Domestic Corporations Controlled by Foreign Persons, 1991

by James R. Hobbs

For 1991, the 48,247 domestic corporations each "controlled" by a "foreign person" generated $1.1 trillion of worldwide receipts and reported total assets amounting to $1.8 trillion. These corporations, 1.3 percent of the U.S. total, accounted for 10.0 percent of the receipts and 9.6 percent of the assets reported on U.S. corporation income tax returns. They also represented 6.6 percent of the total income tax after credits reported by all corporations. During the 1985-1991 period, foreign-controlled domestic corporations (FCDC's) accounted for an increasingly larger percentage of the receipts reported by all corporations, and, in particular, the receipts of companies classified in three industrial groups: wholesale trade; manufacturing; and finance, insurance, and real estate (Figure A). The percentage of all companies accounted for by FCDC's in regards to total assets also significantly increased over this time period, from 5.1 percent for 1985 to 9.6 percent for 1991, while the percentage of total returns filed by FCDC's remained relatively stable, ranging between 1.1 and 1.3 percent for each of the 7 years.

The net income (less deficit) reported by FCDC's for tax purposes under the Internal Revenue Code was a negative $4.9 billion for 1991. This was a continuation of a downward trend over the previous 3 years: FCDC net income (less deficit) for 1988, 1989, and 1990 were positive amounts of $11.2, $8.3, and $4.0 billion, respectively. Of all the FCDC's, 18,799 reported amounts of net income for 1991, totaling $25.6 billion. This was a 13 percent decrease over the $29.4 billion of net income for 1990. (Deficits by FCDC's increased 20 percent from $25.4 billion to $30.5 billion for 1991.) The profitable companies for 1991 also reported $20.1 billion of taxable income after statutory special deductions (i.e., "income subject to tax" shown in the statistics), 15 percent lower than their taxable income for 1990. The tax liability (i.e., "total income tax after credits") of FCDC's was $6.1 billion, 18 percent less than that for 1990.

Direct Foreign Investment in the United States

Direct foreign investment in the United States can take several forms, including corporations, partnerships, and even joint ventures. Under these forms of direct investment, the foreign investor has sufficient equity in the enterprise to control and participate in managing its operations [1].

In regard to corporations, a direct foreign investor can either gain control of an existing U.S. company, or create a new company incorporated in the United States. Another method of operating in the United States is through a branch of a foreign corporation.

The Bureau of Economic Analysis of the U.S. Department of Commerce conducts an annual survey which covers: (a) existing U.S. business enterprises in which foreign investors newly acquired, either directly or through their U.S. affiliates, 10 percent or more ownership; and (b) new U.S. business enterprises established by foreign investors or their U.S. affiliates. The survey is limited to enterprises with total assets of over $1 million or ownership of at least 200 acres of U.S. land. For 1991, this survey shows that foreign investors' outlays to acquire or establish U.S. business enterprises was $25.5 billion. Acquisitions of existing companies, rather than establishments of new companies, accounted for most (70 percent) of the total outlays [2,3].

Net income (less deficit) for 1991 dropped to a negative $4.9 billion.

There are several factors involved in the decision of a foreign investor to operate in the United States through either a domestic or foreign corporation [4]. This article focuses primarily on domestic corporations that are controlled by a foreign person. Control is generally herein defined as ownership by any foreign person (i.e., an individual, partnership, corporation, estate, or trust), directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock at the end of the tax year. (This is discussed in greater depth in the Data Sources and Limitations section, below. Also, the Explanation of Selected Terms section gives a description of "foreign persons," as well as an explanation of the rules of attribution.) Also included in this article, for the first time, is a short discussion with accompanying data on domestic corporations not 50-percent or more owned by a foreign person, but in which one foreign person owned 25 to 49 percent of the stock. Additionally, there is a separate tabulation in *Statistics of Income--1991, Corporation Income Tax Returns,* covering branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business.

Domestic Corporations Controlled by Foreign Persons

Growth of Corporations

Direct foreign investment in the United States through foreign-controlled domestic corporations grew steadily and substantially during the 1985-1991 period. "Worldwide receipts" of FCDC's grew from $513.8 billion for 1985 to $1,143.8 billion for 1991, a 122.6 percent increase

James R. Hobbs is Acting Chief of the Foreign Statistics Branch.

using current dollars. In comparison, worldwide receipts reported on all U.S. corporation income tax returns grew from $8.4 trillion for 1985 to $11.4 trillion for 1991, a 35.7 percent increase [5]. As a result of the rapid growth rate of FCDC's, their share of the receipts reported on all corporate returns increased from 6.1 percent for 1985 to 10.0 percent for 1991.

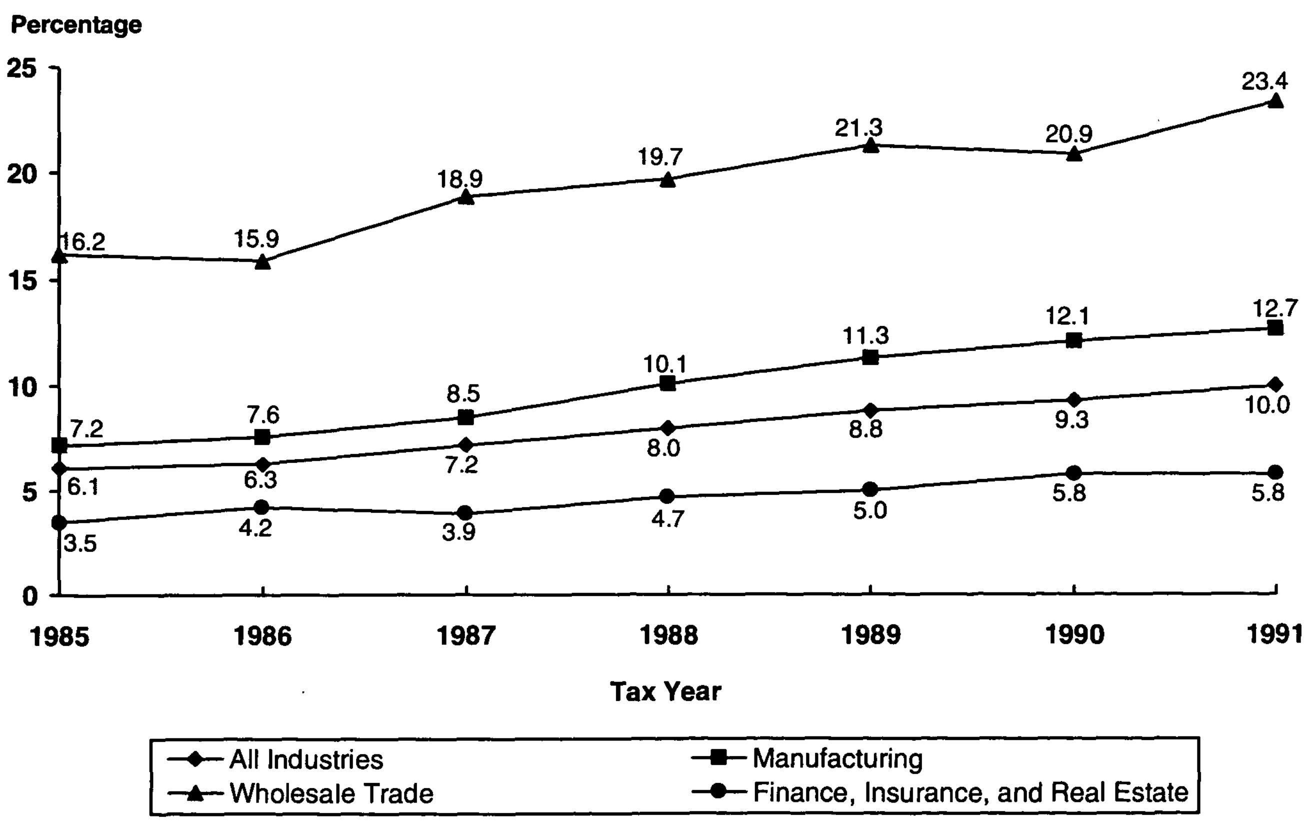
The growth of FCDC's can also be measured from the early 1970's, when a question concerning foreign ownership of companies was first placed on Form 1120, *U.S. Corporation Income Tax Return.* For 1971, these companies reported $39.2 billion of worldwide receipts, just 2.1 percent of the $1.9 trillion reported for all corporations. (By 1991, this percentage had grown substantially.) FCDC's reported $1.1 billion of net income (less deficit) for 1971, 2.8 percent of their receipts. (For 1991, this percentage had decreased substantially, to -0.4.)

The growth of FCDC's can be viewed more specifically on an industrial basis. The three most significant industrial sectors for FCDC's have been manufacturing; wholesale trade; and finance, insurance, and real estate. Using total receipts as the measure, Figure A shows the growth of FCDC's as a percentage of all corporations for these three sectors. FCDC's in all three groups made significant increases over the 1985-1991 period. Under the Industry Characteristics section of this article, the extent of FCDC participation in different industries (at a more detailed level) for 1991 is examined.

On a foreign country basis, FCDC's controlled by persons from Japan reported the largest total receipts ($314 billion) for 1991, followed by the United Kingdom ($179 billion), Netherlands ($116 billion), Canada ($104 billion), and Germany ($104 billion). During the 1985-1991 period, Canada showed the largest rate of growth in receipts among these five countries (156 percent, using current dollars), followed by Germany (141 percent), Japan (136 percent), the United Kingdom (116 percent), and the Netherlands (65 percent). The Country Character-

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Based on Total Receipts, Tax Years 1985-1991



istics section, below, provides additional information on FCDC's controlled by persons from other countries for 1991.

Total assets of domestic corporations controlled by a foreign person grew at an even faster rate than that for receipts. Between 1985 and 1991, the book value of their assets increased 178.7 percent from $0.7 trillion to $1.8 trillion. During this period, their share of the total assets reported on all U.S. corporation income tax returns grew from 5.1 percent to 9.6 percent. For 1971, these companies had reported $37 billion of assets, just 1.3 percent of the total. One factor in the rapid growth of the value of FCDC assets is that for income tax returns corporations report their assets on a book basis. The book value of newly acquired assets is generally greater than the book value of similar, but older, assets. New corporations, which comprise a larger percentage of total FCDC's than that for other domestic corporations, may tend to have a greater percentage of new assets with greater book values. The Age Characteristics section, below, provides additional information on "new" versus "old" corporations for both FCDC's and other domestic corporations.

There were an estimated 48,247 returns of foreign-controlled domestic corporations for 1991, a slight increase over the numbers for 1990 (44,113), 1989 (44,840), and 1988 (46,298). (FCDC's, like most other corporations, could file consolidated returns for affiliated groups of corporations. To the extent that they did, the data included in this article actually represent more companies than the stated number of returns.) Returns of FCDC's comprised a rather constant percentage of all U.S. corporation income tax returns, between 1.1 and 1.3 percent for each year between 1985 and 1991. This is in contrast to the rising percentages over this period for receipts and assets.

It should be noted that foreign-controlled domestic corporations are considerably larger, on average, than other companies. While they accounted for only 1.3 percent of the total returns filed by corporations, for 1991 they comprised 10.0 and 9.6 percent of the total receipts and assets, respectively. Percentages for these three items had similar magnitudes for 1985 through 1990. Going back to 1971, the percentage for number of returns was similarly lower than the percentages for total receipts and assets (0.3, 2.1 and 1.3 percents, respectively). Additional discussion on the size of FCDC's is contained in the Size Characteristics section of this article.

Industry Characteristics

Foreign-controlled domestic corporations were involved in every type of industrial activity, but, based on number of returns, were concentrated in four industrial groupings: (1) finance, insurance, and real estate (14,352 returns); (2) wholesale trade (12,795 returns); (3) manufacturing (6,606 returns); and (4) services (6,424 returns). (The Data Sources and Limitations section discusses how returns are industry coded during statistical processing.) For 1991, these four groupings accounted for 83 percent of all returns filed by domestic corporations controlled by a foreign person.

While the services industrial division comprised a substantial number of the total returns filed by FCDC's, these companies tend to have small amounts of receipts and assets as compared to companies in the other three groupings. For this reason, most of the remaining discussion on industry characteristics will focus on companies classified in finance, insurance, and real estate; wholesale trade; and manufacturing. This will be done, in particular, later in this article, when financial comparisons are made between FCDC's and "other domestic corporations" (defined in the Explanation of Selected Terms section). Because companies in different industries often have different financial characteristics, these comparisons are made on an industrial basis, whenever possible, based on the availability of data.

Wholesale trade and manufacturing companies accounted for nearly three-fourths of 1991 FCDC receipts.

Looking at assets, two industrial sectors comprised most of the total for FCDC's for 1991. Finance, insurance, and real estate and manufacturing accounted for $798 and $582 billion of total assets, respectively. This was 76 percent of the $1,827 billion of assets for all FCDC's. These two sectors made up a similar portion of the total assets reported on returns of other domestic corporations. In this respect, FCDC's closely mirrored other domestic corporations.

