Foreign-Controlled Domestic Corporations, 2011

by James R. Hobbs

For Tax Year 2011, some 76,793 foreign-controlled domestic corporations (FCDCs) collectively reported $4.6 trillion of receipts and $11.7 trillion of assets.[1] While Federal income tax returns for FCDCs accounted for just 1.3 percent of all United States (U.S.) corporate returns, they made up 16.2 percent of total receipts and 14.4 percent of total assets.[2] Foreign business activity in the U.S. can take several forms, including corporations. A foreign investor may own stock in a U.S. (i.e., domestic) company or one that operates in the U.S. as a branch of a foreign corporation.[3,4] The focus of this article is FCDCs, which are domestic corporations "controlled" by foreign persons. This control is ownership by one foreign "person," directly or indirectly, of 50 percent or more of a U.S. corporation's voting stock, or 50 percent or more of the value of all of the corporation's stock, at any time during the accounting period.[5,6] A person in this context is an entity, including an individual, corporation, partnership, estate, or trust. (See "Foreign person" and "Constructive ownership rules" in the Explanation of Selected Terms section of this article.)

Total receipts for FCDCs rose substantially, by 13.1 percent, compared to 8.2 percent for all corporations between 2010 and 2011. FCDCs accounted for 16.2 percent of total receipts reported by corporations in 2011, up from 15.5 percent in 2010. Total receipts includes all income actually (as opposed to constructively) received by a corporation and reported to the Internal Revenue Service (IRS) for the tax year.

Net profits, or "net income (less deficit)," reported by all FCDCs for tax purposes under the Internal Revenue Code decreased significantly to $79.8 billion for 2011, which was 19.5 percent lower than the $99.2 billion for 2010. Placed in context, net profits for all corporations totaled $1.3 trillion for 2011, a 2.5-percent decline from the $1.4 trillion for 2010. FCDC net profits accounted for 6.0 percent of all net profits reported by corporations for 2011, down from 7.3 percent from the previous year.

About 43 percent (33,358) of FCDCs reported positive profits (i.e., "net income") totaling $166.5 billion with taxable income (i.e., "income subject to tax") of $130.5 billion for 2011. The U.S. tax liability (i.e., "total income tax after credits") of FCDCs was $35.7 billion for 2011, up 7.6 percent from the prior year. In comparison, the U.S. tax liability reported on all corporate returns was $220.9 billion for 2011, slightly less than that for 2010. FCDCs accounted for 16.2 percent of the 2011 U.S. tax liability of all corporations, up from 14.9 percent for 2010.

Tax Return Forms

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

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[1] Data for Tax Year 2011 are based on FCDC income tax returns with accounting periods ending between July 2011 and June 2012. (See the Period Covered subsection under the "Data Sources and Limitations" section for additional information.) For additional Tax Year 2011 statistics covering foreign-controlled domestic corporations, see Tables 24 and 25 of *Statistics of Income—2011, Corporation Income Tax Returns*, IRS Publication 16 (http://www.irs.gov/uac/SOI-Tax-Stats-Corporation-Complete-Report). Statistics for tax years prior to 2011 are available in earlier editions of Publication 16. Additionally, for 2010 statistics covering FCDCs, see Hobbs, James R., "Foreign-Controlled Domestic Corporations, 2010," *Statistics of Income Bulletin*, Summer 2013, Volume 33, Number 1. In addition, FCDC data are included on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Foreign-Controlled-Domestic-Corporations.

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

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

[4] In addition to the foreign-controlled domestic corporations study discussed in this article, the Statistics of Income program conducts a separate study covering branches of foreign corporations operating in the United States. For the most recent statistics from that study, see Tables 10 and 11 that cover branch operations of foreign corporations with income "effectively connected" with a U.S. trade or business, in *Statistics of Income—2011, Corporation Income Tax Returns*, IRS Publication 16. Statistics for tax years prior to 2011 are available in earlier editions of Publication 16 and on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Foreign-Corporations-With-U.S.-Business-Operations.

[5] This study excludes returns of domestic corporations with stock owned by a single foreign person of 49 percent or less. However, the tax forms filed by domestic corporations do indicate the presence of 25-percent to 49-percent foreign owners, and the Statistics of Income program does separately compile data on these domestic corporations. For 2011, some 5,726 returns indicated a level of foreign ownership between 25 percent and 49 percent. These companies reported $229 billion of assets, $104 billion of receipts, $6 billion of taxable income, and $2 billion of total income tax after credits. All of these amounts were small in comparison to data for the corporations with at least 50-percent foreign ownership. The FCDC study also excludes domestic corporations with only foreign "portfolio" investors. A foreign portfolio investor, having only a minimal interest in a domestic company, exerts no control over the management of a domestic corporation, except to the extent, for example, of the right to vote in corporate stockholder meetings. A foreign portfolio investor primarily seeks dividend payments, an increase in the company's stock value, or both.

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

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

Growth of FCDCs, 1971–2011

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

A 10-year period (most recent data for Tax Years 2002-2011) shows that FCDC returns have been a rather constant percentage of all corporate return filings—between 1.0 percent and 1.3 percent. Foreign-controlled domestic corporations filed 61,615 returns for 2002 and 76,793 for 2011, a 24.6-percent increase. During this period, the number of U.S. corporation income tax returns grew by 10.6 percent, from 5.3 million to 5.8 million. This increase in total filings of U.S. corporation income tax returns has largely been due to the growth in the number of Forms 1120S filed by S corporations. Form 1120S returns made up 59.9 percent of all corporation returns (3.2 million of the total 5.3 million returns) for 2002, compared to 71.4 percent of all returns (4.2 million of the total 5.8 million returns) in 2011. FCDCs are not eligible to elect to be treated as S corporations for Federal income tax purposes. (See “S corporations” in the Explanation of Selected Terms section of this article.)

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

FCDCs, like many other corporations, could elect to file consolidated returns for affiliated groups of domestic corporations. For 2011, FCDCs filed 6,330 consolidated returns, accounting for 8.2 percent of all FCDC returns. These returns represented the majority of economic activity reported by all FCDCs. Specifically, they accounted for $10.0 trillion of assets (85.2 percent of the total for all FCDCs), $3.9 trillion of receipts (84.2 percent of the total), $72.5 billion of net profits (90.9 percent of the total), $105.0 billion of taxable income (80.5 percent of the total), and $27.9 billion of total income tax after credits (78.2 percent of the total).To the extent that FCDCs filed consolidated income tax returns, the data included in this article actually represent more corporations than the stated number of returns.

