879	86	8,526	22	7,357	19	16,997	45
** Pretax book income	17,192	100	100	81,973	83,219	102	22,274	27	13,445	16	47,500	58
** Positive pretax book income	11,534	67	70	167,435	145,249	87	34,031	20	39,856	24	71,362	43
** Negative pretax book income	5,658	33	30	-85,463	-62,030	73	-11,757	14	-26,410	31	-23,862	28
** Total book tax difference (BTD)	17,127	100	100	24,514	20,612	84	-3,627	-15	18,317	75	5,923	24
** Positive total BTD	8,622	50	45	101,852	89,915	88	12,127	12	30,218	30	47,569	47
** Negative total BTD	8,505	49	55	-77,338	-69,302	90	-15,755	20	-11,901	15	-41,647	54
** Net tax income per part II line 30 column D	17,149	100	100	106,487	103,831	98	18,647	18	31,762	30	53,423	50
** SOI removed ICD	77	0	10	-6,799	-6,730	99	-402	6	-1,642	24	-4,686	69
** Other SOI adjustments	175	1	11	848	859	101	3	0	878	104	-22	-3
** Tax net income reported by SOI	17,146	100	100	100,536	97,960	97	18,247	18	30,997	31	48,715	48
** Positive tax net income reported by SOI	11,319	66	72	161,392	140,334	87	28,092	17	41,592	26	70,650	44
** Negative tax net income reported by SOI	5,827	34	28	-60,856	-42,373	70	-9,845	16	-10,595	17	-21,934	36
** Net operating loss deduction	3,993	23	36	-26,417	-22,207	84	-2,950	11	-5,074	19	-14,183	54
** Special deductions	2,177	13	53	-1,334	-1,161	87	-185	14	-476	36	-499	37
Taxable income	8,877	52	53	135,687	119,000	88	24,989	18	36,053	27	57,958	43
Tax before credits	10,449	61	72	47,626	41,869	88	8,738	18	12,637	27	20,494	43
Foreign tax credit	1,124	7	23	-8,336	-8,109	97	-76	1	-3,126	38	-4,908	59
General business credit	2,747	16	40	-2,235	-2,043	91	-204	9	-949	42	-890	40
Other tax credits	2,154	13	32	-652	-622	95	-64	10	-59	9	-499	77
Tax less credits	10,248	60	69	36,403	31,095	85	8,395	23	8,504	23	14,196	39
12a FS assets of entities included on part I line 4	16,442	96	93	6,617,107	6,105,254	92	1,537,570	23	1,084,146	16	3,483,538	53
12b FS Assets of entities removed on part I line 5	2,410	14	42	537,855	497,891	93	2,073	0	312,709	58	183,110	34
12c FS assets of entities removed on part I line 6	1,206	7	35	450,879	333,625	74	47,778	11	44,887	10	240,960	53
12d FS assets of entities included on part I line 7	199	1	7	69,633	68,554	98	3,391	5	19,735	28	45,428	65

Table 1D. 2012 U.S. Corporations Form 1120 Schedule M-3: Unaudited FS by MNE Type

Form 1120 Schedule M-3 Part I and Return Data (dollars in millions)	All Unaudited FS Form 1120 M-3				Unaudited FS Total Assets ≥ \$100 Million							
	Freq	FQ%	AT%	Data	AT ≥ \$100 Million	%All	U.S. Only	%All	U.S. MNE	%All	FC	%All
Total returns				20,770	3,585	17	1,546	7	259	1	1,779	9
Total assets				6,910,516	6,444,249	93	675,103	10	540,291	8	5,228,855	76
04 Worldwide consolidated net income (loss)	20,770	100	100	72,433	67,964	94	1,838	3	2,971	4	63,155	87
** Positive worldwide consolidated net income	13,229	64	71	157,653	129,604	82	13,630	9	8,104	5	107,870	68
** Negative worldwide consolidated net loss	7,542	36	29	-85,219	-61,640	72	-11,792	14	-5,133	6	-44,715	52
05 (Income) loss nonincludible foreign entities	908	4	36	-10,605	-6,955	66	-85	1	754	-7	-7,623	72
05a Income nonincludible foreign entities	703	3	31	-23,795	-16,615	70		0	-949	4		0
05b Loss nonincludible foreign entities	561	3	30	13,190	9,660	73		0	1,703	13		0
06 (Income) loss nonincludible U.S. entities	399	2	30	-16,644	-12,588	76	-1,059	6	-226	1	-11,304	68
06a Income nonincludible U.S. entities	283	1	29	-31,222	-21,849	70	-1,270	4	-350	1	-20,229	65
06b Loss nonincludible U.S. entities	198	1	26	14,578	9,261	64	211	1	124	1	8,926	61
07 Income (loss) of other entities	159	1	15	561	545	97		0	-129	-23		0
08 Adjust eliminations (because of lines 5-7)	335	2	16	17,016	14,934	88	692	4	578	3	13,664	80
09 Adjust to reconcile income statement period to tax year	72	0	0	-222	-46	21	-14	6		0		0
10 Adjust to reconcile to line 11	158	1	14	-2,378	-2,146	90	-62	3	85	-4	-2,170	91
11 Income — income statement includible corps	20,770	100	100	60,161	61,707	103	1,310	2	4,048	7	56,349	94
** Positive income — income statement includible corps	13,207	64	74	143,734	122,358	85	13,503	9	7,958	6	100,898	70
** Negative income — income statement includible corps	7,563	36	26	-83,573	-60,651	73	-12,192	15	-3,910	5	-44,549	53
** Reverse federal income tax expense	14,364	69	93	29,372	23,756	81	3,075	10	1,868	6	18,812	64
** Pretax book income	20,767	100	100	89,533	85,463	95	4,386	5	5,916	7	75,161	84
** Positive pretax book income	13,383	64	75	179,221	152,019	85	16,978	9	10,147	6	124,895	70
** Negative pretax book income	7,385	36	25	-89,688	-66,556	74	-12,592	14	-4,231	5	-49,733	55
** Total book tax difference (BTD)	19,986	96	99	17,126	16,376	96	-2,130	-12	-1,863	-11	20,368	119
** Positive total BTD	10,366	50	48	99,179	85,998	87	9,145	9	4,091	4	72,761	73
** Negative total BTD	9,620	46	51	-82,053	-69,622	85	-11,274	14	-5,955	7	-52,393	64
** Net tax income per part II line 30 column D	20,624	99	100	106,659	101,839	95	2,256	2	4,053	4	95,530	90
** SOI removed ICD	118	1	23	-9,519	-9,448	99		0	-209	2		0
** Other SOI adjustments	263	1	36	144	144	100		0	184	128		0
** Tax net income reported by SOI	20,624	99	100	97,284	92,534	95	2,182	2	4,028	4	86,325	89
** Positive tax net income reported by SOI	13,257	64	80	153,288	129,758	85	11,538	8	8,676	6	109,544	71
** Negative tax net income reported by SOI	7,368	35	20	-56,004	-37,224	66	-9,357	17	-4,648	8	-23,219	41
** Net operating loss deduction	4,500	22	51	-38,231	-32,658	85	-1,936	5	-1,174	3	-29,549	77
** Special deductions	2,661	13	47	-3,514	-3,239	92	-351	10	-511	15	-2,377	68
Taxable income	10,360	50	70	112,048	94,326	84	9,294	8	7,012	6	78,019	70
Tax before credits	11,977	58	78	39,491	33,353	84	3,218	8	2,477	6	27,658	70
Foreign tax credit	1,009	5	33	-7,187	-6,995	97	-43	1	-215	3	-6,737	94
General business credit	2,313	11	49	-1,383	-1,251	90	-56	4	-63	5	-1,132	82
Other tax credits	1,905	9	34	-482	-449	93	-101	21	-1	0	-346	72
Tax less credits	11,742	57	66	30,438	24,658	81	3,018	10	2,198	7	19,442	64
12a FS assets of entities included on part I line 4	19,590	94	68	5,727,233	5,193,334	91	634,966	11	165,207	3	4,393,161	77
12b FS assets of entities removed on part I line 5	758	4	23	204,814	161,392	79	1,571	1	9,731	5	150,090	73
12c FS assets of entities removed on part I line 6	303	1	17	273,206	225,594	83	12,931	5	1,408	1	211,255	77
12d FS assets of entities included on part I line 7	109	1	13	81,464	80,416	99		0	317	0		0

Table 1E. 2012 U.S. Corporations Form 1120 Schedule M-3: Means: FS by MNE Type

Form 1120 Schedule M-3 Part I and Return Data Means Analysis (dollars in millions)	Form 1120 Schedule M-3 Assets \$100 Million or More								
	SEC 10-K/Public FS			Audited FS			Unaudited FS		
	U.S. Only	U.S. MNE	FC	U.S. Only	U.S. MNE	FC	U.S. Only	U.S. MNE	FC
Returns	1,296	1,914	78	3,116	1,118	1,320	1,546	259	1,779
04 Worldwide consolidated net income (loss)	59	388	180	5	12	26	1	11	36
05 (Income) loss nonincludible foreign entities	-1	-327	-62	0	-10	-8	0	3	-4
06 (Income) loss nonincludible U.S. entities	-6	-23	-20	0	-2	-2	-1	-1	-6
07 Income (loss) of other entities	na	0	0	na	1	0	na	0	na
08 Adjust eliminations (because of lines 5-7)	2	184	25	0	2	4	0	2	8
09 Adjust to reconcile income statement period to tax year	na	4	0	na	0	0	0	na	na
10 Adjust to reconcile to line 11	1	93	0	0	0	3	0	0	-1
11 Income — income statement includible corps	54	319	123	4	5	23	1	16	32
** Reverse federal income tax expense	14	78	50	3	7	13	2	7	11
** Pretax book income	68	397	173	7	12	36	3	23	42
** Total book tax difference (BTD)	-35	-33	11	-1	16	4	-1	-7	11
** Net tax income per part II line 30 column D	33	364	184	6	28	40	1	16	54
** Tax net income reported by SOI	28	337	181	6	28	37	1	16	49
Taxable income	32	336	142	8	32	44	6	27	44
Tax less credits	11	75	41	3	8	11	2	8	11
Total assets — Form 1120 Schedule L	6,131	14,929	6,288	495	975	2,952	437	2,086	2,939
Total assets — financial statement assets reported on Schedule M-3 part I	Note 1		Note 2					Note 3	Note 4
12a FS assets of entities included on part I line 4	1,957	13,470	4,832	493	970	2,639	411	638	2,469
12b FS Assets of entities removed on part I line 5	11	5,196	806	1	280	139	1	38	84
12c FS assets of entities removed on part I line 6	84	588	338	15	40	183	8	5	119
12d FS assets of entities included on part I line 7	na	89	na	1	18	34	na	1	na

Notes:
¹In 2012 certain large SEC Form 10-K/Public FS U.S. only corporations with assets of \$100 million or more fail to report financial statement assets on Schedule M-3 Part I lines 12a to 12d. The 83 out of 1,296 corporations not reporting Schedule M-3 Part I line 12a financial statement assets represent 6 percent of the corporations in the class but report 69 percent of the Schedule L assets reported by the class.
²In 2012 certain large SEC Form 10-K/Public FS FC corporations with assets of \$100 million or more fail to report financial statement assets on Schedule M-3 Part I lines 12a to 12d. The 6 out of 78 corporations not reporting Schedule M-3 Part I line 12a financial statement assets represent 8 percent of the corporations in the class but report 35 percent of the Schedule L assets reported by the class.
³In 2012 certain large Unaudited FS U.S. MNE corporations with assets of \$100 million or more fail to report financial statement assets on Schedule M-3 Part I lines 12a to 12d. The 33 out of 259 corporations not reporting Schedule M-3 Part I line 12a financial statement assets represent 13 percent of the corporations in the class but report 70 percent of the Schedule L assets reported by the class.
⁴In 2012 certain large Unaudited FS FC corporations with assets of \$100 million or more fail to report financial statement assets on Schedule M-3 Part I lines 12a to 12d. The 206 out of 1,779 corporations not reporting Schedule M-3 Part I line 12a financial statement assets represent 12 percent of the corporations in the class but report 34 percent of the Schedule L assets reported by the class.