Alternatively, using total receipts as the criterion, wholesale trade and manufacturing were the two primary industrial categories for FCDC's for 1991. Manufacturers reported $466 billion of receipts, while wholesalers reported $382 billion. These two groups accounted for 74 percent of the $1,144 billion of total receipts for all FCDC's. This percentage was substantially higher than the comparable one for other domestic corporations that filed U.S. corporation income tax returns.

Companies in different industries often have different financial characteristics. For instance, the comparative levels of assets and receipts of companies primarily engaged in wholesale trade activities and those primarily engaged in finance, insurance, and real estate activities differ significantly. FCDC wholesalers produced large amounts of receipts with relatively small amounts of assets, resulting in $1.80 of receipts for each dollar of assets for 1991. On the other hand, companies classified in finance, insurance, and real estate reported large amounts of assets, but relatively small amounts of receipts. These FCDC's produced only $.14 of receipts for each dollar of assets. Other domestic corporations in these two industrial categories had similar characteristics.

Even though foreign-controlled domestic corporations accounted for just one-tenth of the $11.4 trillion of worldwide receipts reported by all companies filing U.S. income tax returns for 1991, these companies played disproportionately large roles in certain industrial groups. For instance, FCDC's comprised nearly one-quarter of the total receipts reported for wholesale trade. FCDC's also accounted for 17.4 percent of the receipts reported by all mining companies and 12.7 percent of the receipts of all manufacturing companies. (Conversely, FCDC involvement in the agriculture, forestry, and fishing; transportation and public utilities; and construction industrial divisions was relatively low for 1991, accounting for only 1.5, 2.0, and 2.4 percent, respectively, of the receipts for all companies classified in these categories.) Table 1 shows the percentage of FCDC involvement in selected industrial groups, based on receipts [6]. This table shows that FCDC's accounted for 65.3 percent of the receipts of all companies classified as wholesalers of motor vehicles and automotive equipment. This percentage may be overstated, however. Certain U.S. companies (not foreign controlled) and their subsidiaries may have been involved in both the manufacturing and wholesaling of motor vehicles and reported tax information for these activities on a single (consolidated) income tax return, which was classified under manufacturing, rather than trade. (Note that FCDC's comprised only 6.4 percent of the receipts of all companies classified as manufacturers of motor vehicles and equipment.) Conversely, many domestic companies controlled by foreign corporations acted as automotive wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These domestic companies would have been classified in the trade industrial grouping.

Receipts reported by Japanese-owned companies were much larger than those reported for any other country of ownership.

There were several industrial groups in which foreign-controlled domestic corporations produced over 30 percent of the U.S. totals for receipts. These included wholesalers of metals and minerals (except petroleum and scrap), 52.6 percent; manufacturers of leather and leather products, 38.1 percent; metal mining, 37.5 percent; and wholesalers of electrical goods, 35.9 percent. Additionally, there were six other industrial groups in which FCDC's accounted for between 20 and 30 percent of the total receipts. These were coal mining; manufacturers of chemicals and allied products; manufacturers of stone, clay and glass products; wholesalers of machinery, equipment and supplies; wholesalers of farm-product raw materials; and security and commodity brokers and services.

Country Characteristics

Domestic corporations are controlled by "persons" throughout the world. However, for 1991, owners from 13 countries controlled over two-thirds of the 48,247 domestic corporations classified as 50 percent-or-more controlled by a foreign person (see Table 2). (The countries represent the geographic location of the direct foreign owner's place of residence in the case of individuals, and place of incorporation, organization, creation, or administration in the case of other persons. Because holding companies located in a country different from that of the ultimate owner may directly own the stock of U.S. affiliates, the country reported on the tax return may not necessarily reflect the country of the ultimate owner. No data on the extent of this potential limitation are available.) The 32,286 corporations controlled by persons from these 13 countries accounted for approximately 90 percent of the most significant financial items (such as total assets, total receipts, and total income tax after credits) for all FCDC's.

Domestic corporations controlled by Japanese persons had assets of $479 billion and worldwide receipts of $314 billion for 1991, amounts easily larger than those representing any other country. These receipts represented over 27 percent of the total for all FCDC's. (Companies controlled by Japanese persons also accounted for the largest amount of receipts for the 1983-1990 period.) Nearly $213 billion of the receipts were produced by wholesale trade companies. Within this industrial category, Japanese-controlled domestic companies accounted for substantial amounts of receipts in the following industries: motor vehicles and automotive equipment ($73 billion); electrical goods ($36 billion); metals and minerals, except petroleum and scrap ($33 billion); machinery, equipment, and supplies ($13 billion); sporting, recreational, photographic, and hobby goods, toys, and supplies ($10 billion); and apparel, piece goods, and notions ($10 billion). Apart from wholesale trade, Japanese-controlled manufacturers and companies in finance, insurance, and real estate reported $52 and $23 billion of receipts, respectively.

Domestic corporations controlled by persons in the

United Kingdom accounted for the second largest amount ($179 billion) of receipts for 1991 (as well as the second largest for the 1983-1990 period). These receipts represented nearly 16 percent of the 1991 receipts for all FCDC's. Unlike Japan, most of the U.K. receipts, totaling $98 billion, were produced by manufacturers. Some of the more predominant manufacturing industrial groups were petroleum and coal products ($22 billion); food and kindred products ($16 billion); and chemicals and allied products ($14 billion). Apart from manufacturing, an additional $35 and $18 billion of receipts were produced by companies classified in wholesale trade and in finance, insurance, and real estate, respectively.

For 1991, Japanese-controlled domestic corporations reported an overall net deficit of $4.2 billion, while U.K.-controlled companies reported a (positive) net income of $3.2 billion. There are many factors which may have caused this large difference in "profits." These causal factors are beyond the scope of this article. However, it is noteworthy to look at the reported profits and losses on a country/industry basis. In the manufacturing industrial division, there were very large differences between the two countries. Japanese-controlled corporations reported a net deficit of $1.6 billion on $52.4 billion of receipts, while U.K.-controlled companies reported net income of $3.3 billion on $98.1 billion of receipts. There was also a substantial difference between the two countries in the finance, insurance, and real estate industrial division. Japanese-controlled corporations reported a net deficit of $0.8 billion on $23.4 billion of receipts, while U.K.-controlled companies reported net income of $0.4 billion on $18.1 billion of receipts. For the wholesale trade area, both Japanese- and U.K.-controlled companies reported relatively small amounts of net deficits ($0.3 billion each), but on very different levels of receipts ($212.9 billion for Japan and $35.4 billion for the United Kingdom).

Approximately 27 percent of all FCDC's reported U.S. income tax liabilities (i.e., total income tax after credits) for 1991. This percentage varied considerably among countries. Of the 13 countries shown in Table 2, three countries (Bermuda, 50 percent; South Korea, 50 percent; and the United Kingdom, 41 percent) had substantially higher percentages than the average for all of the countries. On the other hand, three countries had substantially lower percentages: Sweden, 10 percent; Netherlands Antilles, 14 percent; and the Netherlands, 16 percent. Japanese-controlled companies were near the average for all FCDC's, with 23 percent of them having U.S. tax liabilities. U.K.-controlled companies reported the largest tax liabilities ($1.9 billion), and Japanese-controlled companies reported the second largest amount, $1.2 billion. Additionally, domestic companies controlled by persons from Canada and the Netherlands each reported tax liabilities of $0.5 billion.

Size Characteristics

Data are presented for the first time on foreign-controlled domestic corporations by size of total assets in Table 3. Fewer than 2 percent of the FCDC's had assets of $250 million or more, the largest size category shown in the table. However, these 856 corporations accounted for 84 percent of the assets of all FCDC's, as well as 71 percent of the receipts and 68 percent of the total income tax after credits of this group. Grouping returns by size of assets tends to put proportionately more corporations classified under finance, insurance, and real estate into the larger size categories than if the size groupings were based on receipts, for instance, which would put more wholesalers in the larger size categories. (Data by size of total receipts are not available for 1991.) This is because, as previously explained, companies in finance, insurance, and real estate tend to have large amounts of assets compared to their receipts, while wholesalers tend to be just the opposite.

856 "giant" corporations accounted for 71 percent of the receipts and 68 percent of the U.S. income tax reported by foreign-controlled domestic companies.

As shown in Table 3, almost all of the combinations of size and selected industrial groupings had negative amounts of net income (less deficit) for 1991. The principal exception was manufacturing companies with $250 million or more of assets. These companies combined for $3,162 million of positive profits. The very largest corporations in finance, insurance, and real estate also had combined positive profits, $464 million. However, the very largest wholesale trade companies reported a combined loss of $379 million, on receipts of $243,712 million.

Regarding data by size of total assets and other balance sheet information, loans to and from stockholders of FCDC's are particularly noteworthy. The principal stockholders of FCDC's are foreign persons, usually foreign corporations. These related companies make loans to each other. For 1991, FCDC's had $65 billion of outstanding loans from stockholders at the end of their accounting periods, and $20 billion of outstanding loans made to their stockholders. One factor in the propensity of a FCDC in making or receiving loans to or from its stockholders may be the size of the company. For instance, while the 856 largest companies accounted for 84 percent of all of the assets (and, thus, of liabilities plus net worth) of FCDC's, they accounted for 88 percent of the total FCDC loans to stockholders, but only 62 percent of the loans from stockholders. The largest companies tended to use loans from stockholders to a lesser extent in financing their assets than did the smaller companies: 2.6 percent ($40 billion of loans from stockholders and $1,528 billion of assets) versus 8.3 percent ($25 billion of loans from stockholders and $299 billion of assets).

Age Characteristics

Selected financial data for both FCDC's and other domestic corporations for 1991 are classified by the age of corporations and shown in Table 4. Two categories of corporations were established: "new" and "old." Each company included in the study was placed into one of these categories based on the year of incorporation reported on the company's income tax return filed with the Internal Revenue Service. New corporations were those with years of incorporation of 1989 and after. Old corporations were those incorporated in 1988 and before, or with unknown (i.e., unreported) dates of incorporation.

It should be noted that the year of incorporation may be somewhat unreliable as an indicator of the true age of corporations and the related information reported on their tax returns. For example, a consolidated return may include companies which fall into both the old and new categories. However, the return (including all of the financial information contained in it) was classified into just one of the categories based on the year of incorporation of the parent company. Another limitation is the case of an old corporation reorganizing itself and, as a result, becoming a new corporation and reporting a recent year of incorporation. Here, a new corporation is not necessarily the same as a new business. A third limitation is that the year of incorporation is an item which is difficult to verify during statistical processing because there are no other items that it can be compared to on a tax return form. Thus, it is subject to greater error due to taxpayer reporting and data entry errors. Despite these limitations, it is believed that an analysis of the data by age of the corporations is worthwhile. Further, there is no known bias in the accuracy of the year of incorporation between FCDC's and other domestic corporations.

"New" corporations represented nearly 32 percent of all foreign-controlled domestic corporations.

Comparing the data for FCDC's and other domestic corporations shown in Table 4 provides some additional information on the characteristics of FCDC's. First, new corporations comprise a greater part of the total number of FCDC's than they do for other domestic corporations, 31.6 percent versus 18.3 percent. As compared to other domestic corporations, the new FCDC's also account for larger parts of total assets (14.1 percent versus 5.1 percent) and total receipts (10.4 percent versus 4.7 percent). These characteristics of new companies may account for part of the growth of overall FCDC activity (previously discussed).

New companies tend to be smaller than the old companies, in terms of the average size of total assets and total receipts. This is true for both FCDC's and other domestic corporations. For example, new FCDC's averaged $7.8 million of receipts, while their older counterparts had $31.1 million of receipts. Similarly, other new domestic corporations averaged $1.1 million of receipts compared to $4.9 million for their older counterparts. This comparison also shows that FCDC's on the average tend to be larger than other domestic corporations, whether or not they are newly incorporated. (See the related discussion on this characteristic under the Growth of Corporations subsection, above.)

On average, new companies (both FCDC's and other domestic corporations) tend to report less profits and taxes than do their older counterparts. Looking at net income (less deficit) as a percentage of total receipts, new FCDC's had a ratio of -3.54 for 1991, while old FCDC's had a -0.01 ratio. For other domestic corporations, the ratio was 1.59 percent for new companies and 3.87 percent for old companies. These percentages may also be used in conjunction with those shown in Table 5. Using total income tax after credits as a percentage of total receipts, the ratios for new and old FCDC's were 0.48 and 0.54 percents, respectively. For other domestic corporations, the ratios for new and old companies were 0.70 and 1.02 percents, respectively. Here, again, percentages may be compared to those shown in Table 5.