The growth of foreign investment in the U.S. by foreign-controlled domestic corporations during the last 10 years was evident in most of the financial items.[8] In particular, the assets of FCDCs rose 83.8 percent between 2002 ($6.4 trillion) and 2011 ($11.7 trillion), compared to 61.2 percent for those reported on all U.S. corporation income tax returns between 2002 ($50.4 trillion) and 2011 ($81.3 trillion).[9] As a result, the percentage of total corporate assets accounted for by FCDCs increased from 12.7 percent for 2002 to 14.4 percent for 2011 (Figure A).

Of the $11.7 trillion of assets reported by the 76,793 FCDCs for 2011, a small number of corporations accounted for a very large share of the assets. There were 421 FCDCs that each reported $2.5 billion or more of assets on their returns filed with IRS. Collectively, these corporations accounted for the largest amount ($9.9 trillion) and share (84.6 percent) of FCDC assets.

Total receipts of FCDCs increased by 82.7 percent between 2002 ($2.5 trillion) and 2011 ($4.6 trillion), compared to a 43.5-percent increase for all corporations between 2002 ($19.7 trillion) and 2011 ($28.3 trillion). As a result, the share of the receipts reported on all corporate returns attributed to FCDCs increased from 12.7 percent for 2002 to 16.2 percent for 2011, the highest share for any reported year.

Receipts, Deductions, and Profits

A corporation’s total receipts include all income “actually” received during the year. These receipts include business receipts, as well as investment and incidental income. Business receipts are gross receipts from sales and operations and frequently make up most of a corporation’s total receipts. For 2011, over 90 percent of the total receipts reported by domestic corporations controlled by a foreign person consisted of business receipts. (See “Total receipts” and “Business receipts” in the Explanation of Selected Terms section.) Investment income includes interest, dividends, and gains on the sale or exchange of both capital and noncapital assets. Interest, in turn, includes both taxable interest from all sources and nontaxable interest on State and local government obligations. Dividends include those received from both domestic and foreign corporations.

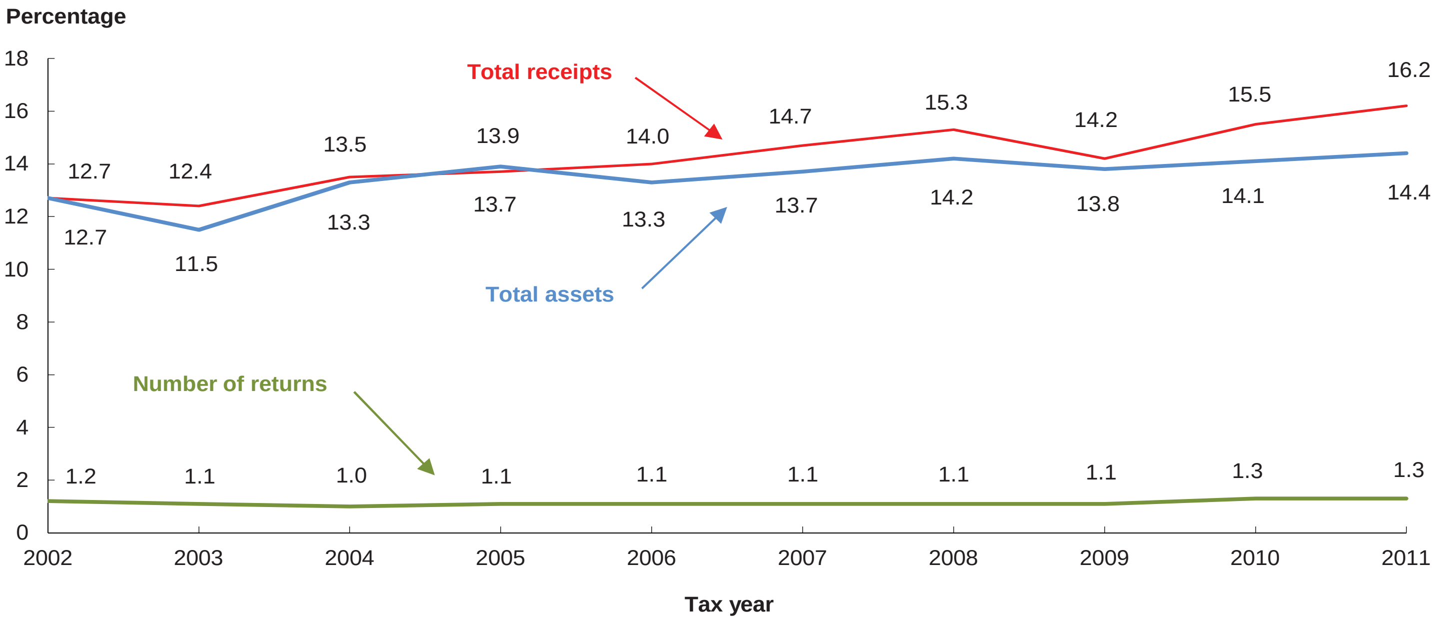
[7] As a result of the Statistics of Income (SOI) sampling process, data shown in this article for “all corporations” exclude certain out-of-scope returns, such as returns for homeowners’ associations (Form 1120-H), certain political organizations (Form 1120-POL), exempt farmers’ cooperatives (Form 1120-C), and nonprofit corporations. For a more complete listing of the returns excluded from the SOI corporation sample, see the Description of the Sample and Limitations of the Data section of *Statistics of Income—2011, Corporation Income Tax Returns.* On the other hand, in addition to legally defined corporations, the Internal Revenue Code recognizes many types of businesses as corporations, including joint stock companies and unincorporated associations (e.g., certain partnerships, savings and loan associations, mutual savings banks, cooperative banks, and business trusts). These organizations possess characteristics typical of the corporate form, such as continuity of life, limited liability of owners, and transferability of shares of capital ownership. They filed Forms 1120 and were included in the SOI corporation sample.

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

[9] The percentage changes in the assets between 2002 and 2011 of domestic corporations controlled by foreign persons, as well as those of all corporations, may overstate the actual “change in investment.” Assets are generally reported at book value on tax returns (i.e., the value at the time of acquisition). The book value of newly acquired assets is generally greater than the book value of similar assets they replaced.