Table 2A. 2012 U.S. Corporations Form 1120 Schedule M-3 Part II Book-to-Tax Difference

Form 1120 Schedule M-3 Part II (dollars in millions)	All Form 1120 Schedule M-3							Assets ≥ \$100 Million				U.S. MNE AT ≥ \$100 Million				
	Freq	FQ%	AT%	Col A Book	Col B Temporary	Col C Permanent	Col D Tax	%ALL				%ALL				
								Book	Temporary	Permanent	Tax	Book	Temporary	Permanent	Tax	
Part II INCOME ITEMS																
01 Income (loss) equity method foreign corps	943	2	32	20,018	-6,591	-13,430	0	101	100	101		90	89	91		
02 Gross foreign dividends not previously taxed	1,982	5	52	55,367	7,993	29,536	92,896	100	99	99	99	85	94	89	89	87
03 Subpart F, QEF, and similar income inclusions	1,912	5	58	0	5,069	48,464	53,533		99	99	99		89	95	94	94
04 Section 78 gross-up	1,608	4	49	0	3,309	66,608	69,917		99	100	100		96	88	88	
05 Gross foreign distributions previously taxed	282	1	16	45,447	-1,568	-43,862	0	100	100	100		98	95	98		
06 Income (loss) from equity method U.S. corps	1,415	3	30	61,981	-3,999	-57,925	0	100	100	100		82	66	83		
07 U.S. dividends not eliminated in tax consolidation	7,350	17	72	103,376	3,958	-11,957	95,377	99	103	100	99	77	69	145	68	
08 Minority interest for includible corporations	476	1	25	-2,047	92	1,955	0	100	100	100		73	9	77		
09 Income (loss) from U.S. partnerships	10,051	24	87	98,258	-11,291	17,115	104,065	95	96	99	96	59	19	101	70	
10 Income (loss) from foreign partnerships	781	2	42	10,362	1,595	-1,123	10,833	98	100	101	98	77	-5	15	71	
11 Income (loss) from other pass-through entities	990	2	38	1,170	391	139	1,700	84	98	98	88	31	78	9	40	
12 Items relating to reportable transactions	168	0	39	-4,298	-13,264	-12,606	-30,168	107	100	100	101	103	86	60	78	
13 Interest income	30,792	73	99	881,935	-112,172	-30,490	739,280	99	100	99	99	51	6	73	57	
14 Total accrual to cash adjustment	842	2	1	3,261	-219	0	3,041	48	83		45	34	70		31	
15 Hedging transactions	1,106	3	63	-200,682	1,147	-3,768	-203,296	100	99	100	100	97	394	110	96	
16 Mark-to-market income (loss)	1,449	3	58	363,100	9,057	68	372,226	100	101	159	100	97	77	-440	97	
17 Cost of goods sold	25,643	61	51	-51,010,453	-9,720	3,322	-51,016,893	99	90	99	99	91	226	56	91	
18 Sale versus lease (for sellers and/or lessors)	214	1	21	14,167	16,417	3	30,587	92	99	100	96	71	83	100	77	
19 Section 481(a) adjustments	3,603	9	54	0	2,354	-123	2,226		94	109	93		-67	42	-73	
20 Unearned/deferred revenue	4,639	11	55	135,814	2,042	-140	137,710	93	105	90	93	69	61	84	69	
21 Income recognition from long-term contracts	501	1	2	122,899	-621	-44	122,234	91	101	102	91	63	88	93	63	
22 Original issue discount and other imputed interest	334	1	31	20,050	1,442	33	21,524	100	100	97	100	102	-37	91	92	
23a Income statement disposition assets ex inventory	23,156	55	96	80,382	-64,638	-15,637	0	97	97	96		68	68	69		
23b Gross cap gains Schedule D, ex flow-thru	6,212	15	80	0	78,730	6,321	85,059		96	86	95		64	66	64	
23c Gross cap losses Schedule D, ex flow-thru	3,103	7	55	0	-20,695	-1,108	-21,806		96	82	95		82	35	80	
23d Net gain/loss Form 4797, line 17	21,623	51	95	0	45,133	1,664	46,817		99	140	101		52	70	53	
23e Abandonment losses	733	2	18	0	-3,587	-34	-3,621		99	94	99		46	6	45	
23f Worthless stock losses	202	0	21	0	-6,444	-5,207	-11,654		97	100	98		82	89	85	
23g Other gain/loss disposition assets ex inventory	2,341	6	26	0	4,546	245	4,810		93	-185	78		76	-211	61	
24 Capital loss limitation and carryforward used	3,619	9	30	0	14,261	1,498	15,762		97	85	96		82	52	79	
25 Other income (loss) items with differences	19,608	46	94	19,181,178	18,600	-22,248	19,177,681	100	112	96	100	93	127	82	93	
26 Total income items (combine lines 1 thru 25)	40,799	96	100	-30,012,766	-38,572	-42,728	-30,094,009	98	93	101	98	92	-87	75	92	
27 Total expense/deduction items (from part III line 38)	42,301	100	100	-4,462,012	-32,362	282,451	-4,211,899	96	116	95	96	64	210	61	65	
28 Other items with no differences	40,598	96	98	35,252,175	0	0	35,252,187	98			98	88			88	
29a Form 1120 subgroup reconciliation totals	42,292	100	100	772,541	-71,891	239,913	940,576	102	104	94	100	78	49	59	76	
29b PC insurance subgroup reconciliation totals	412	1	46	15,896	294	7,492	23,682	100	100	100	100	97	127	95	97	
29c Life insurance subgroup reconciliation totals	27	0	18	-841	-1,106	59	-1,889	100	100	98	100	121	90	-20	107	
30 Reconciliation totals (combine 29a thru 29c)	42,301	100	100	787,532	-72,706	247,653	962,480	102	103	94	100	79	50	60	76	
**Reverse federal income tax expense	32,120	76	98	240,347	-1,401	-238,946	0	95	70	95		66	1	67		
**Pretax book income and Schedule M-3 difference	42,301	100	100	1,027,879	-74,106	8,707	962,480	100	103	52	100	76	49	-129	76	
**Total pretax book tax difference (book-to-tax difference) < 0	20,422	48	54	906,437	-305,935	-215,118	385,384	97	94	98	99	68	49	74	79	
**Total pretax book tax difference (book-to-tax difference) ≥ 0	21,879	52	46	121,442	231,829	223,825	577,096	122	91	96	100	134	50	66	74	

Table 2B. 2012 U.S. Corporations Form 1120 Schedule M-3 Part III Book-to-Tax Difference

Form 1120 Schedule M-3 Part III (dollars in millions)	All Form 1120 Schedule M-3							Assets ≥ \$100 Million				U.S. MNE AT ≥ \$100 Million			
								%ALL				%ALL			
	Part III EXPENSE ITEMS (sign matches part II)	Freq	FQ%	AT%	Col A Book	Col B Temporary	Col C Permanent	Col D Tax	Book	Temporary	Permanent	Tax	Book	Temporary	Permanent
01 U.S. current income tax expense	28,837	68	96	-235,436	691	234,745	0	95	63	95		69	35	70	
02 U.S. deferred income tax expense	17,658	42	70	-4,885	710	4,201	0	96	76	99		-85	-32	-93	
03 State and local current income tax expense	29,416	70	87	-34,843	-2,492	-1,258	-38,594	95	94	101	95	66	46	85	65
04 State and local deferred income tax expense	9,559	23	49	4,572	-1,449	-3,124	0	99	97	100		106	71	122	
05 Foreign current income tax expense (other than WH)	2,483	6	55	-14,415	-1,716	15,806	-326	99	101	99	92	74	106	78	37
06 Foreign deferred income tax expense	617	1	34	-511	179	332	0	98	99	98		128	113	136	
07 Foreign withholding taxes	1,835	4	39	-7,913	196	6,652	-1,071	99	95	99	98	89	89	90	78
08 Interest expense	32,303	76	99	-763,115	94,563	14,650	-653,895	98	99	96	98	50	-7	63	58
09 Stock option expense	6,994	17	74	-33,374	-10,871	-27,869	-72,114	94	105	101	98	77	108	88	86
10 Other equity-based compensation	2,719	6	59	-45,235	2,660	-8,469	-51,044	99	94	100	99	78	72	82	79
11 Meals and entertainment	34,819	82	98	-18,773	10	7,478	-11,296	89	60	87	91	60	20	54	63
12 Fines and penalties	13,661	32	82	-5,723	-90	7,129	1,314	98	108	98	101	21	102	16	-14
13 Punitive damages	367	1	19	-14,253	6,188	329	-7,728	99	98	94	99	94	100	142	87
14 Parachute payments	39	0	3	-125	-23	125	-24	100	100	100	100	86	-4	84	4
15 Compensation with section 162(m) limitation	1,471	3	60	-15,991	-39	3,087	-12,944	98	97	99	98	77	13	79	76
16 Pension and profit-sharing	16,747	40	83	-103,467	943	-1,160	-103,681	97	104	98	97	73	253	72	71
17 Other post-retirement benefits	2,304	5	63	-23,340	5,039	-99	-18,400	99	100	102	98	77	117	66	66
18 Deferred compensation	5,011	12	74	-38,489	2,466	-590	-36,615	97	98	98	96	75	60	65	75
19 Charitable contribution of cash and tangible property	25,405	60	96	-12,208	-186	-1,362	-13,756	96	108	100	97	67	119	68	68
20 Charitable contribution of intangible property	206	0	12	-259	50	-7	-216	99	100	86	98	88	222	14	55
21 Charitable contribution limitation/carryforward	14,614	35	24	0	762	381	1,140		85	97	89		36	50	41
22 Domestic production activities deduction	6,747	16	25	0	-42	-29,044	-29,070		86	97	97		69	74	74
23 Acquisition/reorganization investment banking fees	303	1	9	-2,340	1,454	225	-661	98	99	93	96	86	98	57	67
24 Acquisition/reorganization legal/accounting fees	1,244	3	13	-2,861	700	1,215	-946	91	85	92	93	67	54	69	74
25 Acquisition/reorganization other costs	997	2	15	-5,872	2,504	934	-2,434	97	97	93	97	82	93	66	77
26 Amortization/impairment of goodwill	6,922	16	60	-76,518	-13,056	56,248	-33,319	97	100	98	96	66	62	67	63
27 Amortization acquisition/reorganization/start-up costs	3,860	9	29	-4,096	1,103	125	-2,868	94	108	110	88	60	97	69	46
28 Other amortization or impairment write-offs	19,620	46	85	-152,170	42,136	-5	-110,037	97	99		96	62	71		59
29 Sec 198 environmental remediation costs	137	0	4	-441	-179	0	-620	91	91		91	56	89		66
30 Depletion	1,169	3	12	-26,159	13,482	-6,997	-19,673	98	99	99	98	41	39	47	45
31 Depreciation	37,001	87	98	-381,966	-60,692	764	-441,764	96	97	99	96	62	44	25	60
32 Bad debt expense	24,527	58	92	-104,205	-50,515	-1,416	-156,205	97	100	92	98	64	40	51	56
33 Corporate owned life insurance premiums	6,664	16	24	285	31	-688	-375	148	48	104	74	115	52	86	65
34 Purchase versus lease	266	1	4	-996	-2,003	-4	-3,004	97	99	0	98	36	58	0	51
35 Research and development costs	3,048	7	36	-161,520	-7,672	2,136	-167,058	97	109	97	97	79	103	85	80
36 Section 118 exclusion	66	0	10	285	-34	-30	220	93	100	30	101	92	185	7	90
37 Other expense/deduction items with differences	32,660	77	98	-2,175,402	-57,168	7,996	-2,224,600	95	106	84	96	67	69	11	67
38 Total expense/deduction items (to part II line 27)	42,301	100	100	-4,462,012	-32,362	282,451	-4,211,898	96	116	95	96	64	210	61	65