Receipts and Deductions

A domestic corporation, whether controlled by a foreign person or not, could have business activities in foreign countries as well as the United States. Income from foreign activities was reported on the Form 1120 for taxation purposes, similar to domestically-produced income. Whether domestic or foreign, income included receipts from sales and operations, as well as investment income. "Total receipts" shown in this article include receipts from foreign branch operations of U.S. companies and dividends remitted to U.S. corporations from their foreign subsidiaries. Additionally, includable income from Controlled Foreign Corporations and foreign dividend gross-up were constructively received for U.S. income tax purposes. In the statistics, these two items are not included in "Total receipts," but rather are combined and shown as "Constructive taxable income from related foreign corporations." Table 5 shows this item. Includable income from Controlled Foreign Corporations (CFC's) are "deemed distributions" from the CFC's to their U.S. shareholders which are subject to U.S. tax. While these deemed distributions represent a portion of the undistributed earnings and profits of the CFC's, they may also include some earnings and profits that were actually distributed for the current tax period. Foreign dividend gross-up was also constructive taxable income of U.S. corporations which claimed a foreign tax credit. A U.S. corporation could claim a foreign tax credit for a portion of the foreign taxes actually paid by its related foreign corporations. A portion of these foreign taxes was treated as deemed paid by the U.S. corporation. In order to use the foreign tax credit against U.S. tax, the foreign taxes deemed paid had to be included in the U.S. company's worldwide taxable income as well.

The receipt and deduction items shown in this article for foreign-controlled domestic corporations do not include any amounts generated by their foreign parent companies. However, FCDC's could have had business transactions with their parent companies and FCDC receipts and deductions stemming from these transactions are included in the statistics [7].

Approximately 90 percent of the $1.1 trillion of total receipts reported by domestic corporations controlled by a foreign person consisted of "business receipts," i.e., receipts from sales and operations. These same companies reported $1.1 trillion of total deductions for 1991. Cost of sales and operations was 66 percent of the total [8].

It is noteworthy to look at the "gross profit margin" of FCDC's and other domestic corporations. Gross profit margin is defined as the difference between business receipts and cost of sales and operations (i.e., gross profit) as a percentage of business receipts (Table 5). The manufacturing and wholesale trade industrial groupings accounted for most of the reported amounts of business receipts and cost of sales and operations. For manufacturers, FCDC's had somewhat smaller gross profit margins than did other domestic corporations, 30.48 versus 31.13 percent, for 1991. However, for trade companies, FCDC's reported gross profit margins only three-fourths the size of those reported by other domestic corporations, 13.38 versus 17.86 percent. (Determining the factors which caused this difference is beyond the scope of this article.)

Total receipts less total deductions for FCDC's amounted to a negative $5.3 billion for 1991. This is somewhat different from the negative $4.9 billion of net income (less deficit) reported by these companies. Total receipts less total deductions includes all of the income "actually" (as opposed to "constructively") received by corporations and reported on tax returns. As differentiated from net income (less deficit), total receipts less total deductions includes nontaxable interest on State and local Government obligations and excludes the constructive taxable income from related foreign corporations described above. For 1991, FCDC's received $0.6 billion of tax-exempt interest on State and local Government obligations and $1.0 billion of constructive taxable income.

Net Income (Less Deficit)

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

Fewer than 4 out of 10 domestic companies with foreign owners reported a profit for 1991.

The net income (less deficit) for foreign-controlled domestic corporations was a negative $4.9 billion for 1991. This was a substantial decline from the 1990, 1989, and 1988 positive amounts of $4.0, $8.3 and $11.2 billion, respectively. However, the 4-year trend of "profits" reported by FCDC's was similar to that reported by all corporations. Net income (less deficit) reported on all corporation income tax returns was a positive $344.9 billion for 1991, but less than the 1990, 1989, and 1988 amounts of $370.6, $389.0 and $413.0 billion, respectively.

Table 6 provides the changes in net income (less deficit) between 1990 and 1991 for selected industries. FCDC's whose principal business activity was in manufacturing reported $1.9 billion of positive net income (less deficit) for 1991, but this was a large decrease from the $8.1 billion reported for 1990. The services industrial division had a net deficit of $2.5 billion for 1991, nearly twice as large as the $1.3 billion net deficit for 1990. Corporations in finance, insurance, and real estate also reported a net deficit ($1.6 billion) for 1991, as compared to the $0.7 billion loss they had for 1990. Within this industrial division, real estate companies accounted for most of the losses, with a negative net income (less deficit) of $2.8 billion for 1991. On the other hand, insurance companies reported relatively strong profits of $1.0 billion for the year. Wholesalers reported a net deficit of $1.3 billion for 1991, an increase in the loss they reported for the previous year of $0.8 billion. Retailers also reported a net deficit, $1.4 billion, for 1991, but this amount was less than the $1.7 billion loss they reported for 1990.

The negative $4.9 billion of net income (less deficit) was the result of 18,799 corporations reporting $25.6 billion of (positive) profits and 29,448 companies reporting $30.5 billion of deficits [9]. Thus, fewer than 4 out of every 10 (39.0 percent) domestic corporations with foreign owners reported a profit for 1991. By comparison, 52.3 percent of other domestic corporations filing U.S. income tax returns for the same year reported profits. The percentage of FCDC's reporting a profit for 1991 was similar to the percentages for the 1984-1990 period, which varied between 39.0 percent and 43.3 percent.

The percentage of companies reporting (positive) profits varied among different industrial groups. Nearly half of the FCDC's classified in wholesale trade (46.4 percent) and in manufacturing (45.0 percent) reported profits for 1991. However, fewer than 3 out of every 10 (29.5 percent) companies classified in finance, insurance, and real estate reported profits.

Six out of every 10 FCDC's reported a deficit for 1991. Collectively, these companies had $30.5 billion of deficits, up nearly 20 percent from the $25.4 billion reported for 1990, or 58 percent greater than the 1989 total deficit of $19.3 billion, and twice the size of the 1988 total deficit of $15.3 billion. Deficits could be carried back or forward to other tax years, under prescribed rules, to reduce the taxable income of those years (see "net operating loss deduction" in the Explanation of Selected Terms section). When a company carried back a deficit, i.e., a net operating loss, to a previous tax year, it filed an amended tax return (Form 1120X, *Amended U.S. Corporation Income Tax Return)* for that year. Amended tax returns are not included in the statistics for foreign-controlled domestic corporations, or any other corporate data produced for Statistics of Income (SOI).

The amount of pre-tax net income (less deficit) can be computed as a percentage of several key financial items (total assets, total receipts, and net worth) for both foreign-controlled domestic corporations and other domestic corporations. It is desirable to compare these ratios between FCDC's and other domestic corporations by grouping returns together that have similar characteristics regarding industrial activity, size, age, geographical business activity (i.e., activity only in the United States versus international activities), and other similar key characteristics. For 1991, data classified by industrial activity were available. However, the SOI program was not able to sub-classify the industry data by size, age, or other characteristics. It is important to look at the data on an industry basis (as opposed to an "all industries" basis) for two reasons. First, different business activities typically have different financial characteristics. For instance, companies classified in trade tend to have more receipts and less assets than do companies of similar size classified in finance, insurance, and real estate. Second, the industry distribution between FCDC's and other domestic corporations may be significantly different. For example, 30 percent of FCDC's were classified in finance, insurance, and real estate, as compared to only 17 percent of other domestic corporations.

The real estate industry played a major role in the low profit level for 1991.

Ratios of net income (less deficit) to total assets, total receipts, and net worth, by industrial group, for FCDC's and other domestic corporations are shown in Table 5. They are all significantly lower for FCDC's than for other domestic companies. For instance, the ratio of net income (less deficit) to total receipts for FCDC's was 0.40 percent for manufacturers, -0.35 percent for wholesalers, and -1.46 percent for companies classified in finance, insurance, and real estate. By comparison, for other domestic corporations, the percentages were 4.15, 1.15, and 7.43, respectively (Figure B).

The most striking difference between FCDC's and other domestic corporations shown in Figure B is for the finance, insurance, and real estate industrial division. This difference may be, at least partly, a reflection of the different industrial make up of this broad industrial group. While there are no specific data available for the other domestic corporations, FCDC data for more narrowly-defined industry groups is informative. For 1991, FCDC's classified in the finance, insurance, and real estate industrial division reported a combined net income (less deficit) of negative $1.6 billion. However, as Table 6 shows, the different sectors of this division reported widely different "profits," as follows: insurance companies (positive $1.0 billion); security, commodity brokers, and services (positive $0.6 billion); insurance agents, brokers, and services (positive $0.5 billion); credit agencies other than banks (negative $0.2 billion); holding and other investment companies, except bank holding companies (negative $0.2 billion); banking (negative $0.4 billion); and real estate (negative $2.8 billion). The real estate industry played a major role in the low profit level for FCDC's.

Taxes

For 1991, foreign-controlled domestic corporations reported $20.1 billion of "U.S. income subject to tax" (or taxable income, i.e., the base on which tax was computed, for purposes of the statistics), resulting in nearly $6.8

billion of "regular" tax. The $7.2 billion of total income tax before credits reported by FCDC's comprised the regular tax plus the alternative minimum tax, the environmental tax, the Personal Holding Company tax, and the tax from recapture of investment credits. The alternative minimum tax was $0.4 billion for 1991.

The difference between the $25.6 billion of positive profits (or net income) and $20.1 billion of income subject to tax was the result of statutory special deductions. These deductions were allowed most corporations in computing their taxable income and included the deduction for "net operating losses" (NOL's) from other years. For 1991, the net operating loss deduction was $4.7 billion and accounted for over four-fifths of the total statutory special deductions (see the Explanation of Selected Terms section of this article for a discussion of the net operating loss deduction). FCDC's reduced their 1991 net income by 18.6 percent using NOL's carried over from prior years, while other domestic corporations only reduced their net income by 8.1 percent using prior-year NOL's (Table 5).

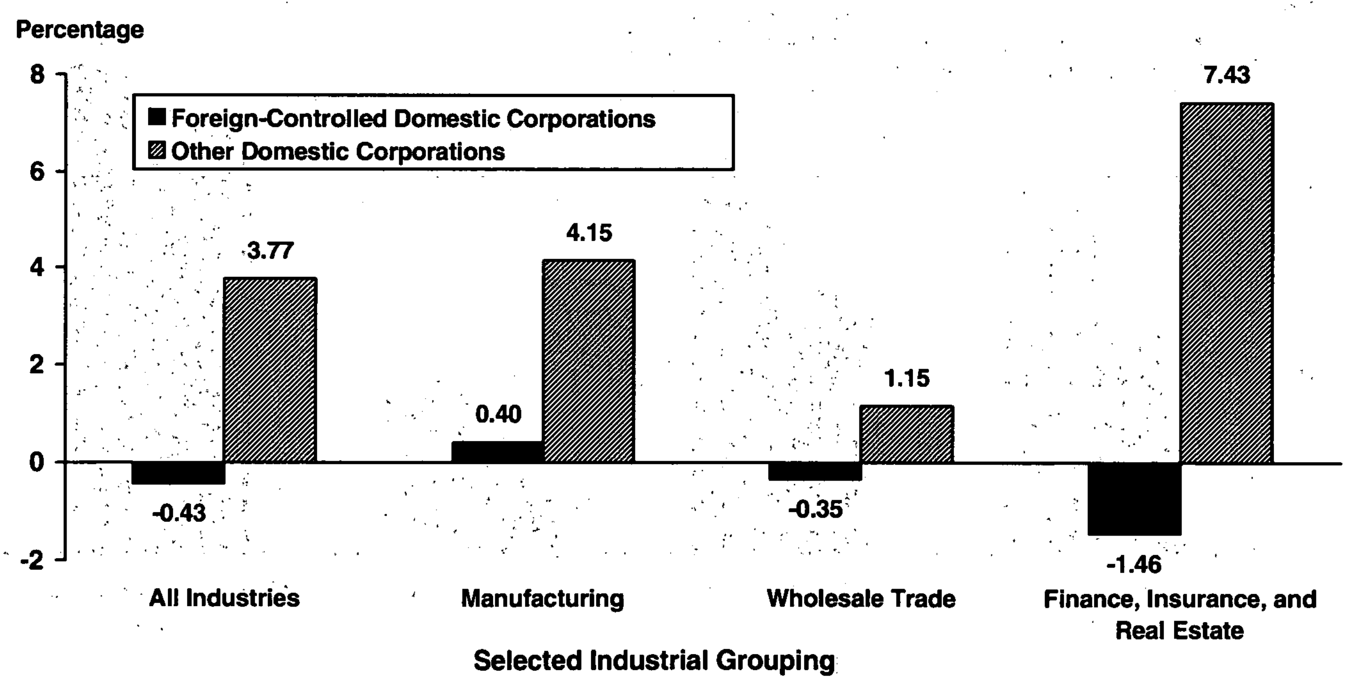
Tax credits totaling $1.1 billion reduced the U.S. tax liability of foreign-controlled domestic corporations to $6.1 billion for 1991. The largest credits claimed were $0.7 billion of foreign tax credits and $0.2 billion of general business credits. Other credits included the U.S. possessions tax credit, prior-year minimum tax credit, orphan drug credit, and the nonconventional source fuel credit. The $6.1 billion of total U.S. income tax after credits represents the tax liability as originally reported by taxpayers. However, it does not include any changes made by taxpayers through amended returns or by the Internal Revenue Service as a result of examination or enforcement activities.

Like net income (less deficit), total income tax after credits as a percentage of key financial items can be compared for FCDC's and other domestic corporations. As shown in Table 5, ratios of total income tax after credits to total assets, total receipts, and net worth are generally lower in each industrial grouping for FCDC's than for other domestic companies. (An exception does occur in the finance, insurance, and real estate industrial division when tax after credits is compared to net worth.) However, the differences in the ratios between the two groups of companies are not as pronounced as the ratios based on net income (less deficit), which were discussed earlier in this article.