Figure A

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations, Tax Years 2002–2011



SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

A domestic corporation, whether controlled by a foreign person or not, could have business activities in the United States and foreign countries. The estimates for total receipts include business activities in the U.S. and certain foreign activities as reported on tax returns of domestic corporations. The latter include the receipts of foreign branch operations of domestic companies and dividends remitted to U.S. corporations by their foreign subsidiaries.

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

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

All 76,793 FCDCs collectively produced $4.6 trillion of receipts for Tax Year 2011; however, a small portion of these corporations accounted for most of this amount. There were 1,676 corporations that each produced receipts of at least $250 million, accounting for $4.0 trillion, or nearly 88 percent of all FCDC receipts.

FCDCs produced substantially more total receipts during the year, rising 13 percent from $4.1 trillion in 2010 to $4.6 trillion in 2011 (Figure B). This was the second year in a row in which FCDC receipts increased substantially; 2010 receipts were 15 percent higher than those for 2009 ($3.5 trillion). With the two strong years of growth, FCDC receipts for 2011 exceeded the pre-recession total of $4.4 trillion for 2008. To put this in perspective, total receipts reported on all U.S. corporate income tax returns increased between 2010 and 2011 (up 8 percent) and between 2009 and 2010 (up 6 percent), but remained slightly less than the 2008 level.

Along with the increased receipts of FCDCs, these companies also substantially increased their costs as measured by total deductions, which rose by 14 percent, from $4.0 trillion in 2010

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

Figure B

Selected Items of Foreign-Controlled Domestic Corporations, Tax Years 2010-2011

[Money amounts are in millions of dollars]

Selected item	Tax year		Percentage change
	2010	2011	
	(1)	(2)	(3)
Number of returns, total	**73,210**	**76,793**	**4.9**
With net income	31,473	33,358	6.0
With total income tax after credits	23,088	24,121	4.5
Total assets	**11,245,199**	**11,732,552**	**4.3**
Net worth	2,317,910	2,435,171	5.1
Total receipts	**4,056,172**	**4,586,774**	**13.1**
Business receipts	3,671,712	4,203,240	14.5
Interest [1]	161,677	161,850	0.1
Royalties	18,139	19,677	8.5
Dividends received from domestic corporations	4,758	4,210	-11.5
Dividends received from foreign corporations	9,646	7,457	-22.7
Total deductions	**3,966,077**	**4,511,644**	**13.8**
Cost of goods sold	2,655,897	3,099,807	16.7
Compensation of officers	18,339	19,489	6.3
Salaries and wages [2]	279,307	294,768	5.5
Interest paid	136,187	134,886	-1.0
Depreciation	123,810	144,567	16.8
Total receipts less total deductions	**90,095**	**75,129**	**-16.6**
Constructive taxable income from related foreign corporations, total	**10,752**	**6,365**	**-40.8**
Includable income of controlled foreign corporations	5,218	2,588	-50.4
Foreign dividend income resulting from foreign taxes deemed paid	5,534	3,777	-31.7
Net income (less deficit)	**99,173**	**79,803**	**-19.5**
Net income	174,256	166,514	-4.4
Deficit	-75,083	-86,710	-15.5
Statutory special deductions, total	**50,415**	**41,540**	**-17.6**
Net operating loss deduction	41,611	33,610	-19.2
Income subject to tax	**127,237**	**130,503**	**2.6**
Total income tax before credits	**45,078**	**46,252**	**2.6**
Income tax	44,404	45,500	2.5
Alternative minimum tax	627	718	14.5
Total credits [3]	**11,900**	**10,555**	**-11.3**
Foreign tax credit	9,640	7,966	-17.4
General business credit	1,896	2,181	15.0
Total income tax after credits	**33,192**	**35,705**	**7.6**

[1] Excludes nontaxable interest received on State and local government obligations.
[2] Excludes amounts included in cost of goods sold.
[3] Includes other credits not shown separately.
NOTE: Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

to $4.5 trillion in 2011. Cost of goods sold was about two-thirds of total deductions in each year. This deduction item included the costs incurred by corporations in producing the goods or providing the services that generated their business receipts. Costs of materials used in manufacturing and of goods purchased for resale, as well as direct labor costs and a portion of overhead expenses, were included in the cost of goods sold. (See “Total deductions” and “Cost of goods sold” in the Explanation of Selected Terms section.)

It is noteworthy to look at the “gross profit” of FCDCs. Gross profit is the difference between business receipts and cost of goods sold. Two important industrial sectors for FCDCs, manufacturing and wholesale trade, accounted for most of the business receipts and cost of goods sold. In manufacturing, FCDCs reported $.79 of cost of goods sold for every dollar of business receipts, while the amount was $.75 for all other corporations classified in this sector, excluding S corporations because their income or losses are passed through to their shareholders. Thus, FCDCs as a group had smaller gross profits than other corporations, $.21 compared to $.25 for every dollar of business receipts. In wholesale trade, FCDCs as a group reported cost of goods sold of $.85 for every dollar of business receipts. The amount was slightly less ($.81) for all other corporations classified in this sector (again, excluding S corporations). As a result, FCDCs had smaller gross profits ($.15) than other wholesalers ($.19), for every dollar of business receipts.

Taxable interest received by FCDCs for 2011 amounted to $162 billion, or 3.5 percent of their total receipts. Interest paid by FCDCs for the year amounted to $135 billion, or 3.0 percent of their total deductions. Complete income statement statistics of FCDCs are shown in Tables 24 and 25 of *Statistics of Income—2011, Corporation Income Tax Returns,* IRS Publication 16.

The resulting difference between total receipts and total deductions decreased by nearly 17 percent to $75.1 billion for 2011, down from $90.1 billion for 2010. By comparison, total receipts less total deductions reported on all U.S. corporate income tax returns decreased only slightly (less than 1 percent) between 2010 and 2011.

FCDCs total receipts less total deductions equaled $75.1 billion for 2011, while net income (less deficit) amounted to $79.8 billion. Total receipts less total deductions include all income actually received by corporations, while net income (less deficit) focuses on taxable sources of corporate income, including "constructive" taxable income, which is made up of includable income from foreign corporations owned by U.S. shareholders and foreign dividend gross-up. (See "Constructive taxable income from related foreign corporations" in the Explanation of Selected Terms section for discussions of these terms.) Also, unlike total receipts less total deductions, net income (less deficit) excludes nontaxable interest on State and local government obligations.[11] For 2011, FCDCs reported $6.4 billion of constructive taxable income, and received $1.7 billion of nontaxable interest on State and local government obligations.