Table 3. 2012 U.S. Corporations Form 1120 Schedule M-3: Asset Size by FS and MNE Type

D38: Asset Size By FS and MNE for Form 1120 Schedule M-3	Returns		Total Assets		Worldwide Income		Nonincludible Foreign Income		Pretax Book		Pretax Temporary Difference		Pretax Permanent Difference		Tax Net Income		Taxable Income		Tax After Credits		
	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	
All	42,301	100	50,897,122	100	969,512	100	-669,129	100	1,027,879	100	-74,106	100	8,707	100	889,481	100	945,577	100	228,822	100	
SEC	4,339	10	37,053,332	73	830,523	86	-633,774	95	856,373	83	-79,633	107	-27,407	-315	691,661	78	697,842	74	161,981	71	
Audited	17,192	41	6,933,274	14	66,555	7	-24,750	4	81,973	8	-7,718	10	32,233	370	100,536	11	135,687	14	36,403	16	
c Unaudited	20,770	49	6,910,516	14	72,433	7	-10,605	2	89,533	9	13,244	-18	3,882	45	97,284	11	112,048	12	30,438	13	
FC	11,117	26	9,871,070	20	123,935	13	-31,036	5	141,508	14	2,145	-2	25,011	287	154,419	17	158,609	17	40,580	18	
U.S. MNE	6,566	16	30,323,431	60	749,249	77	-636,065	95	769,189	75	-34,178	46	-8,278	-95	674,019	76	691,549	73	156,446	68	
U.S. only	24,618	58	10,702,621	21	96,327	10	-2,027	0	117,183	11	-42,073	57	-8,026	-92	61,043	7	95,420	10	31,796	14	
A ≥ \$1 billion	All	2,856	7	46,971,632	92	924,509	95	-648,604	97	979,508	95	-73,413	99	-3,990	-46	830,805	93	820,849	87	189,923	83
	SEC	1,558	4	36,290,564	71	820,266	85	-624,959	93	846,880	82	-78,220	106	-32,266	-371	678,991	76	668,583	71	153,314	67
	Audited	710	2	5,086,622	10	46,424	5	-20,221	3	57,412	6	-9,128	12	26,810	308	69,703	8	79,528	8	18,704	8
	c Unaudited	588	1	5,594,446	11	57,819	6	-3,423	1	75,216	7	13,935	-19	1,466	17	82,111	9	72,738	8	17,905	8
	FC U.S. only	271	1	1,773,144	3	-892	0	-329	0	2,505	0	-1,058	1	9,015	104	10,196	1	16,480	2	5,532	2
	FC U.S. MNE	463	1	7,084,480	14	95,000	10	-18,954	3	114,680	11	4,813	-6	13,092	150	119,556	13	103,945	11	23,124	10
	FC	734	2	8,857,624	17	94,108	10	-19,283	3	117,185	11	3,755	-5	22,107	254	129,752	14	120,425	13	28,656	12
	U.S. MNE	1,248	3	29,484,550	58	749,748	77	-627,771	94	767,818	75	-37,747	51	-17,043	-196	660,564	74	655,003	69	146,083	64
	U.S. only	874	2	8,629,459	17	80,653	8	-1,550	0	94,505	9	-39,421	53	-9,054	-104	40,489	5	45,422	5	15,185	7
B ≥ \$100 Million -<\$1 billion	All	9,571	23	3,011,515	6	39,254	4	-12,064	2	51,313	5	-2,804	4	8,546	98	55,538	6	89,171	9	27,446	12
	SEC	1,730	4	719,182	1	12,750	1	-6,944	1	15,259	1	-1,733	2	3,571	41	16,857	2	28,111	3	8,302	4
	Audited	4,844	11	1,442,530	3	16,358	2	-1,588	0	25,807	3	-455	1	3,386	39	28,257	3	39,472	4	12,391	5
	c Unaudited	2,997	7	849,803	2	10,146	1	-3,531	1	10,247	1	-615	1	1,590	18	10,424	1	21,588	2	6,753	3
	FC U.S. only	1,601	4	458,262	1	10,520	1	-2,450	0	10,540	1	-2,359	3	496	6	8,096	1	14,172	1	4,555	2
	FC U.S. MNE	842	2	299,611	1	6,589	1	-1,448	0	8,431	1	844	-1	2,340	27	11,336	1	12,451	1	3,593	2
	FC	2,443	6	757,873	2	17,109	2	-3,898	0	18,971	2	-1,515	2	2,836	33	19,432	2	26,623	2	8,148	4
	U.S. MNE	2,043	5	719,566	1	9,364	1	-7,939	1	12,049	1	1,682	-2	5,787	66	19,268	2	31,913	3	9,075	4
	U.S. only	5,084	12	1,534,076	3	12,780	1	-227	0	20,293	2	-2,971	4	-76	-1	16,838	2	30,634	3	10,222	4
C Subtotal ≥ \$100 million	All	12,427	29	49,983,147	98	963,763	99	-660,668	99	1,030,821	100	-76,217	103	4,556	52	886,343	100	910,020	96	217,369	95
	SEC	3,288	8	37,009,746	73	833,017	86	-631,903	94	862,139	84	-79,954	108	-28,695	-330	695,848	78	696,694	74	161,616	71
	Audited	5,554	13	6,529,152	13	62,782	6	-21,810	3	83,219	8	-9,583	13	30,196	347	97,960	11	119,000	13	31,095	14
	c Unaudited	3,585	8	6,444,249	13	67,964	7	-6,955	1	85,463	8	13,320	-18	3,055	35	92,534	10	94,326	10	24,658	11
	FC	3,177	7	9,615,496	19	111,218	11	-23,181	3	136,157	13	2,240	-3	24,943	286	149,184	17	147,048	15	36,804	16
	U.S. MNE	3,291	8	30,204,116	59	759,112	78	-635,710	95	779,867	76	-36,065	49	-11,256	-129	679,833	76	686,916	73	155,157	68
	U.S. only	5,958	14	10,163,535	20	93,433	10	-1,777	0	114,798	11	-42,392	57	-9,130	-105	57,327	6	76,056	8	25,407	11
F Subtotal < \$100 million	All	29,874	71	913,975	2	5,749	1	-8,461	1	-2,942	0	2,110	-3	4,151	48	3,138	0	35,558	4	11,453	5
	SEC	1,051	2	43,586	0	-2,494	0	-1,871	0	-5,766	-1	321	0	1,288	15	-4,188	0	1,148	0	364	0
	Audited	11,638	28	404,122	1	3,773	0	-2,940	0	-1,246	0	1,865	-3	2,037	23	2,576	0	16,687	2	5,308	2
	c Unaudited	17,186	41	466,267	1	4,469	0	-3,650	1	4,070	0	-76	0	826	9	4,750	1	17,723	2	5,781	3
	FC U.S. only	7,060	17	220,420	0	11,921	1	-7,408	1	4,454	0	-726	1	-21	0	3,660	0	9,203	1	3,063	1
	FC U.S. MNE	879	2	35,154	0	796	0	-448	0	898	0	630	-1	89	1	1,574	0	2,358	0	712	0
	FC	7,939	19	255,574	0	12,717	1	-7,856	1	5,352	0	-96	0	68	1	5,234	0	11,561	1	3,775	1
	U.S. MNE	3,274	8	119,315	0	-9,863	-1	-356	0	-10,678	-1	1,886	-3	2,979	34	-5,814	-1	4,633	0	1,289	1
U.S. only	18,660	44	539,086	1	2,894	0	-250	0	2,385	0	319	0	1,104	13	3,717	0	19,364	2	6,389	3	

Table 4A-1. 2012 U.S. Corporations Form 1120 Schedule M-3: Manufacturing by FS by MNE Type