For 1991, the ratio of total income tax after credits to total receipts for FCDC's was 0.64 percent for manufacturers, 0.25 percent for wholesalers, and 1.21 percent for

Figure B

Net Income (Less Deficit) as a Percentage of Total Receipts for Selected Industrial Groupings, Tax Year 1991



finance, insurance, and real estate companies. By comparison, for other domestic corporations, the percentages were 1.01, 0.43 and 1.34, in those industries (Figure C).

Table 5, as well as Figures B and C, may imply that there was a group of FCDC's that collectively reported a substantial amount of profits and, thus, total income taxes after credits. However, there were other FCDC's that reported substantial deficits. This is particularly the case for the finance, insurance, and real estate industrial division. Within this sector, FCDC's with net incomes (i.e., positive profits) reported total income taxes after credits amounting to 1.92 percent of their total receipts. This percentage was higher than the 1.63 percent for other domestic corporations. However, deficits reported by FCDC's in this sector were 16.70 percent of the total receipts of those companies, as compared to only 10.95 percent for other domestic corporations.

Table 5 also shows "worldwide income tax," which is defined as total income taxes after credits except the foreign tax credit. The foreign tax credit is included as a proxy for total foreign income taxes. Overall, for 1991, worldwide income taxes as a percentage of total assets, total receipts and net worth was generally lower for FCDC's than for other domestic corporations.

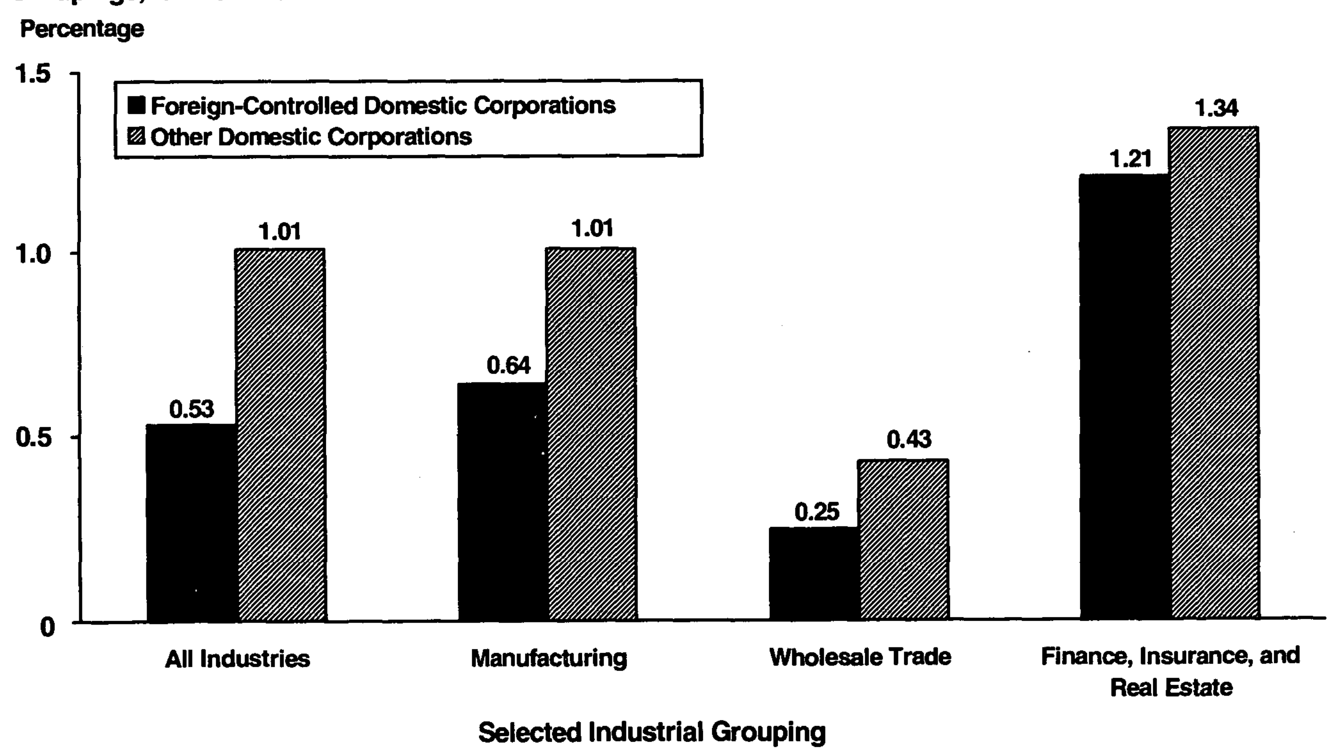
Domestic Corporations With 25-to-49 Percent Foreign Ownership

Separate from FCDC's, selected financial data were compiled for the first time, for 1991, on domestic corporations in which a foreign person owned between 25 and 49 percent of the total voting power of all classes of the corporation's voting stock, or the total value of all classes of the corporation's stock. If a company was classified as a foreign-controlled domestic corporation (FCDC), based on 50-percent-or-more foreign stock ownership, then it was not included in the 25-to-49 percent foreign ownership category even if it had an unrelated foreign owner with 25 to 49 percent stock ownership.

Table 7 presents statistics on domestic corporations with 25 to 49 percent stock foreign ownership, both by size of total assets and by selected industries. For 1991, there were only 2,883 returns which indicated this level of foreign ownership. These companies reported $71.5 billion of assets, $31.0 billion of receipts, and $0.4 billion

Figure C

Total Income Tax After Credits as a Percentage of Total Receipts for Selected Industrial Groupings, Tax Year 1991



of total income taxes after credits. All of these amounts were extremely small in comparison to data for the FCDC's.

Summary

Direct foreign investment in the United States through FCDC's continued to grow at a relatively fast rate for 1991. While total assets reported on all U.S. corporation income tax returns increased by 4.6 percent (using current dollars) over the previous year, assets of domestic corporations controlled by foreign persons increased by 10.6 percent [10]. As a result, the percentage of total corporate assets accounted for by FCDC's jumped from 9.1 percent for 1990 to 9.6 percent for 1991. The share of total corporate receipts accounted for by FCDC's also increased, from 9.3 to 10.0 percent.

Two industrial groupings (manufacturing and wholesale trade) generated nearly three-fourths of the total receipts of all FCDC's. From a country perspective, domestic corporations controlled by persons in Japan had worldwide receipts of $314 billion, over 27 percent of the FCDC total. The United Kingdom accounted for another $179 billion of receipts, 16 percent of the total.

The collective net income (less deficit) reported by foreign-controlled domestic corporations decreased to a negative $4.9 billion for 1991, as compared to a positive $4.0 billion for 1990. This reflects both a decrease in net income (from $29.4 billion to $25.6 billion) and an increase in deficits (from $25.4 to $30.5 billion). Total income tax after credits moved in the same direction as net income, decreasing from $7.4 billion for 1990 to $6.1 billion for 1991.

The 2,883 domestic corporations with 25-to-49 percent foreign ownership was small in comparison to the 48,247 FCDC's. Assets and receipts of FCDC's were 26 and 37 times greater, respectively, than those amounts for domestic corporations with 25-to-49 percent foreign ownership.

Explanation of Selected Terms

The following are brief explanations of some of the terms used in this article. For more extensive definitions, see *Statistics of Income--1991, Corporation Income Tax Returns.*

Alternative minimum tax.--This tax was designed to ensure that no taxpayer with substantial economic income could avoid significant tax liability through a legitimate use of exclusions, deductions and credits. It is included in the statistics shown for "total income tax before credits."

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

Business receipts.--These receipts were, in general, the gross operating receipts of the corporation reduced by the cost of returned goods and allowances. Some corporations reported sales and excise taxes as part of their gross receipts from sales (and deducted these taxes as part of "cost of sales and operations" or as "taxes paid"); others reported their receipts after adjustment for these taxes. Business receipts included rents reported as a principal business income by real estate operators and certain manufacturing, public utility, and service corporations. In the finance, insurance, and real estate industries, business receipts included such banking items as fees, commissions, and service charges. Interest, the principal operating income of banking and savings institutions, was excluded from business receipts and included in the statistics for "other interest." Also in the finance, insurance, and real estate industries, premium income of most insurance companies was included in business receipts.

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

Net income (or deficit).--This is the difference between taxable receipts and the ordinary and necessary business deductions allowed by the Internal Revenue Code. In this article, it is also referred to as "profits." It reflects not only actual receipts, but "constructive" receipts as well, i.e., certain income from Controlled Foreign Corporations and from the foreign taxes deemed paid on foreign dividends received. Interest from State and local Government obligations is excluded. Because certain statutory special deductions, including the net operating loss deduction, were allowed most corporations in computing their "taxable income" (or "income subject to tax"), the statistics for net income are generally larger than the amounts shown for "U.S. income subject to tax," i.e., the base on which the regular income tax was computed. See also the discussion of the "net operating loss deduction" in this section of the article.

Net operating loss deduction (NOLD).--A statutory "net operating loss" (NOL) for a given tax year could be carried back, in general, over a 3-year period to reduce the taxable income of those years, and any amount of the NOL not offset against income during that time could be carried forward against income for a period not exceeding 15 years. The amount of NOLD included in the statistics, however, consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (1991) tax year. Losses incurred after the 1991 Tax Year and carried back to that year at a later date could not be reported on the tax returns used for this article. Net operating losses on which the 1991 deduction was based include: (1) the excess of ordinary and necessary business expenses over income in previous loss years, and (2) statutory special deductions claimed in a loss year for dividends received and for dividends paid on certain preferred stock of public utilities (or any excess of such deductions over net income).

Other domestic corporations.--Data shown in this article for these companies are based on Forms 1120 *(U.S. Corporation Income Tax Return);* 1120A *(U.S. Corporation Short-Form Income Tax Return)*; 1120L *(U.S. Life Insurance Company Income Tax Return);* 1120-RIC *(U.S. Income Tax Return for Regulated Investment Companies);* 1120-REIT *(U.S. Income Tax Return for Real Estate Investment Trusts)*; and, 1120PC *(U.S. Property and Casualty Insurance Company Income Tax Return).* The following forms were excluded: 1120S *(U.S. Income Tax Return for an S Corporation)* and 1120-IC-DISC *(Interest-Charge Domestic International Sales Corporation Return).* This was done in order to use a group of corporations, for which statistics were readily available, that was as comparable as possible to FCDC'S.

Worldwide income tax.--For purposes of this article, worldwide income tax is approximated by the addition of total U.S. income tax after credits plus foreign tax credit. The foreign tax credit is used as a proxy for total foreign income taxes.

Worldwide receipts.--A domestic corporation (i.e., one incorporated in the United States), whether controlled by a foreign person or not, could have business activities in a foreign country as well as the United States. "Worldwide receipts" for a U.S. corporation conducting business abroad through foreign subsidiaries may include dividends remitted from those subsidiaries and, to a certain extent, their undistributed earnings. Worldwide receipts also include those from foreign branch operations of U.S. companies.

Data Sources and Limitations

Sample

The statistics for domestic corporations controlled by a foreign person are based on samples of corporation income tax returns filed primarily on Form 1120. In addition, the 1991 statistics include data from the small numbers of other corporation income tax returns filed on Forms 1120L, 1120-RIC, 1120-REIT and 1120PC.

Forms 1120, 1120-RIC and 1120-REIT sampled returns were stratified based on the calendar year in which the return was filed (and sampled), business activity, size of total assets and size of "proceeds" (which was the larger of the absolute value of net income or deficit or the absolute value of "cash flow," i.e., net income plus depreciation plus depletion). Forms 1120L and 1120PC were sampled based on the size of total assets.

For 1991, the achieved sampling rates for Forms 1120 alone (the overwhelming majority of the returns used for the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of $25 million or more, or with "proceeds" of $5 million or more, were selected for the study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income--1991, Corporation Income Tax Returns.*

Because the data presented are estimates based on samples, they are subject to sampling error. To properly use these data, the magnitude of the sampling error should be known. Coefficients of variation (CV's) are used to measure that magnitude. For a general discussion of CV's, see the appendix to this publication. For a more detailed discussion of the CV's applicable to the corporation statistics, see *Statistics of Income--1991, Corporation Income Tax Returns.*

Nonsampling Limitations

Most of the data in this article relate to Tax Year 1991, defined to cover returns with accounting periods that ended in a 12-month span beginning in July 1991 and ending in June 1992. As a result of the 12-month span for ending accounting periods, the statistics shown in this article include income received or expenses incurred during a 23-month span. For Tax Year 1991, that span was from August 1990 through June 1992. Nevertheless, most of the income and expenses are, in fact, associated with Calendar Year 1991.