Net income (less deficit) reported by FCDCs decreased nearly 20 percent to $79.8 billion for 2011, down from $99.2 billion for the previous year. In comparison, net income (less deficit) reported on all corporation income tax returns decreased 2 percent to $1.3 trillion for 2011, down from $1.4 trillion reported for 2010.

The total FCDC net income (less deficit) reported for 2011 ($79.8 billion) resulted from 33,358 corporations collectively reporting $166.5 billion of positive net income and 43,435 companies reporting $86.7 billion of deficits.[12] Thus, more than four out of every ten (43 percent) domestic corporations with foreign owners reported a positive net income. In comparison, 58 percent of all corporations filing U.S. income tax returns reported a positive net income for the year.

The percentage of FCDCs reporting positive net income varied greatly among the different industrial groups. At the industrial sector level, the portion reporting positive net income ranged from a low of 23 percent for utilities to a high of 72 percent for arts, entertainment, and recreation. For the more predominant sectors of FCDCs, the percentages of profitable companies were 50 percent for manufacturing and 46 percent for wholesale trade.

The $86.7 billion of deficits for 2011 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" (NOL) in the Explanation of Selected Terms section). Net operating losses carried back to Tax Year 2011 from 2012 and beyond, and reported on Forms 1120X and 1139, are not included in the statistics shown in this article.[13] However, NOLs carried forward to Tax Year 2011 from prior years are included in the statistics and discussed in the next section.

Taxable Income and Taxes

For many corporations, taxable income (i.e., "income subject to tax") is generally equal to positive net income less statutory special deductions.[14] Statutory special deductions include deductions for net operating loss (NOL) carryovers from prior years and special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code. For FCDCs in 2011, the difference between the $166.5 billion of positive net income and $130.5 billion of taxable income was, for the most part, the result of statutory special deductions. The net operating loss deduction was $33.6 billion and accounted for most (81 percent) of the $41.5 billion of total statutory special deductions. In calculating taxable income for 2011, FCDCs reduced their positive net incomes by 20 percent using NOLs carried over from prior years. NOLs of taxable years prior to 2011 could first be carried back 2 years to reduce the taxable income of those years. Any remaining amounts of NOLs not used to decrease taxable income of those years, could be carried forward to offset taxable income for up to 20 years, including taxable income for 2011.

For 2011, foreign-controlled domestic corporations reported $130.5 billion of taxable income. This was the base on which $45.5 billion of income tax was computed. The $46.3 billion of total income tax before credits reported by FCDCs consisted primarily of the income tax, plus alternative minimum tax and certain other taxes. The alternative minimum tax was $0.7 billion. The remaining taxes comprised a very small part of the total.

Tax credits totaling $10.6 billion reduced the U.S. income tax liability of foreign-controlled domestic corporations from $46.3 billion to $35.7 billion for 2011. The largest credits claimed were $8.0 billion of foreign tax credits and $2.2 billion of general business credits. The $35.7 billion of total U.S. income tax after credits represent the tax liability as originally reported by taxpayers. However, this amount may differ from the actual

[11] In general, the computation of net income (less deficit) can be shown as follows:

Begin With: Total Receipts (includes Business Receipts)
Less: Total Deductions (includes Cost of Goods Sold)
Equals: Total Receipts Less Total Deductions
Plus: Constructive Taxable Income from Related Foreign Corporations (includes Includable Income from Controlled Foreign Corporations and Foreign Dividend Gross-Up)
Less: Nontaxable Interest on State and Local Government Obligations (included in Total Receipts, above)
Equals: Net Income (Less Deficit).

[12] The 43,435 companies reporting a deficit may include a small number of "break-even" companies, i.e., those whose receipts and deductions were equal.

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

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

income tax collected and the final income tax liability of corporations for the year. The originally reported tax liability does not take into account either: (1) IRS adjustments made as a result of tax examinations or enforcement activities, or (2) amended or superseded returns filed by the corporations. Among other reasons, corporations could file amended returns to use carryback provisions for net operating losses and unused foreign tax and general business credits earned in future tax years.

The percentage of FCDCs reporting U.S. tax liabilities (i.e., total income tax after credits) for 2011 was 31.4 percent, nearly the same as the 31.5 percent for 2010. However, the amount of tax liability reported by these FCDCs increased 7.6 percent to $35.7 billion for 2011 from $33.2 billion for 2010.[15]

Industry Characteristics

For 2011, foreign-controlled domestic corporations were involved in each of the 19 industrial sectors (treating wholesale trade and retail trade as separate sectors) listed in Figure C. However, 67 percent (51,795) of FCDCs reported primary business activities in one of the following industrial sectors: (1) wholesale trade (18,317); (2) real estate and rental and leasing (16,757); (3) professional, scientific, and technical services (9,602); and (4) manufacturing (7,119). By comparison, relatively few FCDCs were primarily utilities (279), or primarily involved in educational services (127) or health care and social assistance (80). The Data Sources and Limitations section discusses how returns were classified by industry.[16]

The financial characteristics of companies often differ across industries. For instance, the relative levels of assets and receipts of companies primarily engaged in wholesale trade differ significantly from those primarily engaged in credit intermediation (e.g., commercial banks, credit card issuers, credit unions, mortgage banks, and savings institutions). FCDC wholesalers produced large amounts of receipts with relatively small amounts

Figure C

Foreign-Controlled Domestic Corporations: Selected Items, by Industrial Sector, Tax Year 2011

[Money amounts are in millions of dollars]