D37: Industry With Assets ≥ \$100 Million	Returns		Total Assets		Worldwide Income		Nonincludible Foreign Income		Pretax Book		Pretax Temporary Difference		Pretax Permanent Difference		Tax Net Income		Taxable Income		Tax After Credits		
	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	
	All	12,427	100	49,983,147	100	963,763	100	-660,668	100	1,030,821	100	-76,217	100	4,556	100	886,343	100	910,020	100	217,369	100
i. SUBTOTAL Manufacturing	All	2,791	22	9,791,069	20	423,678	44	-446,685	68	415,393	40	3,438	-5	-12,193	-268	370,638	42	361,952	40	71,652	33
	SEC	882	7	6,684,712	13	352,933	37	-422,577	64	342,267	33	8,131	-11	-24,342	-534	292,743	33	275,728	30	51,887	24
	Audited	1,203	10	1,903,421	4	36,938	4	-16,938	3	40,355	4	-2,471	3	8,568	188	45,731	5	53,117	6	11,346	5
	Unaudited	706	6	1,202,936	2	33,807	4	-7,170	1	32,771	3	-2,222	3	3,582	79	32,163	4	33,107	4	8,420	4
	FC	1,125	9	2,718,037	6	62,048	6	-17,272	2	64,282	6	-2,501	3	7,183	158	66,529	8	69,386	8	16,423	7
	U.S. MNE	1,287	10	6,916,221	14	355,091	37	-429,347	65	341,538	33	3,421	-4	-15,135	-332	296,655	33	282,357	31	51,761	24
	U.S. only	379	3	156,812	0	6,538	1	-66	0	9,573	1	2,517	-3	-4,240	-93	7,455	1	10,209	1	3,469	2
a. Petroleum refineries	All	38	0	1,472,166	3	63,969	7	-68,341	10	113,319	11	-14,955	20	8,600	189	78,916	9	83,928	9	7,740	4
	SEC	17	0	621,335	1	51,256	5	-61,677	9	98,433	10	-6,247	8	-56	-1	64,083	7	64,201	7	6,448	3
	Audited	10	0	793,154	2	8,144	1	-6,664	1	8,464	1	-6,041	8	7,243	159	9,665	1	15,474	2	857	0
	Unaudited	11	0	57,677	0	4,569	0	0	0	6,421	1	-2,668	4	1,414	31	5,167	1	4,254	0	435	0
	FC	14	0	739,282	1	5,141	0	-2,632	0	7,291	1	-2,418	3	6,324	139	11,197	1	16,017	2	730	0
	U.S. MNE	16	0	718,324	1	56,505	6	-65,709	10	103,239	10	-12,920	17	2,445	54	64,717	7	64,888	7	5,973	3
	U.S. only	8	0	14,560	0	2,324	0	0	0	2,789	0	382	-1	-169	-4	3,001	0	3,023	0	1,038	0
b. Pharmaceuticals	All	123	1	784,885	2	49,278	5	-51,648	8	38,720	4	13,913	-18	-14,301	-314	37,692	4	34,649	4	6,672	3
	SEC	53	0	522,469	1	39,085	4	-48,866	7	31,257	3	9,387	-12	-14,689	-322	25,406	3	23,209	3	3,233	1
	Audited	38	0	75,389	0	2,848	0	-214	0	4,561	0	2,783	-4	30	1	7,288	1	7,052	1	2,266	1
	Unaudited	32	0	187,028	0	7,345	1	-2,567	0	2,902	0	1,742	-2	358	8	4,999	1	4,388	0	1,172	1
	FC	49	0	332,002	1	14,968	1	-2629	0	14,076	1	6,565	-9	-2,321	-51	18,230	2	14,891	1	4,538	2
	U.S. MNE	54	0	448,505	1	34,432	4	-49,019	7	24,728	2	7,281	-10	-11,997	-263	19,463	2	19,541	2	2,060	1
	U.S. only	20	0	4,378	0	-121	0	0	0	-84	0	67	0	16	0	-1	0	217	0	74	0
c. Computers — electronics	All	367	3	1,035,013	2	73,764	8	-157,434	24	51,197	5	4,039	-5	-6,568	-144	48,509	5	50,420	6	12,319	6
	SEC	206	2	811,450	2	73,728	8	-156,628	24	50,378	5	3,849	-5	-8,900	-195	45,182	5	47,040	5	11,329	5
	Audited	82	1	43,154	0	-686	0	-518	0	-406	0	29	0	1,037	23	660	0	1,391	0	362	0
	Unaudited	79	1	180,409	0	723	0	-288	0	1,225	0	161	0	1,295	28	2,666	0	1,988	0	628	0
	FC	116	1	204,072	0	-463	0	-1,249	0	-144	0	-37	0	2,397	52	2,200	0	2,115	0	615	0
	U.S. MNE	235	2	823,886	2	74,157	8	-156,186	24	51,126	5	4,238	-6	-8,990	-197	46,228	5	48,096	5	11,630	5
	U.S. only	16	0	7,055	0	71	0	0	0	216	0	-162	0	26	1	80	0	210	0	73	0
d. Electrical equipment	All	111	1	1,020,030	2	19,232	2	-31,539	5	25,265	2	3,011	-4	-15,025	-330	14,331	2	14,354	2	1,663	1
	SEC	43	0	945,890	2	18,311	2	-31,341	5	24,159	2	2,849	-4	-15,091	-331	13,079	1	12,964	1	1,314	1
	Audited	42	0	47,712	0	1,206	0	-216	0	1,340	0	155	0	75	2	1,490	0	1,182	0	289	0
	Unaudited	26	0	26,428	0	-284	0	18	0	-234	0	6	0	-9	0	-237	0	208	0	60	0
	FC	33	0	66,332	0	1,041	0	-175	0	1,166	0	70	0	-23	0	1,132	0	943	0	242	0
	U.S. MNE	68	1	951,753	2	18,248	2	-31,364	5	24,133	2	2,886	-4	-14,986	-329	13,195	1	13,372	1	1,408	1
	U.S. only	10	0	1,945	0	-56	0	0	0	-35	0	55	0	-16	0	4	0	40	0	13	0

Table 4A-2. 2012 U.S. Corporations Form 1120 Schedule M-3: Manufacturing by FS by MNE Type

D37: Industry With Assets ≥ \$100 Million	Returns		Total Assets		Worldwide Income		Nonincludible Foreign Income		Pretax Book		Pretax Temporary Difference		Pretax Permanent Difference		Tax Net Income		Taxable Income		Tax After Credits	
	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%
All	12,427	100	49,983,147	100	963,763	100	-660,668	100	1,030,821	100	-76,217	100	4,556	100	886,343	100	910,020	100	217,369	100
All Manufacturing	2,791	22	9,791,069	20	423,678	44	-446,685	68	415,393	40	3,438	-5	-12,193	-268	370,638	42	361,952	40	71,652	33
e. Transportation equipment																				
All	326	3	1,322,586	3	48,420	5	-13,934	2	34,426	3	-6,045	8	18,288	401	46,176	5	31,384	3	7,666	4
SEC	84	1	867,233	2	41,291	4	-12,224	2	24,852	2	-2,961	4	19,441	427	40,840	5	25,147	3	5,819	3
Audited	159	1	380,900	1	5,595	1	-1,636	0	7,529	1	-2,377	3	-1,137	-25	4,015	0	4,450	0	1,308	1
Unaudited	83	1	74,453	0	1,534	0	-74	0	2,045	0	-708	1	-16	0	1,321	0	1,788	0	540	0
FC	177	2	434,613	1	9,217	1	-24,19	0	10,894	1	-3,377	5	-1,209	-26	6,309	1	6,248	1	1,833	1
U.S. MNE	110	1	866,638	2	38,492	4	-11,488	2	22,585	2	-2,395	3	19,560	429	39,257	4	24,541	3	5,632	3
U.S. only	39	0	21,335	0	711	0	-28	0	947	0	-273	0	-63	-1	610	0	595	0	201	0
f. Fabrication metal and machinery																				
All	460	4	987,443	2	45,091	5	-31,641	5	41,119	4	437	-1	-2,201	-48	35,450	4	36,158	4	8,826	4
SEC	127	1	721,598	1	34,088	4	-27,211	4	30,291	3	919	-1	-2,152	-47	26,468	3	26,697	3	5,983	3
Audited	212	2	98,002	0	5,023	1	-2,096	0	4,598	0	255	0	270	6	5,005	1	4,786	1	1,457	1
Unaudited	121	1	167,843	0	5,979	1	-2,334	0	6,229	1	-737	1	-319	-7	3,977	0	4,675	1	1,386	1
FC	201	2	243,742	0	12149	1	-5350	1	9,430	1	-410	1	173	4	7,726	1	8,147	1	2,442	1
U.S. MNE	215	2	735,165	1	32,577	3	-26,292	4	31,183	3	842	-1	-2,258	-50	27,330	3	27,552	3	6,226	3
U.S. only	44	0	8,537	0	365	0	0	0	506	0	5	0	-117	-3	394	0	459	0	158	0
g. Food and beverage manufacturing																				
All	274	2	1,077,239	2	49,336	5	-40,187	6	48,149	5	511	-1	-9,067	-199	38,757	4	38,562	4	10,318	5
SEC	57	0	794,410	2	38,589	4	-37,249	6	38,466	4	-3,044	4	-8,019	-176	26,870	3	26,794	3	7,364	3
Audited	152	1	158,236	0	7,915	1	-2,936	0	6,900	1	2,609	-3	-249	-5	8,958	1	9,127	1	2,058	1
Unaudited	65	1	124,593	0	2,833	0	-1	0	2,782	0	946	-1	-799	-18	2,929	0	2,641	0	897	0
FC	103	1	189,118	0	6,745	1	-374	0	7,016	1	-1,287	2	-1,032	-22	4,694	0	4,632	0	1,566	1
U.S. MNE	81	1	855,956	2	41,322	4	-39,814	6	38,799	4	535	-1	-7,671	-168	31,127	4	30,807	3	7,676	4
U.S. only	90	1	32,164	0	1,269	0	2	0	2,333	0	1,264	-2	-365	-8	2,936	0	3,122	0	1,076	0
h. Other manufacturing																				
All	1,092	9	2,091,707	4	74,588	8	-51,962	8	63,198	6	2,528	-3	8,081	177	70,808	8	72,496	8	16,448	8
SEC	295	2	1,400,329	3	56,586	6	-47,380	7	44,430	4	3,377	-4	5,124	112	50,816	6	49,676	5	10,398	5
Audited	508	4	306,873	1	6,894	1	-2,658	0	7,367	1	116	0	1,299	29	8,651	1	9,656	1	2,748	1
Unaudited	289	2	384,505	1	11,108	1	-1,924	0	11,401	1	-965	1	1,658	36	11,341	1	13,165	1	3,302	2
FC	432	4	508,876	1	13,252	1	-2,445	0	14,552	1	-1,606	2	2,872	63	15,038	1	16,393	1	4,456	2
U.S. MNE	508	4	1,515,994	3	59,358	6	-49,477	7	45,744	4	2,954	-4	8,762	192	55,338	6	53,561	6	11,156	5
U.S. only	152	1	66,836	0	1,977	0	-40	0	2,902	0	1,181	-2	-3,554	-78	431	0	2,543	0	835	0