Due to a change in the applicable tax return forms for 1991, returns were selected for this study based on taxpayers' responses to two questions that appeared on the various types of Form 1120. The first question asked whether any "person" (i.e., individual, partnership, corporation, estate, or trust) owned 50 percent or more of the filing corporation's voting stock. A second question asked whether any "foreign person" owned at least 25 percent of the filing corporation's stock [11]. If both of these questions were answered "yes," then the assumption was made that there was one foreign person which owned 50 percent or more of the filing corporation's stock, and the return of that company was included in the FCDC statistics [12]. Taxpayers sometimes incorrectly answered these questions, or did not answer them at all. However, prior to tabulation, corporations with large amounts of assets for which there were changes in foreign ownership status between 1990 and 1991 were researched and verified. These large corporations have a dominating effect on the estimates for balance sheet, income statement, and tax items.

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

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

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

Notes and References

[1] Direct investment is different from portfolio investment in that the latter exerts no control over the management of the enterprise, except to the extent, for example, of rights to vote periodically in stockholder meetings of corporations. The portfolio investor has a minimal interest in a company, and is primarily seeking dividend payments, an increase in the value of the shares of stock, or both.

[2] See *United States Department of Commerce News,* Bureau of Economic Analysis, U.S. Department of Commerce, BEA 94-25, June 7, 1994.

[3] For an additional source of information on direct foreign investment in the United States, see *Profiles of Foreign Direct Investment in U.S. Energy, 1992,* Energy Information Administration, U.S. Department of Energy, DOE/EIA-0466, May 1994.

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

[5] Beginning with Tax Year 1988, returns of Foreign Sales Corporations and Interest-Charge Domestic International Sales Corporations were not included in the totals for all U.S. corporation income tax returns. Previously, they were. Because these returns accounted for such a small portion of the total for most financial items, this change is not considered to be significant in terms of year-to-year comparisons.

[6] For percentages comparable to those shown in Table 1 for Tax Year 1990, see Hobbs, James R., "Domestic Corporations Controlled by Foreign Persons, 1990," *Statistics of Income Bulletin,* Fall 1993, Volume 13, Number 2, 1993.

[7] For information on transactions between FCDC's and their related foreign persons, see the data release entitled "Transactions Between Foreign-Owned Corporations and Related Foreign Persons, 1990," *Statistics of Income Bulletin,* Summer 1994, Volume 14, Number 1, 1994.

[8] For statistical processing purposes, certain items (such as sales and certain excise taxes, depreciation,

depletion, amortization, advertising and interest expenses) reported by taxpayers in cost of sales and operations schedules were transferred to their respective and separate deduction categories.

[9] The 29,448 companies reporting a deficit include a small number of "breakeven" companies, i.e., those whose receipts and deductions were equal.

[10] The 10.6 percent increase between 1990 and 1991 in the assets of domestic corporations controlled by foreign persons, as well as the 4.6 percent increase for all corporations, may overstate the actual "growth in investment." Assets are reported at book value on tax returns. The book value of newly acquired assets is generally greater than the book value of similar assets they replaced. New corporations may tend to have a greater percentage of new assets with greater book values. To the extent that new corporations comprised a greater portion of FCDC's than they did for other companies, the comparability of 10.6 percent to 4.6 percent (above) may be limited.

[11] On Form 1120, Page 3, Schedule K, the actual questions were: (4) Did any individual, partnership, corporation, estate, or trust at the end of the tax year own, directly or indirectly, 50 percent or more of the corporation's voting stock? and (5) Did one foreign person at any time during the tax year own at least 25 percent of the total voting power of all classes of stock of the corporation entitled to vote or the total value of all classes of stock of the corporation?

[12] Returns for this study may exclude certain domestic companies that are effectively controlled by foreign persons, such as public companies in which "control" may be exercised with as little as 10 to 20 percent of the stock holdings.

Domestic Corporations Controlled by Foreign Persons, 1991

Table 1. -- Total Receipts of Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, by Selected Industrial Groups

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

Selected industrial groups	All U.S. corporation income tax returns	Returns of foreign-controlled domestic corporations	Percentage of all returns
	(1)	(2)	(3)
All industries [1]	**11,436,474,767**	**1,143,822,530**	**10.0**
Agriculture, forestry, and fishing	**85,945,700**	**1,270,345**	**1.5**
Mining	**103,286,287**	**17,983,640**	**17.4**
Metal mining	9,727,598	3,646,840	37.5
Coal mining	20,859,079	5,007,531	24.0
Oil and gas extraction	60,510,800	7,610,805	12.6
Nonmetallic minerals, except fuels	12,188,809	1,718,463	14.1
Construction	**515,128,533**	**12,301,245**	**2.4**
General building contractors and operative builders	225,074,991	7,850,417	3.5
Heavy construction contractors	82,326,813	3,053,554	3.7
Special trade contractors	207,726,729	1,397,273	0.7
Manufacturing	**3,658,501,307**	**466,122,225**	**12.7**
Food and kindred products	394,617,927	48,211,296	12.2
Tobacco manufactures	77,022,899	4,417,771	5.7
Textile mill products	60,013,977	5,382,670	9.0
Apparel and other textile products	71,573,242	2,292,155	3.2
Lumber and wood products	74,963,423	3,260,466	4.3
Furniture and fixtures	37,205,170	2,011,814	5.4
Paper and allied products	123,033,535	9,759,128	7.9
Printing and publishing	175,294,081	20,850,503	11.9
Chemicals and allied products	403,466,401	84,609,369	21.0
Petroleum (including integrated) and coal products	503,697,954	77,726,340	15.4
Rubber and miscellaneous plastics products	77,979,858	14,518,713	18.6
Leather and leather products	18,627,740	7,089,369	38.1
Stone, clay, and glass products	61,536,155	14,419,556	23.4
Primary metal industries	138,312,974	25,401,451	18.4
Fabricated metal products	180,700,755	18,812,543	10.4
Machinery, except electrical	291,950,984	25,067,432	8.6
Electrical and electronic equipment	316,562,841	49,274,312	15.6
Motor vehicles and equipment	279,973,559	17,895,652	6.4
Transportation equipment, except motor vehicles	177,968,467	4,399,239	2.5
Instruments and related products	109,230,299	15,539,602	14.2
Transportation and public utilities	**954,944,592**	**19,484,643**	**2.0**
Transportation	357,410,190	14,635,414	4.1
Communication	266,044,588	2,182,521	0.8
Electric, gas and sanitary services	331,489,814	2,666,707	0.8
Wholesale and retail trade [2]	**3,380,598,972**	**465,848,543**	**13.8**
Wholesale trade	1,631,014,688	382,137,841	23.4
Groceries and related products	235,234,054	18,843,604	8.0
Machinery, equipment, and supplies	136,877,519	28,810,375	21.0
Miscellaneous wholesale trade:	1,258,903,114	334,483,863	26.6
Motor vehicles and automotive equipment	144,590,922	94,408,075	65.3
Metals and minerals, except petroleum and scrap	84,675,652	44,509,983	52.6
Electrical goods	119,096,312	42,748,264	35.9
Farm-product raw materials	112,280,942	26,530,341	23.6
Chemicals and allied products	26,987,810	3,854,305	14.3
Petroleum and petroleum products	166,689,778	22,701,634	13.6
Retail trade	1,742,503,071	82,163,275	4.7
Finance, insurance, and real estate	**1,924,317,623**	**110,835,450**	**5.8**
Banking	487,156,644	22,301,343	4.6
Credit agencies other than banks	292,155,191	9,835,742	3.4
Security, commodity brokers, and services	79,953,009	18,037,318	22.6
Insurance	781,482,980	39,326,630	5.0
Insurance agents, brokers, and services	39,651,167	3,692,122	9.3
Real estate	112,637,043	9,732,131	8.6
Holding and other investment companies, except bank holding companies	131,281,589	7,910,163	6.0
Services	**809,724,469**	**49,879,308**	**6.2**
Business services	297,374,506	23,544,538	7.9
Amusement and recreation services	85,355,468	11,615,047	13.6

[1] Includes "Nature of business not allocable," which is not shown separately.
[2] Includes "Wholesale and retail trade not allocable," which is not shown separately.

Table 2. -- Foreign-Controlled Domestic Corporations, by Selected Industrial Grouping and Selected Country

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

Selected industrial grouping and country [1]	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth	Total receipts	Business receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All industries [2]	**48,247**	**18,799**	**13,108**	**1,827,337,643**	**415,126,435**	**1,143,822,530**	**1,033,597,403**
Australia	445	185	123	52,165,688	23,571,314	17,231,154	15,260,904
Belgium	129	31	28	18,161,567	5,923,174	14,015,895	13,213,464
Bermuda	152	75	76	15,522,187	5,697,473	13,874,721	12,868,728
Canada	8,720	3,262	2,576	195,128,965	33,778,470	103,629,938	89,156,999
France	1,795	856	653	97,141,105	24,793,623	66,096,300	61,246,988
Germany	2,880	1,644	841	124,025,826	38,407,441	103,504,348	97,172,312
Japan	6,830	2,240	1,579	478,500,486	81,507,620	314,423,918	284,569,854
Netherlands	2,183	603	348	209,693,249	76,438,051	116,175,321	105,296,256
Netherlands Antilles	1,228	233	169	17,859,980	5,042,682	17,892,300	16,593,091
South Korea	222	132	110	8,512,054	-170,074	10,804,735	10,313,306
Sweden	880	119	85	31,008,711	5,501,864	22,471,578	20,372,670
Switzerland	1,248	459	308	97,647,506	15,005,434	56,420,921	49,833,318
United Kingdom	5,574	2,974	2,282	292,876,619	71,543,786	179,465,901	162,016,377
Manufacturing [2]	**6,606**	**2,975**	**2,797**	**581,937,757**	**204,918,333**	**466,122,225**	**443,143,910**
Australia	78	27	29	32,261,054	15,005,044	10,594,361	9,304,794
Belgium	19	4	4	8,035,457	2,430,426	5,511,641	5,309,731
Bermuda	7	4	4	5,111,498	1,088,233	5,313,224	4,938,156
Canada	1,571	805	778	53,695,649	20,294,250	45,288,600	43,431,044
France	255	134	125	45,211,489	16,981,634	35,332,960	33,872,816
Germany	616	387	298	49,136,754	20,553,603	46,194,791	44,185,356
Japan	873	227	239	55,742,569	17,465,873	52,384,437	50,701,193
Netherlands	318	73	75	123,603,001	64,974,473	79,042,047	74,758,066
Netherlands Antilles	64	54	31	1,743,474	552,700	2,160,814	2,065,744
South Korea	38	20	**	965,494	-64,694	1,843,681	1,817,073
Sweden	84	41	44	9,632,748	3,034,244	11,543,437	11,295,627
Switzerland	305	124	96	37,666,838	8,758,781	34,410,202	33,113,335
United Kingdom	512	356	359	120,136,454	24,839,524	98,135,226	91,650,741
Wholesale trade [2]	**12,795**	**5,937**	**3,715**	**211,767,252**	**44,954,750**	**382,137,841**	**369,889,829**
Australia	102	20	20	1,290,562	734,039	873,095	861,965
Belgium	57	6	6	432,000	284,509	544,376	522,133
Bermuda	25	**	**	469,150	32,194	3,597,096	3,514,813
Canada	748	493	492	5,002,913	1,072,746	7,154,288	6,953,834
France	596	271	122	10,046,819	1,626,845	18,350,397	17,796,065
Germany	891	689	417	24,467,202	6,897,918	30,612,538	29,233,467
Japan	2,401	1,143	617	117,871,548	24,083,475	212,892,769	206,005,752
Netherlands	553	126	128	6,456,130	1,703,618	13,670,442	13,289,574
Netherlands Antilles	40	4	7	473,997	144,867	1,589,191	1,568,980
South Korea	136	81	77	5,811,030	-280,875	8,258,200	7,890,273
Sweden	593	20	22	3,231,134	735,193	5,795,124	5,012,506
Switzerland	441	135	95	3,701,333	686,145	7,615,565	7,499,948
United Kingdom	1,432	951	454	15,902,962	4,544,437	35,386,301	34,728,349
Finance, insurance, and real estate [2]	**14,352**	**4,240**	**2,878**	**797,976,417**	**94,908,419**	**110,835,450**	**49,117,828**
Australia	202	107	43	5,666,130	433,766	481,655	147,425
Belgium	19	11	8	4,813,425	172,445	223,044	37,430
Bermuda	93	63	63	1,898,644	492,432	855,762	486,969
Canada	3,180	769	552	101,302,693	11,235,722	18,766,847	8,785,454
France	150	83	33	31,441,070	2,761,623	3,746,691	1,859,642
Germany	1,039	379	63	42,263,748	8,308,944	7,799,612	5,366,198
Japan	1,944	571	465	253,676,245	25,410,929	23,440,508	4,272,351
Netherlands	856	144	56	62,215,207	6,255,503	11,610,890	6,816,811
Netherlands Antilles	668	115	73	6,833,388	1,834,890	880,208	326,445
South Korea	12	9	9	1,239,002	140,397	216,188	129,406
Sweden	95	10	13	17,171,273	1,548,008	3,687,065	2,654,851
Switzerland	239	91	25	51,492,918	4,883,182	8,573,200	3,785,186
United Kingdom	986	300	239	106,602,983	20,392,264	18,141,070	10,453,622

Footnotes at end of table.