Industrial sector	Returns		Total assets		Total receipts	
	Number	Percentage of total	Amount	Percentage of total	Amount	Percentage of total
	(1)	(2)	(3)	(4)	(5)	(6)
All industries	**76,793**	**100.0**	**11,732,552**	**100.0**	**4,586,774**	**100.0**
Agriculture, forestry, fishing, and hunting	695	0.9	10,472	0.1	10,840	0.2
Mining	831	1.1	286,026	2.4	98,925	2.2
Utilities	279	0.4	129,570	1.1	70,064	1.5
Construction	1,371	1.8	43,418	0.4	44,886	1.0
Manufacturing	7,119	9.3	2,637,560	22.5	2,098,012	45.7
Wholesale and retail trade	21,927	28.6	763,461	6.5	1,283,820	28.0
Wholesale trade	18,317	23.9	668,878	5.7	1,118,496	24.4
Retail trade	3,611	4.7	94,583	0.8	165,325	3.6
Transportation and warehousing	2,387	3.1	83,162	0.7	68,058	1.5
Information	2,695	3.5	183,634	1.6	103,781	2.3
Finance and insurance	3,662	4.8	5,482,813	46.7	446,255	9.7
Real estate and rental and leasing	16,757	21.8	195,438	1.7	28,531	0.6
Professional, scientific, and technical services	9,602	12.5	216,217	1.8	142,578	3.1
Management of companies (holding companies)	4,013	5.2	1,545,498	13.2	78,012	1.7
Administrative and support and waste management and remediation services	1,682	2.2	60,693	0.5	49,787	1.1
Educational services	127	0.2	5,198	[1]	2,445	0.1
Health care and social assistance	80	0.1	24,174	0.2	14,454	0.3
Arts, entertainment, and recreation	1,811	2.4	13,406	0.1	6,497	0.1
Accommodation and food services	902	1.2	45,693	0.4	33,751	0.7
Other services	851	1.1	6,118	0.1	6,078	0.1

[1] Less than 0.05 percent.

NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

[15] One focus of this article is U.S. total income tax after credits. The reader might choose to focus instead on total worldwide taxes, which may be approximated by adding the foreign tax credits claimed by corporations to the U.S. tax liabilities (i.e., total income tax after credits) of these corporations. There are limitations in using this procedure, and the foreign tax credit only approximates the foreign tax liabilities of the corporations. For the most recent statistics covering corporate foreign tax credits in depth, see McGrath, Nuria E., "Corporate Foreign Tax Credit, 2009," *Statistics of Income Bulletin*, Summer 2013, Volume 33, Number 1. In addition, foreign tax credit data are included on the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Corporate-Foreign-Tax-Credit-Statistics.

[16] Statistics classified by industry do have certain limitations. For example, FCDCs accounted for 25.8 percent and 25.2 percent of the receipts of all companies classified as wholesalers and manufacturers, respectively. However, these percentages may overstate the FCDC portion of wholesaling and understate the FCDC portion of manufacturing. This is because certain U.S. companies (not foreign-controlled) and their subsidiaries may have been involved in both manufacturing and wholesaling of the same product(s) and reported tax information for these activities on a single (consolidated) income tax return, which was statistically classified under the industry of its principal business activity, that being manufacturing, rather than trade. Conversely, many FCDCs acted as wholesalers in the United States for products manufactured overseas by their parent, or other related, companies. These foreign-controlled domestic companies were classified in the wholesale trade industrial sector. See the Data Sources and Limitations section for additional information about industrial classification limitations.

of assets (valued as of the end of their accounting periods), resulting in $1.67 of receipts for each dollar of end-of-year assets for 2011. By comparison, credit intermediation companies reported large amounts of assets, but relatively small amounts of receipts. These FCDCs produced only $.06 of receipts for each dollar of end-of-year assets (Table 2).

Corporations classified as wholesalers accounted for a significant percentage of the returns filed and total receipts produced (24 percent each) for all FCDCs. However, these companies reported only 6 percent of the total FCDC assets.

Corporations classified in the real estate and rental and leasing industrial sector reported only 2 percent of the assets and 1 percent of the receipts of all FCDCs. These percentages were in sharp contrast to the 22 percent of the FCDC returns that they filed.

For the professional, scientific, and technical services industrial sector, corporations reported only 2 percent of the assets and 3 percent of the receipts of all FCDCs. Both percentages are significantly lower than the portion (13 percent) of total FCDC returns this service sector represented. These service corporations were often small, with reported average amounts of assets of $22.5 million and receipts of $14.8 million.

Manufacturing corporations filed 9 percent of all FCDC returns for 2011. These capital-intensive, goods-producing companies accounted for far greater percentages of the total FCDC assets (22 percent) and receipts (46 percent). These corporations were often large, with reported average amounts of assets of $370.5 million and receipts of $294.7 million.

While corporations in the finance and insurance industrial sector composed only 5 percent of total returns filed by FCDCs for 2011, they accounted for the largest share (47 percent) of total assets reported for any of the industrial sectors. Additionally, finance and insurance companies accounted for 10 percent of total FCDC receipts for the year.

Management (or holding) companies contributed a significant portion (13 percent) of the FCDC total assets. However, this sector accounted for just 5 percent of returns filed by FCDCs and 2 percent of receipts.

For 2011, foreign-controlled domestic corporations accounted for 16.2 percent of the total receipts reported by all corporations ($28.3 trillion) and 21.0 percent of the receipts of all corporations excluding Forms 1120S and 1120-F ($21.8 trillion). Figure D includes data for all corporations except

Figure D

Total Receipts of All Corporations and Foreign-Controlled Domestic Corporations, by Industrial Sector, Tax Year 2011

[Money amounts are in millions of dollars]

Industrial sector	Total receipts				
	All corporations [2]	All corporations other than Forms 1120S and 1120-F [2, 3]	Foreign-controlled domestic corporations		
			Amount	As a percentage of --	
				All corporations [2]	All corporations other than Forms 1120S and 1120-F [2, 3]
	(1)	(2)	(3)	(4)	(5)
All industries [1]	**28,335,601**	**21,842,851**	**4,586,774**	**16.2**	**21.0**
Agriculture, forestry, fishing, and hunting	191,744	86,687	10,840	5.7	12.5
Mining	488,972	430,845	98,925	20.2	23.0
Utilities	609,590	596,089	70,064	11.5	11.8
Construction	1,139,792	392,216	44,886	3.9	11.4
Manufacturing	8,331,714	7,507,964	2,098,012	25.2	27.9
Wholesale and retail trade	7,964,362	5,261,239	1,283,820	16.1	24.4
Wholesale trade	4,331,422	2,899,000	1,118,496	25.8	38.6
Retail trade	3,632,940	2,362,240	165,325	4.6	7.0
Transportation and warehousing	824,564	594,939	68,058	8.3	11.4
Information	1,083,763	993,592	103,781	9.6	10.4
Finance and insurance	3,329,586	3,158,180	446,255	13.4	14.1
Real estate and rental and leasing	336,399	237,844	28,531	8.5	12.0
Professional, scientific, and technical services	1,124,555	662,193	142,578	12.7	21.5
Management of companies (holding companies)	812,727	777,240	78,012	9.6	10.0
Administrative and support and waste management and remediation services	526,184	285,997	49,787	9.5	17.4
Educational services	66,020	42,115	2,445	3.7	5.8
Health care and social assistance	713,363	415,263	14,454	2.0	3.5
Arts, entertainment, and recreation	106,958	49,447	6,497	6.1	13.1
Accommodation and food services	479,786	269,557	33,751	7.0	12.5
Other services	205,522	81,443	6,078	3.0	7.5