Table 4B. 2012 U.S. Corporations Form 1120 Schedule M-3: Finance by FS by MNE Type

D37: Industry With Assets ≥ \$100 Million	Returns		Total Assets		Worldwide Income		Nonincludible Foreign Income		Pretax Book		Pretax Temporary Difference		Pretax Permanent Difference		Tax Net Income		Taxable Income		Tax After Credits	
	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%
All	12,427	100	49,983,147	100	963,763	100	-660,668	100	1,030,821	100	-76,217	100	4,556	100	886,343	100	910,020	100	217,369	100
n. SUBTOTAL Financial	4,807	39	29,446,311	59	217,074	23	-54,231	8	269,703	26	-18,663	24	-20,893	-459	213,200	24	184,107	20	46,000	21
All	955	8	22,661,147	45	183,315	19	-53,828	8	212,177	21	-17,261	23	-19,473	-427	162,532	18	140,168	15	32,734	15
SEC	2,280	18	3,087,452	6	20,207	2	-1,493	0	27,469	3	-7,350	10	2,431	53	22,002	2	18,963	2	6,329	3
Audited	1,571	13	3,697,712	7	13,552	1	1,090	0	30,057	3	5,948	-8	-3,851	-85	28,667	3	24,976	3	6,937	3
Unaudited	682	5	5,023,962	11	23,942	3	-1,053	0	39,745	4	1,723	-2	3,066	67	40,562	5	26,513	3	7,344	3
FC	320	3	16,078,501	32	136,388	14	-51,536	8	167,078	16	2,204	-3	-19,727	-433	138,423	16	128,776	14	29,114	13
U.S. MNE	3,805	31	8,343,849	17	56,743	6	-1,642	0	62,880	6	-22,589	30	-4,233	-93	34,216	4	28,819	3	9,543	4
U.S. only																				
j. NonBank Holding Co.	439	4	498,830	1	27,772	3	-12,252	2	24,397	2	-5,479	7	4,033	89	22,958	3	24,468	3	4,550	2
All	43	0	77,179	0	12,946	1	-11,849	2	8,018	1	-880	1	2,665	58	9,806	1	10,161	1	338	0
SEC	85	1	72,844	0	1,977	0	-193	0	2,321	0	-937	1	-75	-2	1,312	0	1,700	0	527	0
Audited	311	3	348,807	1	12,850	1	-211	0	14,058	1	-3,663	5	1,443	32	11,840	1	12,607	1	3,685	2
Unaudited	221	1	287,102	0	11,807	1	-305	0	12,365	1	-2,168	3	1,150	25	11,350	1	11,807	1	3,351	1
FC	32	0	61,016	0	10,042	1	-10,578	2	7,647	1	-125	0	2,741	60	10,263	1	10,267	1	363	0
U.S. MNE	186	1	150,712	0	5,923	1	-1,369	0	4,385	0	-3,186	4	142	3	1,344	0	2,394	0	836	0
U.S. only																				
k. Bank (and bank holding co.)	3,231	26	15,566,122	31	100,567	10	-25,795	4	142,105	14	-4,937	6	-31,347	-688	99,511	11	95,536	10	23,016	11
All	706	6	13,155,975	26	95,357	10	-25,768	4	133,497	13	-5,703	7	-34,660	-761	89,208	10	82,216	9	19,185	9
SEC	1,765	14	1,506,226	3	7,868	1	-14	0	10,107	1	-2,638	3	-1,206	-26	6,253	1	7,747	1	2,602	1
Audited	759	6	903,920	2	-2,658	0	-13	0	-1,499	0	3,404	-4	4,519	99	4,049	0	5,573	1	1,229	1
Unaudited	56	0	1,463,415	3	2,367	0	-18	0	3,385	0	303	0	4,284	94	5,603	1	5,466	1	1,029	0
FC	46	0	11,541,522	23	81,948	9	-25,732	4	115,683	11	-3,949	5	-32,457	-712	76,925	9	69,999	8	15,371	7
U.S. MNE	3,129	25	2,561,184	5	16,252	2	-45	0	23,036	2	-1,291	2	-3,174	-70	16,983	2	20,071	2	6,615	3
U.S. only																				
l. Securities/commodities	287	2	6,241,643	12	29,284	3	-6,623	1	43,378	4	4,942	-6	-6,495	-143	39,658	4	29,113	3	8,340	4
All	60	0	3,033,577	6	20,426	2	-7,429	1	19,468	2	1,135	-1	1,390	31	20,815	2	21,160	2	5,901	3
SEC	94	1	1,051,702	2	3,849	0	-522	0	4,941	0	72	0	3,240	71	8,155	1	3,734	0	1,221	1
Audited	133	1	2,156,364	4	5,008	1	1,329	0	18,969	2	3,735	-5	-11,125	-244	10,687	1	4,219	0	1,218	1
Unaudited	118	1	2,879,931	6	8,278	1	-612	0	20,156	2	3,646	-5	-4,747	-104	18,119	2	4,608	0	1,438	0
FC	78	1	3,252,761	7	19,461	2	-5,974	1	21,191	2	2,589	-3	-1,635	-36	20,962	2	22,916	3	6,430	3
U.S. MNE	91	1	108,952	0	1,545	0	-37	0	2,030	0	-1,294	2	-113	-2	577	0	1,589	0	471	0
U.S. only																				
m. Other financial	850	7	7,139,716	14	59,451	6	-9,561	1	59,824	6	-13,188	17	12,916	283	51,074	6	34,989	4	10,095	5
All	146	1	6,394,416	13	54,585	6	-8,782	1	51,195	5	-11,813	15	11,133	244	42,702	5	26,631	3	7,310	3
SEC	336	3	456,680	1	6,513	1	-764	0	10,101	1	-3,848	5	471	10	6,282	1	5,782	1	1,980	1
Audited	368	3	288,620	1	-1,648	0	-15	0	-1,472	0	2,473	-3	1,312	29	2,090	0	2,576	0	805	0
Unaudited	287	2	393,513	0	1,490	0	-119	0	3,838	0	-59	0	2,380	52	5,490	0	4,630	0	1,525	1
FC	164	1	1,223,202	2	24,937	3	-9,252	1	22,557	2	3,689	-5	11,624	255	30,273	3	25,594	3	6,949	3
U.S. MNE	399	3	5,523,001	11	33,023	3	-191	0	33,429	3	-16,818	22	-1,088	-24	15,311	2	4,764	1	1,621	1
U.S. Only																				

Table 4C-1. 2012 U.S. Corporations Form 1120 Schedule M-3: Other by FS by MNE Type

D37: Industry With Assets ≥ \$100 Million	Returns		Total Assets		Worldwide Income		Nonincludible Foreign Income		Pretax Book		Pretax Temporary Difference		Pretax Permanent Difference		Tax Net Income		Taxable Income		Tax After Credits	
	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%
All	12,427	100	49,983,147	100	963,763	100	-660,668	100	1,030,821	100	-76,217	100	4,556	100	886,343	100	910,020	100	217,369	100
y. SUBTOTAL Other Industries	4,829	39	10,745,766	21	323,011	34	-159,751	24	345,725	34	-60,992	80	37,642	826	302,505	34	363,961	40	99,716	46
SEC	1,451	12	7,663,886	15	296,769	31	-155,498	24	307,695	30	-70,824	93	15,120	332	240,574	27	280,798	31	76,995	35
Audited	2,070	17	1,538,279	3	5,637	1	-3,378	1	15,395	1	238	0	19,197	421	30,227	3	46,920	5	13,420	6
Unaudited	1,307	11	1,543,601	3	20,605	2	-875	0	22,635	2	9,594	-13	3,324	73	31,704	4	36,243	4	9,301	4
FC	1,370	11	1,873,497	3	25,227	2	-4,856	1	32,129	3	3,018	-4	14,695	323	42,094	5	51,150	6	13,037	6
U.S. MNE	1,684	14	7,209,394	14	267,633	28	-154,827	23	271,251	26	-41,690	55	23,605	518	244,755	28	275,783	30	74,283	34
U.S. only	1,774	14	1,662,875	3	30,151	3	-70	0	42,345	4	-22,320	29	-658	-14	15,656	2	37,028	4	12,396	6
o. Trade	1,507	12	3,117,293	6	136,196	14	-77,906	12	166,323	16	3,460	-5	5,913	130	169,556	19	166,482	18	49,571	23
SEC	361	3	2,077,520	4	109,994	11	-76,587	12	130,980	13	-2,673	4	5,281	116	129,406	15	128,199	14	38,237	18
Audited	731	6	540,021	1	15,256	2	-873	0	22,225	2	-465	1	-123	-3	20,683	2	22,083	2	6,800	3
Unaudited	415	3	499,752	1	10,947	1	-446	0	13,118	1	6,598	-9	755	17	19,467	2	16,200	2	4,534	2
FC	594	5	722,653	2	17,652	1	-1,692	0	23,009	3	5,471	-7	651	14	27,703	3	24,595	3	7,020	3
U.S. MNE	460	4	2,107,678	4	106,003	11	-76,100	12	124,467	12	-2,337	3	2,508	55	123,466	14	123,116	14	36,121	17
U.S. only	453	4	286,962	1	12,542	1	-114	0	18,847	2	326	0	2,754	60	18,387	2	18,771	2	6,429	3
p. Information	631	5	2,443,673	5	99,066	10	-37,842	6	80,807	8	-17,283	23	10,074	221	71,715	8	78,751	9	20,718	10
SEC	255	2	1,978,437	4	107,045	11	-37,586	6	87,352	8	-19,002	25	-1,618	-36	64,993	7	70,711	8	18,052	8
Audited	212	2	217,579	0	-8,416	-1	-248	0	-7,662	-1	982	-1	9,635	211	2,956	0	4,202	0	1,377	1
Unaudited	164	1	247,657	0	437	0	-8	0	1,118	0	736	-1	2,056	45	3,766	0	3,838	0	1,288	1
FC	102	0	208,280	0	-6,740	-1	-693	0	-5,384	-1	55	0	9,086	199	3,616	0	3,026	0	1,005	0
U.S. MNE	311	3	2,064,946	4	103,683	11	-37,155	6	82,772	8	-16,932	22	930	20	65,077	7	72,833	8	18,709	9
U.S. only	218	2	170,447	0	2,123	0	6	0	3,419	0	-407	1	58	1	3,023	0	2,892	0	1,004	0
q. Utilities	220	2	1,699,949	3	24,952	3	-2,196	0	30,250	3	-46,984	62	-8,602	-189	-25,549	-3	2,424	0	649	0
SEC	92	1	1,466,486	3	24,339	3	-2,177	0	29,632	3	-42,775	56	-8,545	-188	-21,901	-2	1,890	0	477	0
Audited	79	1	167,022	0	1,361	0	-19	0	1,776	0	-4,159	5	-139	-3	-2,522	0	465	0	149	0
Unaudited	49	0	66,442	0	-748	0	0	0	-1,159	0	-50	0	82	2	-1,126	0	69	0	23	0
FC	45	0	145,037	0	-314	0	-56	0	-631	0	-1,841	2	90	2	-2,381	0	300	0	95	0
U.S. MNE	41	0	956,880	2	14,829	2	-2,125	0	17,801	2	-27,559	36	-3,106	-68	-13,097	-1	1,336	0	299	0
U.S. only	134	1	598,032	1	10,437	1	-14	0	13,079	1	-17,584	23	-5,587	-123	-10,071	-1	788	0	256	0
r. Transportation/warehousing	281	2	588,161	1	12,969	1	-657	0	20,970	2	-1,113	1	-222	-5	19,475	2	21,538	2	7,008	3
SEC	75	1	435,288	1	13,179	1	-889	0	19,549	2	-623	1	-806	-18	17,987	2	18,097	2	5,967	3
Audited	130	1	77,730	0	-1,033	0	270	0	-53	0	-96	0	923	20	763	0	2,118	0	705	0
Unaudited	76	1	75,143	0	823	0	-38	0	1,475	0	-394	1	-339	-7	724	0	1,324	0	336	0
FC	76	0	79,024	0	1,053	0	-131	0	1,750	0	-617	0	-86	-1	1,028	0	1,362	0	414	0
U.S. MNE	92	1	416,221	1	9,232	1	-521	0	15,348	1	886	-1	-231	-5	15,867	2	17,170	2	5,686	3
U.S. only	113	1	92,916	0	2,684	0	-4	0	3,872	0	-1,382	2	94	2	2,580	0	3,007	0	908	0