Table 2. -- Foreign-Controlled Domestic Corporations, by Selected Industrial Grouping and Selected Country -- Continued

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

Selected industrial grouping and country [1]	Total deductions	Cost of sales and operations	Net income (less deficit)	Net income	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
All industries [2]	**1,149,096,569**	**761,458,568**	**-4,887,951**	**25,566,176**	**20,123,447**	**7,236,888**	**6,091,847**
Australia	17,809,100	10,219,060	-560,202	155,950	106,895	43,953	36,979
Belgium	13,362,019	9,548,167	657,796	871,705	863,368	297,713	139,443
Bermuda	13,968,846	9,726,785	-90,068	210,140	149,278	53,134	48,515
Canada	104,650,500	59,446,506	-1,009,305	2,705,527	1,703,462	597,587	537,327
France	66,748,202	47,350,699	-605,804	1,256,002	864,264	321,401	237,884
Germany	102,915,873	70,977,929	583,585	2,160,047	1,627,394	599,777	497,627
Japan	318,697,422	236,338,417	-4,228,475	3,989,516	3,289,177	1,234,390	1,162,545
Netherlands	116,168,334	77,058,500	40,557	2,357,011	1,787,299	637,211	531,015
Netherlands Antilles	18,035,899	11,626,774	-144,139	428,652	222,616	82,452	73,483
South Korea	11,085,924	9,330,930	-281,563	51,656	36,805	12,780	12,780
Sweden	22,661,688	15,093,177	-227,544	322,391	246,901	101,925	82,101
Switzerland	56,149,647	27,954,636	431,015	1,496,839	1,349,555	469,674	369,323
United Kingdom	176,332,880	103,377,402	3,171,904	6,855,647	6,008,176	2,108,192	1,878,597
Manufacturing [2]	**464,571,583**	**308,063,704**	**1,869,289**	**11,893,405**	**9,510,083**	**3,417,054**	**2,994,606**
Australia	10,872,631	5,476,519	-268,626	74,115	49,551	22,307	21,082
Belgium	5,610,148	4,010,925	-98,546	57,666	55,360	21,160	20,093
Bermuda	5,380,269	3,527,910	-63,301	72,931	65,955	22,684	20,359
Canada	44,899,654	31,712,506	390,163	1,295,944	807,003	294,168	261,440
France	35,641,902	24,302,383	-262,571	648,072	526,757	198,359	145,849
Germany	45,792,923	31,026,172	461,293	1,347,230	866,134	323,861	262,728
Japan	54,043,026	40,950,011	-1,622,343	843,474	654,986	244,866	230,688
Netherlands	78,914,289	56,662,851	169,595	1,025,205	792,722	282,940	221,079
Netherlands Antilles	2,080,610	1,324,461	86,161	137,727	131,041	45,251	38,080
South Korea	1,938,043	1,693,134	-94,361	2,062	31	9	9
Sweden	11,621,389	8,338,395	-69,901	136,769	92,726	40,764	26,543
Switzerland	33,982,628	16,871,945	430,966	981,793	929,087	322,016	280,595
United Kingdom	94,877,430	54,278,037	3,324,750	4,459,229	4,091,447	1,421,022	1,310,583
Wholesale trade [2]	**383,524,912**	**320,411,450**	**-1,342,916**	**3,740,316**	**2,750,988**	**1,003,144**	**952,473**
Australia	911,701	622,576	-38,969	5,616	2,636	1,572	1,361
Belgium	537,917	483,918	5,982	11,474	6,525	3,045	2,933
Bermuda	3,595,626	3,374,244	2,243	27,842	22,962	8,394	8,394
Canada	7,414,358	5,692,330	-259,986	86,187	74,437	25,091	23,868
France	18,270,047	16,234,596	80,334	249,264	107,570	39,142	38,195
Germany	30,720,990	23,736,984	-104,430	325,540	266,106	95,215	92,752
Japan	213,266,689	179,079,503	-344,163	1,662,782	1,384,043	510,658	500,135
Netherlands	13,554,238	11,122,973	116,962	346,525	177,360	67,963	62,753
Netherlands Antilles	1,626,731	1,481,322	-37,540	4,712	**	426	426
South Korea	8,424,611	7,172,877	-166,410	31,548	18,802	6,693	6,693
Sweden	5,891,277	4,321,756	-91,423	53,138	45,384	23,748	18,674
Switzerland	7,673,711	6,150,071	-58,623	105,466	75,360	26,367	25,868
United Kingdom	35,646,977	30,256,279	-256,436	374,772	316,864	109,149	91,044
Finance, insurance, and real estate [2]	**112,257,824**	**23,953,292**	**-1,615,839**	**5,408,802**	**4,330,764**	**1,532,044**	**1,335,588**
Australia	617,338	90,231	-136,906	28,096	22,493	7,405	7,246
Belgium	219,310	9,265	3,733	9,130	8,048	2,718	2,006
Bermuda	805,961	467,427	49,175	66,997	49,754	17,549	16,683
Canada	18,873,435	4,899,448	-107,145	712,428	405,873	131,315	116,260
France	3,642,828	1,456,410	104,237	188,811	132,570	48,522	22,202
Germany	7,685,152	3,025,407	43,687	189,176	229,062	82,032	49,792
Japan	24,194,271	1,261,606	-814,703	1,169,114	1,023,278	391,582	354,224
Netherlands	11,468,437	3,343,165	72,540	691,941	588,834	202,016	200,383
Netherlands Antilles	951,407	145,697	-77,331	136,323	65,996	22,406	21,898
South Korea	206,354	74,748	9,460	10,897	10,823	3,661	3,661
Sweden	3,697,721	1,519,905	-60,017	109,070	94,302	32,310	32,192
Switzerland	8,515,696	1,732,711	216,075	338,587	283,182	99,262	42,829
United Kingdom	17,619,082	4,304,733	436,399	1,176,441	934,177	325,366	319,982

** Data not shown to avoid disclosure of information about specific corporations.

[1] This table includes only those countries with $10 billion or more of total receipts (column 6) for 1991, at the all industry level. Country information is based on the location of the owner's country of residence, incorporation, organization, creation, or administration, as reported on returns of domestic corporations with foreign owners.

[2] Includes countries not specifically listed below.

Table 3. -- Foreign-Controlled Domestic Corporations: Selected Items, by Selected Industrial Grouping and Size of Total Assets

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

Selected industrial grouping and size of total assets	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
All industries	**48,247**	**1,827,338**	**415,126**	**1,143,823**	**-4,888**	**25,566**	**20,123**	**7,237**	**6,092**
Zero assets [1]	1,915	--	--	9,856	-180	278	169	52	45
$1 under $100,000	10,997	317	-2,747	1,144	-291	53	27	5	3
$100,000 under $250,000	5,287	917	-556	2,584	-355	47	10	1	1
$250,000 under $500,000	6,151	2,123	-2,170	4,006	-297	116	75	22	17
$500,000 under $1,000,000	5,383	4,075	-978	6,439	-147	237	142	38	38
$1,000,000 under $5,000,000	9,770	22,280	2,879	30,693	-763	935	720	237	225
$5,000,000 under $10,000,000	2,691	19,229	3,955	22,554	-518	696	528	183	176
$10,000,000 under $25,000,000	2,483	39,575	9,296	42,575	-1,220	1,074	732	264	253
$25,000,000 under $50,000,000	1,192	41,775	9,880	49,913	-926	1,283	958	341	311
$50,000,000 under $100,000,000	833	59,087	15,838	62,236	-863	1,452	1,125	409	381
$100,000,000 under $250,000,000	688	109,665	30,973	101,663	-1,235	2,256	1,625	603	528
$250,000,000 or more	856	1,528,294	348,755	810,157	1,905	17,141	14,013	5,082	4,114
Manufacturing	**6,606**	**581,938**	**204,918**	**466,122**	**1,869**	**11,893**	**9,510**	**3,417**	**2,995**
Zero assets [1]	197	--	--	1,857	13	122	40	8	7
$1 under $100,000	1,519	32	-74	136	-33	7	7	1	1
$100,000 under $250,000	417	72	15	83	-9	--	--	--	--
$250,000 under $500,000	427	155	29	162	-48	2	2	(2)	(2)
$500,000 under $1,000,000	437	369	70	844	-29	18	18	4	4
$1,000,000 under $5,000,000	1,247	2,958	553	6,734	-56	274	234	78	76
$5,000,000 under $10,000,000	562	3,971	881	6,357	-193	172	139	48	45
$10,000,000 under $25,000,000	690	11,229	2,648	15,018	-395	382	273	101	96
$25,000,000 under $50,000,000	375	13,158	3,843	16,506	-16	619	470	170	152
$50,000,000 under $100,000,000	258	18,434	5,971	21,625	-106	595	486	177	166
$100,000,000 under $250,000,000	207	32,141	11,402	34,691	-420	916	738	273	227
$250,000,000 or more	270	499,420	179,580	362,109	3,162	8,788	7,103	2,559	2,221
Wholesale trade	**12,795**	**211,767**	**44,955**	**382,138**	**-1,343**	**3,740**	**2,751**	**1,003**	**952**
Zero assets [1]	173	--	--	5,385	-76	28	27	11	11
$1 under $100,000	3,309	85	-128	432	-69	12	1	(2)	(2)
$100,000 under $250,000	1,180	237	72	1,164	-67	6	6	1	1
$250,000 under $500,000	2,113	719	-73	1,995	-93	38	12	2	2
$500,000 under $1,000,000	1,440	1,102	61	2,577	-45	74	47	14	14
$1,000,000 under $5,000,000	2,781	6,349	859	14,032	-200	271	223	70	70
$5,000,000 under $10,000,000	602	4,370	305	9,584	-41	179	157	53	52
$10,000,000 under $25,000,000	590	9,479	1,378	16,881	-124	338	214	75	74
$25,000,000 under $50,000,000	249	8,713	1,233	21,627	-162	261	187	65	61
$50,000,000 under $100,000,000	146	10,171	2,037	25,221	-44	334	264	93	88
$100,000,000 under $250,000,000	101	16,509	4,530	39,529	-44	360	257	95	92
$250,000,000 or more	111	154,032	34,680	243,712	-379	1,838	1,357	525	489
Finance, insurance, and real estate	**14,352**	**797,976**	**94,908**	**110,835**	**-1,616**	**5,409**	**4,331**	**1,532**	**1,336**
Zero assets [1]	301	--	--	253	-72	35	36	12	12
$1 under $100,000	2,889	122	-2,453	107	-144	18	6	2	(2)
$100,000 under $250,000	1,219	217	-12	65	-60	2	2	(2)	(2)
$250,000 under $500,000	1,901	671	124	95	24	62	50	17	12
$500,000 under $1,000,000	1,961	1,471	-915	257	-41	41	26	6	6
$1,000,000 under $5,000,000	3,286	7,483	961	1,425	-297	100	72	22	20
$5,000,000 under $10,000,000	948	6,758	2,147	1,260	-121	148	96	34	34
$10,000,000 under $25,000,000	718	11,074	3,533	1,656	-376	117	56	21	21
$25,000,000 under $50,000,000	315	11,035	2,694	2,178	-346	163	105	38	37
$50,000,000 under $100,000,000	260	18,626	4,830	4,256	-340	270	195	70	64
$100,000,000 under $250,000,000	222	35,283	6,942	6,859	-307	517	358	124	114
$250,000,000 or more	331	705,237	77,056	92,423	464	3,935	3,330	1,186	1,014

[1] In general, this size grouping includes final returns of liquidating or dissolving corporations which had disposed of all assets, final returns of merging corporations whose assets were reported in the returns of the acquiring corporations, and part-year returns of corporations (except initial returns of newly incorporated businesses).

[2] Less than $500,000.