[1] Includes small amounts for "Nature of business not allocable," which is not shown separately.
[2] Includes returns of foreign-controlled domestic corporations (FCDCs).
[3] Form 1120S is entitled *U.S. Income Tax Return for an S Corporation* and Form 1120-F is entitled *U.S. Income Tax Return of a Foreign Corporation.* Forms 1120S reported $6.2 trillion of total receipts and Forms 1120-F reported $0.2 trillion of total receipts.
NOTES: Detail may not add to totals because of rounding. Percentages are computed using rounded data.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

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

FCDCs played disproportionately larger roles in certain industrial sectors. For instance, FCDCs produced substantial portions of the total receipts reported for wholesale trade (25.8 percent of all corporations and 38.6 percent of all corporations except for Forms 1120S and 1120-F), manufacturing (25.2 percent and 27.9 percent), and mining (20.2 percent and 23.0 percent). Conversely, FCDC involvement in a number of other business activities was relatively low, accounting for a small percentage of the receipts of companies classified in educational services (3.7 percent of all corporations and 5.8 percent of all corporations except for Forms 1120S and 1120-F), other services (3.0 percent and 7.5 percent), and health care and social assistance (2.0 percent and 3.5 percent).

FCDC industrial data at the sector level can be broken down into more specific industrial classifications for analysis purposes. In general, sectors are composed of major groups, which in turn are made up of minor industries. For 2011, FCDCs in nine minor industries accounted for 50 percent or more of the total receipts of all corporations of each of those industries. Manufacturers (five) made up the largest portion of these minor industries, followed by wholesalers (two), and information and finance (one each) (Figure E). The minor industry in which FCDCs accounted for the largest portion of receipts was

Figure E

Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Minor Industries, Tax Year 2011

[Money amounts are in millions of dollars]

Minor industry [1]	Number of returns	Total assets	Net worth	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Breweries (manufacturing), total	**370**	**87,966**	**20,320**	**21,131**	**1,823**	**1,854**	**1,428**	**463**
Foreign-controlled domestic corporations (FCDCs)	39	74,710	11,296	16,543	1,154	1,154	1,149	401
FCDCs as a percentage of the total	10.5	84.9	55.6	78.3	63.3	62.2	80.5	86.6
Audio and video equipment manufacturing and reproducing magnetic and optical media, total	**1,143**	**48,332**	**17,816**	**28,460**	**705**	**1,217**	**590**	**86**
Foreign-controlled domestic corporations	321	37,131	13,089	18,256	239	366	51	10
FCDCs as a percentage of the total	28.1	76.8	73.5	64.1	33.9	30.1	8.6	11.6
Sound recording industries, total	**5,278**	**27,272**	**13,735**	**9,660**	**568**	**850**	**60**	**18**
Foreign-controlled domestic corporations	45	21,040	13,026	6,058	582	620	10	4
FCDCs as a percentage of the total	0.9	77.1	94.8	62.7	102.5	72.9	16.7	22.2
Engine, turbine, and power transmission equipment (manufacturing), total	**341**	**77,356**	**24,857**	**66,438**	**4,044**	**4,413**	**4,132**	**747**
Foreign-controlled domestic corporations	51	53,299	16,463	39,624	2,067	2,151	2,030	620
FCDCs as a percentage of the total	15.0	68.9	66.2	59.6	51.1	48.7	49.1	83.0
Securities brokerage, total	**7,073**	**1,542,301**	**101,868**	**94,211**	**3,423**	**5,944**	**4,110**	**1,338**
Foreign-controlled domestic corporations	132	1,272,259	66,730	56,055	-451	1,359	594	140
FCDCs as a percentage of the total	1.9	82.5	65.5	59.5	-13.2	22.9	14.5	10.5
Rubber products (manufacturing), total	**1,071**	**54,766**	**11,173**	**65,878**	**2,233**	**2,498**	**1,316**	**296**
Foreign-controlled domestic corporations	152	29,027	5,423	35,659	819	933	813	168
FCDCs as a percentage of the total	14.2	53.0	48.5	54.1	36.7	37.3	61.8	56.8
Electrical and electronic goods (wholesale trade), total	**28,758**	**206,965**	**73,346**	**395,879**	**8,057**	**10,196**	**5,274**	**1,282**
Foreign-controlled domestic corporations	2,032	112,298	31,997	211,905	3,117	3,853	3,074	570
FCDCs as a percentage of the total	7.1	54.3	43.6	53.5	38.7	37.8	58.3	44.5
Cement, concrete, lime and gypsum products (manufacturing), total	**4,376**	**101,965**	**43,432**	**55,598**	**-2,368**	**1,220**	**288**	**97**
Foreign-controlled domestic corporations	60	78,030	32,828	28,752	-2,199	378	111	45
FCDCs as a percentage of the total	1.4	76.5	75.6	51.7	92.9	31.0	38.5	46.4
Motor vehicle and motor vehicle parts and supplies (wholesale trade), total	**19,934**	**163,474**	**33,726**	**240,429**	**863**	**4,892**	**2,564**	**820**
Foreign-controlled domestic corporations	1,467	107,311	15,067	123,464	-2,137	1,278	913	300
FCDCs as a percentage of the total	7.4	65.6	44.7	51.4	-247.6	26.1	35.6	36.6

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

NOTE: Percentages are computed using rounded data.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

breweries with 78 percent of the industry total receipts ($21.1 billion). FCDCs primarily involved in the manufacture of audio and video equipment followed with 64 percent of the industry receipts ($28.5 billion), and FCDCs operating sound-recording companies had 63 percent of the industry receipts ($9.7 billion).

Country Characteristics

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

The United Nations shows nearly 200 separate countries or areas in the world.[17] For 2011, residents of 41 countries made up 89 percent of the domestic corporations classified as 50-percent-or-more controlled by a foreign person worldwide. The 68,132 corporations controlled by persons resident in those 41 countries accounted for nearly all FCDC financial items, including 99 percent each of total assets, total receipts, taxable income, and total income tax after credits (Table 3).