Table 4C-2. 2012 U.S. Corporations Form 1120 Schedule M-3: Other by FS by MNE Type

D37: Industry With Assets ≥ \$100 Million	Returns		Total Assets		Worldwide Income		Nonincludible Foreign Income		Pretax Book		Pretax Temporary Difference		Pretax Permanent Difference		Tax Net Income		Taxable Income		Tax After Credits	
	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%	Sum	Col%
All	12,427	100	49,983,147	100	963,763	100	-660,668	100	1,030,821	100	-76,217	100	4,556	100	886,343	100	910,020	100	217,369	100
All Other Industries	4,829	39	10,745,766	21	323,011	34	-159,751	24	345,725	34	-60,992	80	37,642	826	302,505	34	363,961	40	99,716	46
s. Mining																				
All	383	3	1,064,860	2	16,619	2	-10,944	2	15,950	2	-9,472	12	9,497	208	9,247	1	27,556	3	4,676	2
SEC	148	1	693,444	1	8,302	1	-8,870	1	9,346	1	-10,079	13	7,253	159	5,175	1	13,554	1	2,295	1
Audited	107	1	119,066	0	-85	0	-1,598	0	-789	0	-492	1	5,011	110	431	0	6,337	1	1,175	1
Unaudited	128	1	252,350	1	8,402	1	-475	0	7,394	1	1,100	-1	-2,768	-61	3,641	0	7,664	1	1,206	1
FC	147	1	325,435	0	10,711	1	-2,093	0	9,862	1	-1,658	2	1,882	42	4,708	1	13,060	1	2,124	1
U.S. MNE	95	1	565,019	1	4,561	0	-8,907	1	2,762	0	702	-1	7,552	166	9,671	1	13,555	1	2,221	1
U.S. only	141	1	174,405	0	1,347	0	57	0	3,327	0	-8,516	11	63	1	-5,133	-1	941	0	330	0
t. Construction																				
All	211	2	169,176	0	4,265	0	-773	0	2,220	0	-1,830	2	263	6	612	0	3,156	0	1,029	0
SEC	44	0	79,134	0	2,553	0	-480	0	1,107	0	-1,332	2	455	10	217	0	1,401	0	502	0
Audited	101	1	42,071	0	1,597	0	-343	0	1,138	0	-219	0	-303	-7	615	0	1,337	0	396	0
Unaudited	66	1	47,972	0	114	0	50	0	-25	0	-279	0	110	2	-220	0	418	0	131	0
FC	61	0	44,691	0	-169	0	41	0	-180	0	-419	1	39	1	-586	0	461	0	102	0
U.S. MNE	51	0	69,609	0	1,966	0	-815	0	1,025	0	-397	1	284	6	897	0	1,665	0	581	0
U.S. only	99	1	54,876	0	2,467	0	0	0	1,375	0	-1,014	1	-61	-1	301	0	1,030	0	346	0
x. Services/agriculture/other																				
All	1,595	13	1,662,652	3	28,944	3	-29,434	4	29,204	3	12,230	-16	20,720	455	57,449	6	64,054	7	16,065	7
SEC	476	4	933,577	2	31,356	3	-28,908	4	29,729	3	5,661	-7	13,100	288	44,697	5	46,945	5	11,466	5
Audited	710	6	374,791	1	-3,043	0	-567	0	-1,239	0	4,686	-6	4,194	92	7,300	1	10,379	1	2,817	1
Unaudited	409	3	354,284	1	631	0	42	0	715	0	1,883	-2	3,427	75	5,452	1	6,730	1	1,782	1
FC	345	2	348,376	1	3,033	0	-230	0	3,702	0	2,027	-3	3,032	66	8,006	1	8,346	1	2,278	1
U.S. MNE	634	5	1,029,040	2	27,359	3	-29,204	4	27,076	3	3,947	-5	15,667	344	42,874	5	46,109	5	10,665	5
U.S. Only	616	5	285,236	1	-1,448	0	0	0	-1,574	0	6,256	-8	2,021	44	6,570	1	9,599	1	3,123	1

**Table 5A. 2012 U.S. Corporations Form 1120 Schedule M-3: Summary M-3 Adjustments
Unadjusted and Adjusted Book and Tax Amounts (dollars in millions)**

U.S. Only Form 1120 Schedule M-3 With Assets \$100 Million or More										
	Unadjusted Book	Unadjusted Tax	Adjusted COGS1	Adjusted COGS2	Adjusted COGS3	Adjusted EXP/DED	Adjusted GrsRcpt	Total Adjusted	Adjusted Book	Adjusted Tax
Other income no difference	928,880	928,885		-22,953	23,634	342,750	322,429	665,860	1,594,740	1,594,745
COGS	-906,190	-909,036	6,577	22,953	-23,634			5,896	-900,295	-903,141
Gross profit	22,690	19,849	6,577	0	0	342,750	322,429	671,756	694,445	691,604
Specified income	374,695	272,545						0	374,695	272,545
Other income with difference	371,387	381,454	-6,577				-322,429	-329,006	42,382	52,448
Total income	768,772	673,848	0	0	0	342,750	0	342,750	1,111,522	1,016,597
Specified EXP/DED	-396,752	-333,804						0	-396,752	-333,804
Other EXP/DED with difference	-257,223	-276,769						0	-257,223	-276,769
Other EXP/DED no difference	0	0				-342,750		-342,750	-342,750	-342,750
Pretax net income	114,797	63,275	0	0	0	0	0	0	114,797	63,274
U.S. MNE Form 1120 Schedule M-3 With Assets \$100 Million or More										
	Unadjusted Book	Unadjusted Tax	Adjusted COGS1	Adjusted CGS2	Adjusted COGS3	Adjusted EXP/DED	Adjusted GrsRcpt	Total Adjusted	Adjusted Book	Adjusted Tax
Other income no difference	31,084,952	31,084,952		-24,639,700	351,684	1,323,905	766,897	-22,197,214	8,887,738	8,887,738
COGS	-46,601,472	-46,621,606	16,854,761	24,639,700	-351,684			41,142,777	-5,458,695	-5,478,829
Gross profit	-15,516,520	-15,536,654	16,854,761	0	0	1,323,905	766,897	18,945,563	3,429,043	3,408,909
Specified income	1,180,692	1,202,154						0	1,180,692	1,202,154
Other income with difference	17,812,496	17,817,976	-16,854,761				-766,897	-17,621,658	190,838	196,318
Total income	3,476,668	3,483,476	0	0	0	1,323,905	0	1,323,905	4,800,573	4,807,381
Specified EXP/DED	-1,245,404	-1,261,022						0	-1,245,404	-1,261,022
Other EXP/DED with difference	-1,451,397	-1,489,908						0	-1,451,397	-1,489,908
Other EXP/DED no difference	0	0				-1,323,905		-1,323,905	-1,323,905	-1,323,905
Pretax net income	779,867	732,546	0	0	0	0	0	0	779,867	732,546
FC Form 1120 Schedule M-3 With Assets \$100 Million or More										
	Unadjusted Book	Unadjusted Tax	Adjusted COGS1	Adjusted COGS2	Adjusted COGS3	Adjusted EXP/DED	Adjusted GrsRcpt	Total Adjusted	Adjusted Book	Adjusted Tax
Other income no difference	2,465,647	2,465,647		-114,157	24,470	408,147	793,407	1,111,867	3,577,514	3,577,514
COGS	-2,753,114	-2,735,621	25,449	114,157	-24,470			115,136	-2,637,977	-2,620,485
Gross profit	-287,467	-269,974	25,449	0	0	408,147	793,407	1,227,003	939,537	957,029
Specified income	233,393	247,021						0	233,393	247,021
Other income with difference	902,189	886,205	-25,449				-793,407	-818,856	83,333	67,349
Total income	848,115	863,252	0	0	0	408,147	0	408,147	1,256,263	1,271,399
Specified EXP/DED	-343,989	-336,289						0	-343,989	-336,289
Other EXP/DED with difference	-367,971	-363,624						0	-367,971	-363,624
Other EXP/DED no difference	0	0				-408,147		-408,147	-408,147	-408,147
Pretax net income	136,155	163,339	0	0	0	0	0	0	136,156	163,339

Table 5B. 2012 U.S. Corporations Form 1120 Schedule M-3: Summary M-3 SEC 10-K/Public FS