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

Table 4. -- Foreign-Controlled Domestic Corporations Compared With Other Domestic Corporations, by Age of Corporations

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

Items, percentages	Foreign-controlled domestic corporations			Other domestic corporations [1]		
	All corporations	New corporations	Old corporations	All corporations	New corporations	Old corporations
	(1)	(2)	(3)	(4)	(5)	(6)
Items						
Number of returns, total	**48,247**	**15,262**	**32,986**	**2,046,312**	**375,011**	**1,671,302**
With net income	18,799	4,433	14,366	1,070,910	156,766	914,144
With total income tax after credits	13,108	3,176	9,932	780,602	125,699	654,903
Total assets	1,827,338	257,163	1,570,175	16,432,522	835,369	15,597,154
Returns with net income	972,357	89,727	882,629	12,813,117	570,248	12,242,869
Returns with deficit [2]	854,981	167,436	687,545	3,619,405	265,121	3,354,285
Net worth	415,126	53,417	361,709	4,659,478	288,637	4,370,841
Returns with net income	255,562	16,033	239,528	4,077,081	236,787	3,840,293
Returns with deficit [2]	159,565	37,384	122,181	582,397	51,849	530,548
Total receipts	1,143,823	118,994	1,024,828	8,510,241	402,347	8,107,894
Returns with net income	671,249	48,612	622,637	6,457,934	229,299	6,228,635
Returns with deficit [2]	472,573	70,382	402,191	2,052,307	173,048	1,879,259
Total receipts less total deductions	-5,274	-4,269	-1,005	324,928	8,058	316,870
Returns with net income	25,286	2,017	23,269	437,260	19,972	417,288
Returns with deficit [2]	-30,560	-6,287	-24,273	-112,333	-11,914	-100,419
Net income (less deficit)	-4,888	-4,210	-677	320,455	6,387	314,068
Net income	25,566	2,057	23,510	441,195	19,269	421,926
Deficit	30,454	6,267	24,187	120,740	12,882	107,858
Income subject to tax	20,123	1,760	18,363	327,462	9,685	317,776
Total income tax:						
Before credits	7,237	641	6,596	112,970	3,235	109,734
After credits	6,092	577	5,515	85,570	2,812	82,758
Percentages						
Percentage of returns with:						
Net income	38.96	29.05	43.55	52.33	41.80	54.70
Total income tax after credits	27.17	20.81	30.11	38.15	33.52	39.19
Net worth as a percentage of total assets:						
All returns	22.72	20.77	23.04	28.36	34.55	28.02
Returns with net income	26.28	17.87	27.14	31.82	41.52	31.37
Returns with deficit [2]	18.66	22.33	17.77	16.09	19.56	15.82
All returns: Net income (less deficit) as a percentage of:						
Total assets	-0.27	-1.64	-0.01	1.95	0.76	2.01
Total receipts	-0.43	-3.54	-0.01	3.77	1.59	3.87
Net worth	-1.18	-7.88	-0.02	6.88	2.21	7.19
Returns with net income: Net income as a percentage of:						
Total assets	2.63	2.29	2.66	3.44	3.38	3.45
Total receipts	3.81	4.23	3.78	6.83	8.40	6.77
Net worth	10.00	12.83	9.82	10.82	8.14	10.99
Returns with deficit [2]: Deficit as a percentage of:						
Total assets	3.56	3.74	3.52	3.34	4.86	3.22
Total receipts	6.44	8.90	6.01	5.88	7.44	5.74
Net worth	19.09	16.76	19.80	20.73	24.85	20.33
Total income tax after credits as a percentage of:						
Total assets	0.33	0.22	0.35	0.52	0.34	0.53
Total receipts	0.53	0.48	0.54	1.01	0.70	1.02
Net worth	1.47	1.08	1.52	1.84	0.97	1.89

[1] Includes Forms 1120, 1120A, 1120L, 1120-RIC, 1120-REIT, and 1120PC. Excludes Forms 1120S and 1120-IC-DISC, as well as foreign-controlled domestic corporations.

[2] Includes "breakeven" returns, i.e., those with equal amounts of receipts and deductions.

NOTES: "New" corporations represent those with dates of incorporation of 1989 and after (i.e., through June 1992). "Old" corporations are those with dates of incorporation of 1988 and before, or with unreported dates of incorporation. Detail may not add to totals because of rounding.

Table 5. -- Foreign-Controlled Domestic Corporations Compared With Other Domestic Corporations, by Selected Industrial Grouping

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

Items, percentages	All industries: Foreign-controlled domestic corporations	All industries: Other domestic corporations [1]	Manufacturing: Foreign-controlled domestic corporations	Manufacturing: Other domestic corporations [1]
	(1)	(2)	(3)	(4)
Items				
Number of returns, total	**48,247**	**2,046,312**	**6,606**	**177,838**
With net income	18,799	1,070,910	2,975	101,316
With total income tax after credits	13,108	780,602	2,797	76,521
Total assets	**1,827,337,643**	**16,432,522,235**	**581,937,757**	**3,306,343,253**
Returns with net income	972,356,626	12,813,116,773	339,664,109	2,404,163,059
Returns with deficit [2]	854,981,017	3,619,405,462	242,273,648	902,180,193
Liabilities	1,412,211,208	11,773,044,070	377,019,424	2,089,804,234
Returns with net income	716,795,118	8,736,035,805	200,262,744	1,372,233,358
Returns with deficit [2]	695,416,090	3,037,008,266	176,756,680	717,570,875
Net worth	415,126,435	4,659,478,165	204,918,333	1,216,539,019
Returns with net income	255,561,508	4,077,080,968	139,401,365	1,031,929,701
Returns with deficit [2]	159,564,927	582,397,196	65,516,968	184,609,318
Total receipts	**1,143,822,530**	**8,510,240,957**	**466,122,225**	**2,888,941,080**
Returns with net income	671,249,480	6,457,933,926	282,606,392	2,157,737,726
Returns with deficit [2]	472,573,050	2,052,307,031	183,515,833	731,203,353
Business receipts (all returns)	1,033,597,403	7,231,932,196	443,143,910	2,666,207,251
Interest on State and local Government obligations (all returns)	568,622	35,362,223	32,120	1,633,342
Other interest (all returns)	67,435,413	765,101,737	8,821,168	71,361,497
Total deductions	**1,149,096,569**	**8,185,313,404**	**464,571,583**	**2,791,456,024**
Returns with net income	645,963,564	6,020,673,854	270,929,073	2,024,009,763
Returns with deficit [2]	503,133,006	2,164,639,550	193,642,511	767,446,260
Cost of sales and operations (all returns)	761,458,568	4,738,576,984	308,063,704	1,836,127,721
Interest paid (all returns)	75,844,923	588,722,657	21,533,509	119,942,899
Depreciation (all returns)	33,687,120	269,868,297	15,424,356	99,023,484
Taxes paid (all returns)	19,213,606	201,943,319	10,512,655	70,511,551
Amortization (all returns)	6,328,789	26,365,036	2,526,414	10,401,090
Total receipts less total deductions	**-5,274,039**	**324,927,553**	**1,550,642**	**97,485,056**
Returns with net income	25,285,916	437,260,072	11,677,319	133,727,963
Returns with deficit [2]	-30,559,956	-112,332,519	-10,126,678	-36,242,907
Constructive taxable income from related foreign corporations	954,711	30,889,688	350,767	23,919,116
Net income (less deficit)	**-4,887,951**	**320,455,018**	**1,869,289**	**119,770,830**
Net income	25,566,176	441,194,814	11,893,405	154,406,478
Deficit	30,454,127	120,739,796	10,024,116	34,635,647
Total statutory special deductions	5,831,963	115,945,289	2,592,504	12,142,302
Net operating loss deduction	4,742,644	35,631,783	1,929,409	6,418,945
Income subject to tax	20,123,447	327,461,789	9,510,083	143,065,609
Total income tax before credits	**7,236,888**	**112,969,903**	**3,417,054**	**50,439,228**
Regular tax	6,775,211	108,684,510	3,216,111	48,537,049
Alternative minimum tax	430,056	4,870,227	184,237	1,706,452
Total credits	1,145,041	27,400,107	422,447	21,364,111
Foreign tax credit	727,416	20,363,893	181,900	16,724,043
General business credit	182,567	2,020,878	127,159	765,711
Prior year minimum tax credit	104,710	1,410,146	47,766	418,430
Total income tax after credits	**6,091,847**	**85,569,796**	**2,994,606**	**29,075,117**
Returns with net income	5,974,550	84,846,204	2,946,937	28,857,487
Worldwide income tax [3]	6,819,263	105,933,689	3,176,506	45,799,160
Returns with net income	6,701,966	105,206,276	3,128,837	45,581,530

Footnotes at end of table.

Table 5. – Foreign-Controlled Domestic Corporations Compared With Other Domestic Corporations, by Selected Industrial Grouping – Continued

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

Items, percentages	All industries		Manufacturing	
	Foreign-controlled domestic corporations	Other domestic corporations [1]	Foreign-controlled domestic corporations	Other domestic corporations [1]
	(1)	(2)	(3)	(4)
Percentages				
Percentage of returns with:				
Net income	38.96	52.33	45.03	56.97
Total income tax after credits	27.17	38.15	42.34	43.03
Returns with net income as a percentage of all returns, as measured by:				
Total assets	53.21	77.97	58.37	72.71
Total receipts	58.68	75.88	60.63	74.69
Net worth	61.56	87.50	68.03	84.83
Net worth as a percentage of total assets	22.72	28.36	35.21	36.79
Cost of sales and operations as a percentage of:				
Total receipts	66.57	55.68	66.09	63.56
Business receipts	73.67	65.52	69.52	68.87
Business receipts less cost of sales and operations as a percentage of business receipts (gross profit margin)	26.33	34.48	30.48	31.13
Interest paid as a percentage of:				
Total assets	4.15	3.58	3.70	3.63
Liabilities	5.37	5.00	5.71	5.74
Total receipts	6.63	6.92	4.62	4.15
Depreciation as a percentage of:				
Total assets	1.84	1.64	2.65	2.99
Total receipts	2.95	3.17	3.31	3.43
Amortization as a percentage of:				
Total assets	0.35	0.16	0.43	0.31
Total receipts	0.55	0.31	0.54	0.36
Total receipts less total deductions as a percentage of:				
Total assets	-0.29	1.98	0.27	2.95
Total receipts	-0.46	3.82	0.33	3.37
Net worth	-1.27	6.97	0.76	8.01
All returns: Net income (less deficit) as a percentage of:				
Total assets	-0.27	1.95	0.32	3.62
Total receipts	-0.43	3.77	0.40	4.15
Net worth	-1.18	6.88	0.91	9.85
Returns with net income: Net income as a percentage of:				
Total assets	2.63	3.44	3.50	6.42
Total receipts	3.81	6.83	4.21	7.16
Net worth	10.00	10.82	8.53	14.96
Returns with deficit [2]: Deficit as a percentage of:				
Total assets	3.56	3.34	4.14	3.84
Total receipts	6.44	5.88	5.46	4.74
Net worth	19.09	20.73	15.30	18.76
Net operating loss deduction as a percentage of net income	18.55	8.08	16.22	4.16
All returns: Total income tax after credits as a percentage of:				
Total assets	0.33	0.52	0.51	0.88
Total receipts	0.53	1.01	0.64	1.01
Net worth	1.47	1.84	1.46	2.39
Returns with net income: Total income tax after credits as a percentage of:				
Total assets	0.61	0.66	0.87	1.20
Total receipts	0.89	1.31	1.04	1.34
Net worth	2.34	2.08	2.11	2.80
Worldwide income tax as a percentage of [3]:				
Total assets	0.37	0.64	0.55	1.39
Total receipts	0.60	1.24	0.68	1.59
Net worth	1.64	2.27	1.55	3.76

Footnotes at end of table.

Table 5. – Foreign-Controlled Domestic Corporations Compared With Other Domestic Corporations, by Selected Industrial Grouping – Continued

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

Items, percentages	Wholesale trade: Foreign-controlled domestic corporations	Wholesale trade: Other domestic corporations [1]	Finance, insurance, and real estate: Foreign-controlled domestic corporations	Finance, insurance, and real estate: Other domestic corporations [1]
	(5)	(6)	(7)	(8)
Items				
Number of returns, total	**12,795**	**199,701**	**14,352**	**340,505**
With net income	5,937	109,564	4,240	184,409
With total income tax after credits	3,715	84,695	2,878	137,591
Total assets	**211,767,252**	**367,327,408**	**797,976,417**	**9,837,946,803**
Returns with net income	106,821,203	295,819,610	451,197,503	7,855,781,425
Returns with deficit [2]	104,946,049	71,507,798	346,778,914	1,982,165,378
Liabilities	166,812,502	270,040,078	703,067,998	7,441,221,385
Returns with net income	78,964,231	209,415,935	394,670,876	5,764,659,989
Returns with deficit [2]	87,848,271	60,624,144	308,397,123	1,676,561,396
Net worth	44,954,750	97,287,330	94,908,419	2,396,725,418
Returns with net income	27,856,972	86,403,675	56,526,627	2,091,121,436
Returns with deficit [2]	17,097,778	10,883,654	38,381,791	305,603,982
Total receipts	**382,137,841**	**854,544,501**	**110,835,450**	**1,699,824,844**
Returns with net income	235,161,329	662,633,679	68,769,569	1,387,514,891
Returns with deficit [2]	146,976,513	191,910,822	42,065,880	312,309,952
Business receipts (all returns)	369,889,829	830,024,858	49,117,828	824,442,496
Interest on State and local Government obligations (all returns)	17,773	131,126	513,151	31,447,697
Other interest (all returns)	5,692,397	10,050,049	48,034,314	640,424,196
Total deductions	**383,524,912**	**846,012,288**	**112,257,824**	**1,545,320,036**
Returns with net income	231,429,945	647,794,811	63,373,582	1,208,915,409
Returns with deficit [2]	152,094,968	198,217,477	48,884,241	336,404,626
Cost of sales and operations (all returns)	320,411,450	681,767,944	23,953,292	514,525,210
Interest paid (all returns)	8,972,218	14,624,425	35,597,244	341,488,533
Depreciation (all returns)	7,143,194	8,259,035	3,535,617	29,421,649
Taxes paid (all returns)	2,510,252	10,560,274	2,487,504	28,468,445
Amortization (all returns)	1,769,488	813,543	572,429	4,623,864
Total receipts less total deductions	**-1,387,071**	**8,532,213**	**-1,422,374**	**154,504,808**
Returns with net income	3,731,384	14,838,868	5,395,987	178,599,482
Returns with deficit [2]	-5,118,455	-6,306,655	-6,818,361	-24,094,674
Constructive taxable income from related foreign corporations	61,927	1,416,006	319,686	3,183,088
Net income (less deficit)	**-1,342,916**	**9,817,092**	**-1,615,839**	**126,240,200**
Net income	3,740,316	16,077,582	5,408,802	160,450,046
Deficit	5,083,232	6,260,490	7,024,641	34,209,846
Total statutory special deductions	1,005,997	2,633,578	1,218,780	87,259,197
Net operating loss deduction	951,127	2,335,315	892,537	14,817,672
Income subject to tax	2,750,988	13,463,268	4,330,764	74,330,103
Total income tax before credits	**1,003,144**	**4,304,824**	**1,532,044**	**24,976,891**
Regular tax	921,961	4,217,196	1,451,046	24,719,783
Alternative minimum tax	76,927	75,297	71,385	1,208,927
Total credits	50,671	639,408	196,456	2,226,447
Foreign tax credit	18,839	592,132	146,575	1,445,389
General business credit	15,529	30,426	15,205	213,203
Prior year minimum tax credit	16,281	14,775	26,613	551,011
Total income tax after credits	**952,473**	**3,665,416**	**1,335,588**	**22,750,444**
Returns with net income	940,215	3,653,949	1,318,364	22,558,173
Worldwide income tax [3]	971,312	4,257,548	1,482,163	24,195,833
Returns with net income	959,054	4,246,081	1,464,939	23,999,927

Footnotes at end of table.