From among these 41 countries, domestic corporations controlled by persons from just 7 countries accounted for 75 percent of the total receipts of all FCDCs. These countries, in decreasing size of receipts, are the United Kingdom, Japan, Germany, Canada, Switzerland, the Netherlands, and France (see Figure F).

It is interesting to compare the top foreign countries from which persons controlled FCDCs to the top foreign countries of the Controlled Foreign Corporations (CFC) study also conducted by the Statistics of Income Division. The CFC study covers foreign corporations that are each controlled by a single U.S. corporation, i.e., one that owns more than 50 percent of its outstanding voting stock, or more than 50 percent of the value of all its outstanding stock (directly, indirectly, or constructively) for an uninterrupted period of at least 30 days during the foreign corporation's tax year. For Tax Year 2010, CFCs reported total receipts of $6.2 trillion.[18] Countries filling out the top seven positions, by decreasing size of receipts, were Canada (11.5 percent of all CFC receipts), the Netherlands (8.7 percent), the United Kingdom (8.5 percent), Bermuda (6.5 percent), Switzerland (5.5 percent), Cayman Islands (4.8 percent), and Ireland and Luxembourg (4.6 percent each). Thus, the United Kingdom, Canada, Switzerland, and the Netherlands were in the top seven countries of both studies, FCDCs and CFCs. Japan, Germany, and France were not in the top seven countries of the CFC study. These three countries had the following substantial differences in the percentages of total receipts between the FCDC study and the CFC study: Japan (14.4 percent of FCDC receipts and 4.4 percent of CFC receipts), Germany (9.8 percent of FCDC receipts and 3.7 percent of CFC receipts), and France (6.3 percent of FCDC receipts and 2.3 percent of CFC receipts). Conversely, Bermuda, Cayman Islands, Ireland, and Luxembourg were not in the top seven countries of the FCDC study. Each of these four countries accounted for between 1.0 percent and 1.3 percent of the total FCDC receipts.

Back to focusing on the FCDC study, domestic corporations controlled by persons resident in the United Kingdom reported total receipts of $1.0 trillion for 2011. These receipts represented 21.3 percent of the total for all FCDCs for the year, and were substantially larger than the United Kingdom's share for 2002 (14.4 percent).

For 2011, domestic corporations with owners resident in Japan ($663 billion), Germany ($450 billion), Canada ($394 billion), Switzerland ($339 billion), the Netherlands ($323 billion), and France ($288 billion) also accounted for significant amounts of receipts. Of these six countries, Japan's portion of total receipts decreased significantly from 19.4 percent for 2002 to 14.4 percent for 2011, followed by Germany (13.1 percent down to 9.8 percent) and the Netherlands (12.5 percent down to 7.0 percent). In contrast, Canada's portion of FCDC total receipts increased from 7.4 percent for 2002 to 8.6 percent for 2011, while Switzerland's portion increased from 5.1 percent to 7.4 percent. France's portion remained nearly the same between 2002 (6.7 percent) and 2011 (6.3 percent).

The portion of FCDC total receipts accounted for by countries other than the largest seven increased in size over the 10-year period, from 21.4 percent to 25.2 percent. For 2011, these countries included South Korea ($126 billion), Sweden ($66 billion), Australia ($63 billion), Luxembourg ($57 billion), Italy ($53 billion), Bermuda ($52 billion), Mexico ($51 billion), Ireland ($49 billion), Spain and Venezuela ($46 billion each), Cayman Islands ($45 billion), and Belgium ($44 billion).

Domestic corporations controlled by persons resident in the United Kingdom (U.K.) accounted for $2.6 trillion of assets, the largest portion held by any country, followed by Switzerland ($1.5 trillion), Germany ($1.4 trillion), Canada ($1.3 trillion), the Netherlands ($1.1 trillion), and France and Japan ($1.0 trillion each).

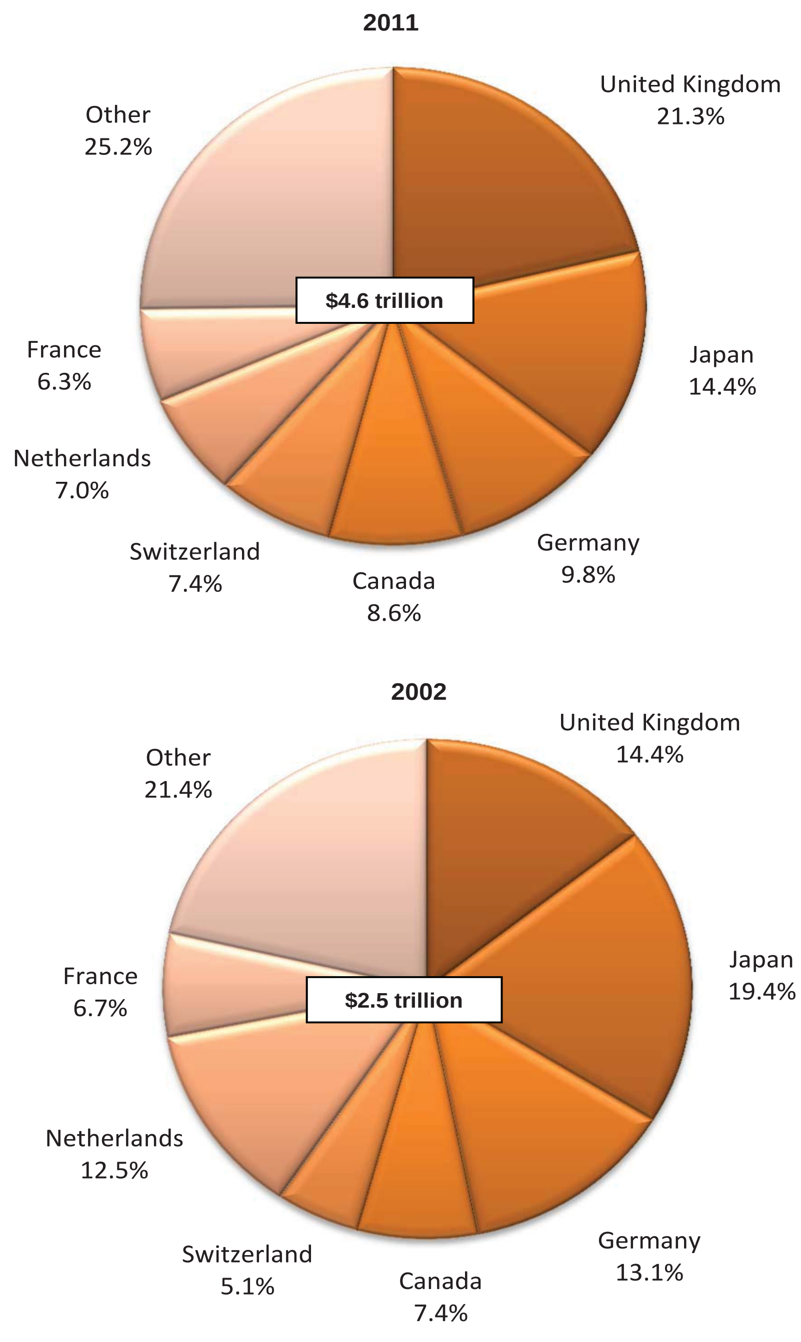
Although U.K.-controlled domestic corporations made up the largest share of total FCDC receipts and assets for 2011, Canadian-controlled domestic corporations filed the most tax returns (10,621), followed by Japanese-controlled domestic