Summary M-3	SEC Form 10-K/Public U.S. Only With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	823,614	0	0	823,619	0	113.11%	0%	0%	113.11%	0%	0%	0%	0%
Adjusted COGS	-424,396	-2,343	56	-426,685	-2,287	-58.29%	-0.32%	0.01%	-58.60%	-0.31%	-2.66%	0.06%	-2.59%
Adjusted gross profit	399,218	-2,343	56	396,934	-2,287	54.83%	-0.32%	0.01%	54.51%	-0.31%	-2.66%	0.06%	-2.59%
Specified income	302,865	-94,363	-3,840	204,651	-98,203	41.59%	-12.96%	-0.53%	28.11%	-13.49%	-107.06%	-4.36%	-111.42%
Adjusted other income with difference	26,054	13,969	-3,251	36,771	10,717	3.58%	1.92%	-0.45%	5.05%	1.47%	15.85%	-3.69%	12.16%
Adjusted total income	728,137	-82,737	-7,035	638,356	-89,773	100%	-11.36%	-0.97%	87.67%	-12.33%	-93.87%	-7.98%	-101.85%
Specified EXP/DED	-315,667	62,561	28	-253,070	62,589	-43.35%	8.59%	0%	-34.76%	8.60%	70.98%	0.03%	71.01%
Other EXP/DED with difference	-150,905	-17,669	-913	-169,488	-18,582	-20.72%	-2.43%	-0.13%	-23.28%	-2.55%	-20.05%	-1.04%	-21.08%
Adjusted other EXP—/DED no difference	-173,426	0	0	-173,426	0	-23.82%	0%	0%	-23.82%	0%	0%	0%	0%
Pretax net income	88,139	-37,845	-7,920	42,372	-45,766	12.10%	-5.20%	-1.09%	5.82%	-6.29%	-42.94%	-8.99%	-51.92%
Summary M-3	SEC Form 10-K/Public U.S. MNE With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	7,964,553	0	0	7,964,553	0	181.50%	0%	0%	181.50%	0%	0%	0%	0%
Adjusted COGS	-4,878,939	-21,528	1,633	-4,898,854	-19,895	-111.19%	-0.49%	0.04%	-111.64%	-0.45%	-2.83%	0.21%	-2.62%
Adjusted gross profit	3,085,614	-21,528	1,633	3,065,699	-19,895	70.32%	-0.49%	0.04%	69.86%	-0.45%	-2.83%	0.21%	-2.62%
Specified income	1,123,329	32,080	-12,561	1,142,739	19,519	25.60%	0.73%	-0.29%	26.04%	0.44%	4.22%	-1.65%	2.57%
Adjusted other income with difference	179,131	23,169	-17,231	185,068	5,937	4.08%	0.53%	-0.39%	4.22%	0.14%	3.05%	-2.27%	0.78%
Adjusted total income	4,388,074	33,721	-28,159	4,393,506	5,561	100%	0.77%	-0.64%	100.12%	0.13%	4.43%	-3.70%	0.73%
Specified EXP/DED	-1,144,032	-37,794	8,808	-1,172,889	-28,986	-26.07%	-0.86%	0.20%	-26.73%	-0.66%	-4.97%	1.16%	-3.81%
Other EXP/DED with difference	-1,315,692	-41,909	1,559	-1,356,043	-40,351	-29.98%	-0.96%	0.04%	-30.90%	-0.92%	-5.51%	0.20%	-5.31%
Adjusted other EXP/DED no difference	-1,167,843	0	0	-1,167,843	0	-26.61%	0%	0%	-26.61%	0%	0%	0%	0%
Pretax net income	760,507	-45,982	-17,792	696,731	-63,776	17.33%	-1.05%	-0.41%	15.88%	-1.45%	-6.05%	-2.34%	-8.39%
Summary M-3	SEC Form 10-K/Public FC With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	193,398	0	0	193,398	0	251.55%	0%	0%	251.55%	0%	0%	0%	0%
Adjusted COGS	-140,436	1,700	36	-138,700	1,736	-182.66%	2.21%	0.05%	-180.40%	2.26%	12.60%	0.27%	12.86%
Adjusted gross profit	52,962	1,700	36	54,698	1,736	68.89%	2.21%	0.05%	71.14%	2.26%	12.60%	0.27%	12.86%
Specified income	13,371	2,789	-2,464	13,696	326	17.39%	3.63%	-3.20%	17.81%	0.42%	20.67%	-18.26%	2.42%
Adjusted other income with difference	10,550	-1,107	-67	9,376	-1,174	13.72%	-1.44%	-0.09%	12.20%	-1.53%	-8.20%	-0.50%	-8.70%
Adjusted total income	76,883	3,382	-2,495	77,770	888	100%	4.40%	-3.25%	101.15%	1.16%	25.06%	-18.49%	6.58%
Specified EXP/DED	-20,315	1,077	-1,300	-20,538	-223	-26.42%	1.40%	-1.69%	-26.71%	-0.29%	7.98%	-9.63%	-1.65%
Other EXP/DED with difference	-26,441	-585	812	-26,214	227	-34.39%	-0.76%	1.06%	-34.10%	0.30%	-4.33%	6.02%	1.68%
Adjusted other EXP/DED no difference	-16,632	0	0	-16,632	0	-21.63%	0%	0%	-21.63%	0%	0%	0%	0%
Pretax net income	13,495	3,874	-2,983	14,386	892	17.55%	5.04%	-3.88%	18.71%	1.16%	28.71%	-22.10%	6.61%

Table 5C. 2012 U.S. Corporations Form 1120 Schedule M-3: Summary M-3 Audited FS

Summary M-3	Audited U.S. Only With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	604,543	0	0	604,543	0	212.63%	0%	0%	212.63%	0%	0%	0%	0%
Adjusted COGS	-380,542	-553	96	-380,998	-457	-133.84%	-0.19%	0.03%	-134%	-0.16%	-2.48%	0.43%	-2.05%
Adjusted gross profit	224,001	-553	96	223,545	-457	78.78%	-0.19%	0.03%	78.62%	-0.16%	-2.48%	0.43%	-2.05%
Specified income	51,779	-694	-1,335	49,728	-2,029	18.21%	-0.24%	-0.47%	17.49%	-0.71%	-3.12%	-5.99%	-9.11%
Adjusted other income with difference	8,540	-1,388	-518	6,735	-1,907	3%	-0.49%	-0.18%	2.37%	-0.67%	-6.23%	-2.33%	-8.56%
Adjusted total income	284,320	-2,635	-1,757	280,008	-4,393	100%	-0.93%	-0.62%	98.48%	-1.55%	-11.83%	-7.89%	-19.72%
Specified EXP/DED	-59,635	-876	1,765	-58,822	890	-20.97%	-0.31%	0.62%	-20.69%	0.31%	-3.93%	7.92%	4%
Other EXP/DED with difference	-80,364	-254	129	-80,493	-125	-28.27%	-0.09%	0.05%	-28.31%	-0.04%	-1.14%	0.58%	-0.56%
Adjusted other EXP/DED no difference	-122,047	0	0	-122,047	0	-42.93%	0%	0%	-42.93%	0%	0%	0%	0%
Pretax net income	22,274	-3,765	137	18,646	-3,628	7.83%	-1.32%	0.05%	6.56%	-1.28%	-16.90%	0.62%	-16.29%
Summary M-3	Audited U.S. MNE With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	753,480	0	0	753,480	0	225%	0%	0%	225%	0%	0%	0%	0%
Adjusted COGS	-470,570	173	192	-470,204	366	-140.52%	0.05%	0.06%	-140.41%	0.11%	1.29%	1.43%	2.72%
Adjusted gross profit	282,910	173	192	283,276	366	84.48%	0.05%	0.06%	84.59%	0.11%	1.29%	1.43%	2.72%
Specified income	46,777	448	4,210	51,443	4,659	13.97%	0.13%	1.26%	15.36%	1.39%	3.33%	31.31%	34.65%
Adjusted other income with difference	5,193	473	-828	4,838	-355	1.55%	0.14%	-0.25%	1.44%	-0.11%	3.52%	-6.16%	-2.64%
Adjusted total income	334,880	1,094	3,574	339,557	4,670	100%	0.33%	1.07%	101.40%	1.39%	8.14%	26.58%	34.73%
Specified EXP/DED	-84,125	9,055	3,895	-71,182	12,950	-25.12%	2.70%	1.16%	-21.26%	3.87%	67.35%	28.97%	96.32%
Other EXP/DED with difference	-108,912	-299	998	-108,215	698	-32.52%	-0.09%	0.30%	-32.31%	0.21%	-2.22%	7.42%	5.19%
Adjusted other EXP/DED no difference	-128,398	0	0	-128,398	0	-38.34%	0%	0%	-38.34%	0%	0%	0%	0%
Pretax net income	13,445	9,850	8,467	31,762	18,318	4.01%	2.94%	2.53%	9.48%	5.47%	73.26%	62.98%	136.24%
Summary M-3	Audited FC With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	1,911,945	0	0	1,911,945	0	384.23%	0%	0%	384.23%	0%	0%	0%	0%
Adjusted COGS	-1,526,541	12,465	-248	-1,514,328	12,218	-306.78%	2.51%	-0.05%	-304.33%	2.46%	26.24%	-0.52%	25.72%
Adjusted gross profit	385,404	12,465	-248	397,617	12,218	77.45%	2.51%	-0.05%	79.91%	2.46%	26.24%	-0.52%	25.72%
Specified income	79,496	2,719	4,490	86,718	7,210	15.98%	0.55%	0.90%	17.43%	1.45%	5.72%	9.45%	15.18%
Adjusted other income with difference	32,700	-15,311	1,344	18,725	-13,966	6.57%	-3.08%	0.27%	3.76%	-2.81%	-32.23%	2.83%	-29.40%
Adjusted total income	497,600	-127	5,586	503,060	5,462	100%	-0.03%	1.12%	101.10%	1.10%	-0.27%	11.76%	11.50%
Specified EXP/DED	-142,333	-12,873	15,143	-140,062	2,269	-28.60%	-2.59%	3.04%	-28.15%	0.46%	-27.10%	31.88%	4.78%
Other EXP/DED with difference	-134,796	-2,670	863	-136,603	-1,807	-27.09%	-0.54%	0.17%	-27.45%	-0.36%	-5.62%	1.82%	-3.80%
Adjusted other EXP/DED no difference	-172,972	0	0	-172,972	0	-34.76%	0%	0%	-34.76%	0%	0%	0%	0%
Pretax net income	47,499	-15,670	21,592	53,423	5,924	9.55%	-3.15%	4.34%	10.74%	1.19%	-32.99%	45.46%	12.47%

Table 5D. 2012 U.S. Corporations Form 1120 Schedule M-3: Summary M-3 Unaudited FS