Table 5. -- Foreign-Controlled Domestic Corporations Compared With Other Domestic Corporations, by Selected Industrial Grouping -- Continued

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

Items, percentages	Wholesale trade		Finance, insurance, and real estate	
	Foreign-controlled domestic corporations	Other domestic corporations [1]	Foreign-controlled domestic corporations	Other domestic corporations [1]
	(5)	(6)	(7)	(8)
Percentages				
Percentage of returns with:				
Net income	46.40	54.86	29.54	54.16
Total income tax after credits	29.03	42.41	20.05	40.41
Returns with net income as a percentage of all returns, as measured by:				
Total assets	50.44	80.53	56.54	79.85
Total receipts	61.54	77.54	62.05	81.63
Net worth	61.97	88.81	59.56	87.25
Net worth as a percentage of total assets	21.23	26.49	11.89	24.36
Cost of sales and operations as a percentage of:				
Total receipts	83.85	79.78	21.61	30.27
Business receipts	86.62	82.14	48.77	62.41
Business receipts less cost of sales and operations as a percentage of business receipts (gross profit margin)	13.38	17.86	51.23	37.59
Interest paid as a percentage of:				
Total assets	4.24	3.98	4.46	3.47
Liabilities	5.38	5.42	5.06	4.59
Total receipts	2.35	1.71	32.12	20.09
Depreciation as a percentage of:				
Total assets	3.37	2.25	0.44	0.30
Total receipts	1.87	0.97	3.19	1.73
Amortization as a percentage of:				
Total assets	0.84	0.22	0.07	0.05
Total receipts	0.46	0.10	0.52	0.27
Total receipts less total deductions as a percentage of:				
Total assets	-0.65	2.32	-0.18	1.57
Total receipts	-0.36	1.00	-1.28	9.09
Net worth	-3.09	8.77	-1.50	6.45
All returns: Net income (less deficit) as a percentage of:				
Total assets	-0.63	2.67	-0.20	1.28
Total receipts	-0.35	1.15	-1.46	7.43
Net worth	-2.99	10.09	-1.70	5.27
Returns with net income: Net income as a percentage of:				
Total assets	3.50	5.43	1.20	2.04
Total receipts	1.59	2.43	7.87	11.56
Net worth	13.43	18.61	9.57	7.67
Returns with deficit [2]: Deficit as a percentage of:				
Total assets	4.84	8.75	2.03	1.73
Total receipts	3.46	3.26	16.70	10.95
Net worth	29.73	57.52	18.30	11.19
Net operating loss deduction as a percentage of net income	25.43	14.53	16.50	9.24
All returns: Total income tax after credits as a percentage of:				
Total assets	0.45	1.00	0.17	0.23
Total receipts	0.25	0.43	1.21	1.34
Net worth	2.12	3.77	1.41	0.95
Returns with net income: Total income tax after credits as a percentage of:				
Total assets	0.88	1.24	0.29	0.29
Total receipts	0.40	0.55	1.92	1.63
Net worth	3.38	4.23	2.33	1.08
Worldwide income tax as a percentage of [3]:				
Total assets	0.46	1.16	0.19	0.25
Total receipts	0.25	0.50	1.34	1.42
Net worth	2.16	4.38	1.56	1.01

[1] Includes Forms 1120, 1120A, 1120L, 1120-RIC, 1120-REIT, and 1120PC. Excludes Forms 1120S and 1120-IC-DISC, as well as foreign-controlled domestic corporations.

[2] Includes "breakeven" returns, i.e., those with equal amounts of receipts and deductions.

[3] Worldwide income tax is approximated by the addition of total U.S. income tax after credits plus foreign tax credit.

Table 6.--Foreign-Controlled Domestic Corporations: Selected Items, by Selected Industrial Groups, Tax Years 1990 and 1991

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

Selected industrial groups	1990			1991		
	Total receipts	Net income (less deficit)	Total income tax after credits	Total receipts	Net income (less deficit)	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)
All industries [1]	**1,060,295**	**3,966**	**7,438**	**1,143,823**	**-4,888**	**6,092**
Agriculture, forestry, and fishing	**1,540**	**-9**	**25**	**1,270**	**-92**	**10**
Mining	**18,214**	**646**	**154**	**17,984**	**358**	**119**
Metal mining	3,775	-237	65	3,647	-197	46
Coal mining	6,482	108	27	5,008	-123	9
Oil and gas extraction	6,545	772	47	7,611	676	50
Nonmetallic minerals, except fuels	1,412	2	14	1,718	3	15
Construction	**13,423**	**-338**	**17**	**12,301**	**-352**	**27**
General building contractors and operative builders	9,285	-258	2	7,850	-366	1
Heavy construction contractors	2,979	-98	3	3,054	46	15
Special trade contractors	1,159	18	12	1,397	-32	12
Manufacturing	**446,045**	**8,119**	**4,340**	**466,122**	**1,869**	**2,995**
Food and kindred products	44,352	451	197	48,211	782	257
Tobacco manufactures	5,863	1,429	482	4,418	297	105
Textile mill products	4,207	21	48	5,383	55	61
Apparel and other textile products	2,023	-72	12	2,292	-80	15
Lumber and wood products	3,158	32	27	3,260	-57	6
Furniture and fixtures	1,169	-35	5	2,012	-47	10
Paper and allied products	6,728	48	70	9,759	4	85
Printing and publishing	19,468	210	78	20,851	-259	57
Chemicals and allied products	82,653	2,608	1,011	84,609	1,801	861
Petroleum (including integrated) and coal products	88,137	4,283	1,482	77,726	1,779	518
Rubber and miscellaneous plastics products	8,877	-271	26	14,519	-640	38
Leather and leather products	5,892	206	27	7,089	143	32
Stone, clay, and glass products	16,354	-338	75	14,420	-722	39
Primary metal industries	26,073	137	103	25,401	-328	75
Fabricated metal products	14,011	-168	59	18,813	-90	112
Machinery, except electrical	33,540	64	148	25,067	-680	117
Electrical and electronic equipment	41,321	-215	233	49,274	-274	248
Motor vehicles and equipment	14,560	-305	41	17,896	-505	33
Transportation equipment, except motor vehicles	4,379	47	29	4,399	-74	16
Instruments and related products	12,313	-191	78	15,540	595	156
Transportation and public utilities	**15,753**	**37**	**118**	**19,485**	**204**	**160**
Transportation	11,242	-89	80	14,635	91	125
Wholesale and retail trade [2]	**416,072**	**-2,558**	**1,416**	**465,849**	**-2,779**	**1,225**
Wholesale trade	341,042	-810	1,133	382,138	-1,343	952
Groceries and related products	16,225	-56	28	18,844	103	61
Machinery, equipment, and supplies	26,987	-45	122	28,810	-182	113
Miscellaneous wholesale trade	297,830	-709	983	334,484	-1,264	779
Motor vehicles and automotive equipment	85,663	150	416	94,408	-426	248
Sporting, recreational, photographic, and hobby goods, toys, and supplies	11,810	183	119	12,478	59	65
Metals and minerals, except petroleum and scrap	45,669	-86	44	44,510	-354	24
Electrical goods	39,865	-963	97	42,748	-389	91
Apparel, piece goods, and notions	15,078	-77	29	15,723	-168	20
Farm-product raw materials	26,214	70	15	26,530	209	20
Petroleum and petroleum products	15,436	100	35	22,702	83	17
Retail trade	74,922	-1,739	282	82,163	-1,405	272
General merchandise stores	13,462	-1,316	6	12,914	-572	6
Food stores	29,505	325	164	35,487	322	162
Finance, insurance, and real estate	**112,518**	**-654**	**1,154**	**110,835**	**-1,616**	**1,336**
Banking	25,546	-132	270	22,301	-368	244
Credit agencies other than banks	10,000	86	99	9,836	-207	105
Security, commodity brokers, and services	28,410	-181	60	18,037	568	160
Insurance	24,757	265	177	39,327	983	366
Real estate	10,257	-1,419	119	9,732	-2,834	68
Holding and other investment companies, except bank holding companies	11,308	371	309	7,910	-227	227
Services	**36,665**	**-1,260**	**215**	**49,879**	**-2,487**	**217**
Business services	21,387	-384	126	23,545	-556	123
Amusement and recreation services	4,536	-408	15	11,615	-1,142	14

[1] Includes "Nature of business not allocable," which is not shown separately.

[2] Includes "Wholesale and retail trade not allocable," which is not shown separately.

Table 7. -- Domestic Corporations With 25 to 49 Percent Foreign Ownership: Selected Items, by Selected Industrial Groups and Size of Total Assets

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

Selected industrial groups and size of total assets	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All industries	**2,883**	**71,450**	**31,048**	**690**	**1,730**	**1,380**	**482**	**359**
Zero assets [1]	50	--	208	-142	6	1	([2])	([2])
$1 under $100,000	1,025	33	102	-13	6	([2])	([2])	([2])
$100,000 under $250,000	356	61	81	-19	--	--	--	--
$250,000 under $500,000	337	125	398	-12	2	1	([2])	([2])
$500,000 under $1,000,000	404	286	446	-24	9	8	2	2
$1,000,000 under $5,000,000	383	884	1,386	-14	46	37	12	12
$5,000,000 under $10,000,000	149	1,105	1,044	19	61	46	16	16
$10,000,000 under $25,000,000	69	1,091	1,221	-39	60	48	17	17
$25,000,000 under $50,000,000	29	966	1,077	4	87	82	29	28
$50,000,000 under $100,000,000	25	1,654	2,155	54	90	52	19	18
$100,000,000 under $250,000,000	25	3,646	2,987	35	182	156	54	21
$250,000,000 or more	31	61,600	19,945	842	1,181	949	331	245
Agriculture, forestry, and fishing	**66**	**220**	**204**	**17**	**41**	**27**	**9**	**9**
Mining	**59**	**1,772**	**634**	**-16**	**42**	**3**	**3**	**3**
Construction	**291**	**106**	**192**	**51**	**51**	**45**	**15**	**15**
Manufacturing	**297**	**17,835**	**14,340**	**322**	**781**	**584**	**207**	**131**
Printing and publishing	13	358	854	111	113	77	26	23
Chemicals and allied products	7	6,637	3,997	210	263	253	88	54
Primary metal industries	10	3,442	2,478	-140	3	3	1	1
Fabricated metal products	7	634	891	-68	1	1	([2])	([2])
Machinery, except electrical	28	3,237	2,879	122	160	145	51	30
Instruments and related products	28	2,007	1,756	166	185	59	24	6
Transportation and public utilities	**47**	**565**	**778**	**17**	**34**	**32**	**11**	**11**
Wholesale and retail trade	**942**	**3,608**	**7,395**	**256**	**415**	**408**	**139**	**97**
Wholesale trade	825	2,262	4,500	313	386	382	130	88
Finance, insurance, and real estate	**1,017**	**46,262**	**6,286**	**33**	**297**	**232**	**80**	**77**
Banking	10	1,826	184	-11	3	2	1	1
Credit agencies other than banks	4	7,297	456	47	48	38	13	12
Security, commodity brokers, and services	4	30,257	3,396	165	184	169	56	54
Insurance	3	4,141	1,705	-14	30	1	1	1
Real estate	602	998	157	-51	15	14	5	5
Holding and other investment companies, except bank holding companies	390	1,720	386	-102	17	8	4	4
Services	**164**	**1,082**	**1,218**	**10**	**68**	**48**	**17**	**16**

[1] In general, this size grouping includes final returns of liquidating or dissolving corporations which had disposed of all assets, final returns of merging corporations whose assets were reported in the returns of the acquiring corporations, and part-year returns of corporations (except initial returns of newly incorporated businesses).

[2] Less than $500,000.

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