Summary M-3	Unaudited U.S. Only With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	166,582	0	0	166,582	0	168.15%	0%	0%	168.15%	0%	0%	0%	0%
Adjusted COGS	-95,356	-87	-15	-95,458	-102	-96.25%	-0.09%	-0.02%	-96.36%	-0.10%	-1.98%	-0.34%	-2.33%
Adjusted gross profit	71,226	-87	-15	71,124	-102	71.90%	-0.09%	-0.02%	71.79%	-0.10%	-1.98%	-0.34%	-2.33%
Specified income	20,052	233	-2,079	18,166	-1,845	20.24%	0.24%	-2.10%	18.34%	-1.86%	5.31%	-47.40%	-42.07%
Adjusted other income with difference	7,789	287	866	8,943	1,152	7.86%	0.29%	0.87%	9.03%	1.16%	6.54%	19.74%	26.27%
Adjusted total income	99,067	433	-1,228	98,233	-795	100%	0.44%	-1.24%	99.16%	-0.80%	9.87%	-28%	-18.13%
Specified EXP/DED	-21,450	-459	-34	-21,912	-493	-21.65%	-0.46%	-0.03%	-22.12%	-0.50%	-10.47%	-0.78%	-11.24%
Other EXP/DED with difference	-25,954	-758	-84	-26,788	-841	-26.20%	-0.77%	-0.08%	-27.04%	-0.85%	-17.28%	-1.92%	-19.17%
Adjusted other EXP/DED no difference	-47,277	0	0	-47,277	0	-47.72%	0%	0%	-47.72%	0%	0%	0%	0%
Pretax net income	4,386	-784	-1,346	2,256	-2,129	4.43%	-0.79%	-1.36%	2.28%	-2.15%	-17.88%	-30.69%	-48.54%
Summary M-3	Unaudited U.S. MNE With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	169,705	0	0	169,705	0	218.64%	0%	0%	218.64%	0%	0%	0%	0%
Adjusted COGS	-109,185	-607	20	-109,772	-587	-140.67%	-0.78%	0.03%	-141.42%	-0.76%	-10.26%	0.34%	-9.92%
Adjusted gross profit	60,520	-607	20	59,933	-587	77.97%	-0.78%	0.03%	77.21%	-0.76%	-10.26%	0.34%	-9.92%
Specified income	10,586	-2,236	-378	7,972	-2,614	13.64%	-2.88%	-0.49%	10.27%	-3.37%	-37.79%	-6.39%	-44.18%
Adjusted other income with difference	6,514	-9	-93	6,413	-101	8.39%	-0.01%	-0.12%	8.26%	-0.13%	-0.15%	-1.57%	-1.71%
Adjusted total income	77,620	-2,852	-451	74,318	-3,302	100%	-3.67%	-0.58%	95.75%	-4.25%	-48.20%	-7.62%	-55.81%
Specified EXP/DED	-17,247	89	208	-16,950	297	-22.22%	0.11%	0.27%	-21.84%	0.38%	1.50%	3.52%	5.02%
Other EXP/DED with difference	-26,793	2,830	-1,688	-25,650	1,142	-34.52%	3.65%	-2.17%	-33.05%	1.47%	47.83%	-28.53%	19.30%
Adjusted other EXP/DED no difference	-27,663	0	0	-27,663	0	-35.64%	0%	0%	-35.64%	0%	0%	0%	0%
Pretax net income	5,917	67	-1,931	4,055	-1,863	7.62%	0.09%	-2.49%	5.22%	-2.40%	1.13%	-32.63%	-31.49%
Summary M-3	Unaudited FC With Assets \$100 Million or More												
	Dollars in Millions					Percentage Adjusted Total Income Book					Percentage Pretax Book Income		
	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Book	Temporary	Permanent	Tax	Total Book-to-Tax Difference	Temporary	Permanent	Total Book-to-Tax Difference
Adjusted other income no difference	1,472,172	0	0	1,472,172	0	215.93%	0%	0%	215.93%	0%	0%	0%	0%
Adjusted COGS	-971,001	2,011	1,533	-967,457	3,544	-142.42%	0.29%	0.22%	-141.90%	0.52%	2.68%	2.04%	4.72%
Adjusted gross profit	501,171	2,011	1,533	504,715	3,544	73.51%	0.29%	0.22%	74.03%	0.52%	2.68%	2.04%	4.72%
Specified income	140,527	9,207	-3,124	146,607	6,083	20.61%	1.35%	-0.46%	21.50%	0.89%	12.25%	-4.16%	8.09%
Adjusted other income with difference	40,082	815	-1,651	39,247	-835	5.88%	0.12%	-0.24%	5.76%	-0.12%	1.08%	-2.20%	-1.11%
Adjusted total income	681,780	12,033	-3,242	690,569	8,792	100%	1.76%	-0.48%	101.29%	1.29%	16.01%	-4.31%	11.70%
Specified EXP/DED	-181,341	1,112	4,538	-175,689	5,650	-26.60%	0.16%	0.67%	-25.77%	0.83%	1.48%	6.04%	7.52%
Other EXP/DED with difference	-206,734	890	5,036	-200,807	5,927	-30.32%	0.13%	0.74%	-29.45%	0.87%	1.18%	6.70%	7.89%
Adjusted other EXP/DED no difference	-218,544	0	0	-218,544	0	-32.05%	0%	0%	-32.05%	0%	0%	0%	0%
Pretax net income	75,161	14,035	6,332	95,529	20,369	11.02%	2.06%	0.93%	14.01%	2.99%	18.67%	8.42%	27.10%

Table 6. 2012 U.S. Corporations Form 1120 Schedule M-3: Percentage of Adjusted Total Income Book

Form 1120 Schedule M-3 Part I and Return Data as Percentage of Adjusted Total Income Book	Form 1120 Schedule M-3 Assets \$100 Million or More								
	SEC Form 10-K/Public FS			Audited FS			Unaudited FS		
	U.S. Only	U.S. MNE	FC	U.S. Only	U.S. MNE	FC	U.S. Only	U.S. MNE	FC
04 Worldwide consolidated net income (loss)	10.53%	16.92%	18.29%	5.26%	4.13%	6.83%	1.86%	3.83%	9.26%
** Positive worldwide consolidated net income	12.55%	19.08%	21.68%	9.12%	10.68%	11.38%	13.76%	10.44%	15.82%
** Negative worldwide consolidated net loss	-2.02%	-2.16%	-3.39%	-3.86%	-6.55%	-4.55%	-11.90%	-6.61%	-6.56%
05 (Income) loss nonincludible foreign entities	-0.22%	-14.25%	-6.34%	-0.04%	-3.29%	-2.15%	-0.09%	0.97%	-1.12%
05a Income nonincludible foreign entities	na	-22.37%	na	-0.07%	-6.39%	-2.77%	na	-1.22%	na
05b Loss nonincludible foreign entities	na	8.12%	na	0.04%	3.10%	0.62%	na	2.19%	na
06 (Income) loss nonincludible U.S. entities	-1.13%	-1.02%	-2.07%	-0.27%	-0.60%	-0.43%	-1.07%	-0.29%	-1.66%
06a Income nonincludible U.S. entities	-1.61%	-1.61%	-5.83%	-0.80%	-0.83%	-0.90%	-1.28%	-0.45%	-2.97%
06b Loss nonincludible U.S. entities	0.48%	0.59%	3.76%	0.53%	0.24%	0.48%	0.21%	0.16%	1.31%
07 Income (loss) of other entities	na	0%	na	0%	0.38%	-0.05%	na	-0.17%	na
08 Adjust eliminations (because of lines 5-7)	0.36%	8.03%	2.57%	-0.02%	0.77%	0.99%	0.70%	0.74%	2%
09 Adjust to reconcile income statement period to tax year	na	0.17%	na	na	na	0.05%	na	na	na
10 Adjust to reconcile to line 11	0.10%	4.06%	-0.04%	-0.06%	0.10%	0.88%	-0.06%	0.11%	-0.32%
11 Income — income statement includible corps	9.56%	13.91%	12.51%	4.84%	1.82%	6.13%	1.32%	5.22%	8.26%
** Positive income — income statement includible corps	12.02%	16.01%	14.41%	8.66%	8.58%	10.94%	13.63%	10.25%	14.80%
** Negative income — income statement includible corps	-2.46%	-2.10%	-1.91%	-3.82%	-6.76%	-4.81%	-12.31%	-5.04%	-6.53%
** Reverse federal income tax expense	2.54%	3.42%	5.05%	3%	2.20%	3.42%	3.10%	2.41%	2.76%
** Pretax book income	12.10%	17.33%	17.55%	7.83%	4.01%	9.55%	4.43%	7.62%	11.02%
** Positive pretax book income	14.67%	19.97%	19.67%	11.97%	11.90%	14.34%	17.14%	13.07%	18.32%
** Negative pretax book income	-2.57%	-2.64%	-2.11%	-4.14%	-7.89%	-4.80%	-12.71%	-5.45%	-7.29%
** Total book tax difference (book-to-tax difference)	-6.29%	-1.45%	1.16%	-1.28%	5.47%	1.19%	-2.15%	-2.40%	2.99%
** Positive total book-to-tax difference	2.58%	5.24%	3.84%	4.27%	9.02%	9.56%	9.23%	5.27%	10.67%
** Negative total book-to-tax difference	-8.86%	-6.69%	-2.68%	-5.54%	-3.55%	-8.37%	-11.38%	-7.67%	-7.68%
** Net tax income per part II line 30 column D	5.82%	15.88%	18.71%	6.56%	9.48%	10.74%	2.28%	5.22%	14.01%
** SOI removed ICD	na	-1.46%	na	-0.14%	-0.49%	-0.94%	na	-0.27%	na
** Other SOI adjustments	na	0.28%	na	0%	0.26%	0%	na	0.24%	na
** Tax net income reported by SOI	5.07%	14.69%	18.40%	6.42%	9.26%	9.79%	2.20%	5.19%	12.66%
** Positive tax net income reported by SOI	8.48%	16.25%	19.20%	9.88%	12.42%	14.20%	11.65%	11.18%	16.07%
** Negative tax net income reported by SOI	-3.42%	-1.56%	-0.81%	-3.46%	-3.16%	-4.41%	-9.45%	-5.99%	-3.41%
** Net operating loss deduction	-2.73%	-1.65%	-4.29%	-1.04%	-1.52%	-2.85%	-1.95%	-1.51%	-4.33%
** Special deductions	-0.02%	-0.09%	-0.52%	-0.07%	-0.14%	-0.10%	-0.35%	-0.66%	-0.35%
Taxable income	5.74%	14.67%	14.40%	8.79%	10.77%	11.65%	9.38%	9.03%	11.44%
Tax before credits	2.06%	5.15%	5.07%	3.07%	3.77%	4.12%	3.25%	3.19%	4.06%
Foreign tax credit	-0.01%	-1.49%	-0.36%	-0.03%	-0.93%	-0.99%	-0.04%	-0.28%	-0.99%
General business credit	-0.12%	-0.34%	-0.53%	-0.07%	-0.28%	-0.18%	-0.06%	-0.08%	-0.17%
Other tax credits	-0.02%	-0.02%	-0.07%	-0.02%	-0.02%	-0.10%	-0.10%	0%	-0.05%
Tax less credits	1.92%	3.29%	4.12%	2.95%	2.54%	2.85%	3.05%	2.83%	2.85%