[17] Actually, 198 countries or areas per United Nations Statistics Division, National Accounts Official Country Data, Table 1.3, November 2013.

[18] The most recent statistics covering CFCs are for Tax Year 2010; see the IRS Website at http://www.irs.gov/uac/SOI-Tax-Stats-Controlled-Foreign-Corporations. Also see, Mahony, Lee, and Randy Miller, "Controlled Foreign Corporations, 2008," *Statistics of Income Bulletin*, Winter 2013, Volume 32, Number 3.

Figure F

Foreign-Controlled Domestic Corporations: Distribution of Total Receipts by Country of Foreign Owner, Tax Years 2002 and 2011



NOTE: Amounts are in current dollars.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

corporations (6,178), U.K.-controlled domestic corporations (6,064), and German-controlled domestic corporations (4,610).

For 2011, the U.S. tax liability of all FCDCs was $35.7 billion, representing 0.8 percent of total receipts reported by all FCDCs ($4.6 trillion) for the year. U.K.-controlled domestic corporations reported the largest amount of U.S. tax liability ($6.0 billion), followed by Swiss-controlled corporations ($4.5 billion) and Japanese-controlled corporations ($4.1 billion). For

U.K.-controlled corporations, tax liabilities were 0.6 percent of their $978 billion of receipts. Tax liabilities as a percent of receipts were also 0.6 percent for Japanese-controlled corporations, while Swiss-controlled corporations paid 1.3 percent of their receipts in U.S. income taxes. Many factors, including differences in industrial apportionments and age apportionments (discussed later in this article), may have caused the resulting differences between countries in calculating tax as a percentage of receipts.

Combined Country and Industry Characteristics

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

For the United Kingdom, manufacturing was the predominant industrial sector, accounting for 68 percent of its total $978

Figure G

Foreign-Controlled Domestic Corporations: Selected Items for Top Seven Countries, by Selected Industries, Tax Year 2011

[Money amounts are in millions of dollars]

Country and industry	Number of returns	Total assets	Total receipts	Net income (less deficit)	Net income	Income subject to tax	Total income tax after credits: Amount	Total income tax after credits: As a percentage of total receipts
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
United Kingdom, total	**6,064**	**2,630,026**	**978,165**	**23,936**	**30,309**	**27,462**	**6,016**	**0.6**
Manufacturing	445	869,527	667,873	15,524	16,455	15,788	2,695	0.4
Petroleum and coal products manufacturing	3	680,939	551,293	8,438	8,438	8,374	506	0.1
Japan, total	**6,178**	**1,024,148**	**662,759**	**11,860**	**19,704**	**15,175**	**4,066**	**0.6**
Manufacturing	1,363	274,716	296,758	1,763	4,911	3,912	1,157	0.4
Transportation equipment manufacturing	272	176,571	188,495	-651	1,058	650	175	0.1
Wholesale trade	1,562	178,385	292,762	6,276	8,108	6,423	1,660	0.6
Wholesale trade, durable goods	1,222	124,951	201,272	3,075	4,584	3,881	885	0.4
Wholesale trade, nondurable goods	307	53,364	91,482	3,197	3,519	2,539	774	0.8
Germany, total	**4,610**	**1,444,819**	**449,694**	**6,932**	**16,010**	**11,965**	**3,635**	**0.8**
Manufacturing	1,025	376,809	229,701	484	6,963	5,338	1,596	0.7
Chemical manufacturing	46	71,472	71,076	2,408	2,440	1,484	443	0.6
Machinery manufacturing	252	73,780	51,810	1,618	2,901	2,574	776	1.5
Transportation equipment manufacturing	76	168,042	64,550	-3,476	330	185	57	0.1
Wholesale trade	1,455	86,714	88,034	403	1,525	1,085	352	0.4
Wholesale trade, durable goods	932	78,391	72,106	-7	1,052	814	260	0.4
Finance and insurance	154	867,610	46,266	3,616	3,948	2,461	741	1.6
Canada, total	**10,621**	**1,317,084**	**393,600**	**4,807**	**16,525**	**11,102**	**3,434**	**0.9**
Manufacturing	1,010	90,038	108,855	1,530	4,186	3,598	1,154	1.1
Wholesale trade	1,984	69,729	74,319	970	1,860	1,352	495	0.7
Wholesale trade, nondurable goods	409	55,598	45,799	542	1,159	746	299	0.7
Finance and insurance	353	591,861	80,465	1,800	2,654	808	299	0.4
Insurance carriers and related activities	136	496,450	76,702	1,046	1,455	404	155	0.2
Switzerland, total	**1,885**	**1,471,565**	**338,899**	**11,907**	**16,141**	**14,090**	**4,472**	**1.3**
Manufacturing	219	169,883	115,078	8,854	9,664	8,842	2,829	2.5
Chemical manufacturing	29	76,465	49,211	6,859	6,953	6,778	2,209	4.5
Wholesale trade	489	29,525	131,827	1,083	1,280	1,117	364	0.3
Wholesale trade, nondurable goods	80	18,748	115,387	734	800	729	238	0.2
Finance and insurance	71	1,208,414	58,419	249	3,175	2,548	790	1.4
Insurance carriers and related activities	20	255,092	36,052	2,104	2,888	2,368	729	2.0
Netherlands, total	**1,652**	**1,098,005**	**322,748**	**4,657**	**9,080**	**6,378**	**1,939**	**0.6**
Manufacturing	176	209,374	121,833	4,074	4,634	4,064	1,251	1.0
Chemical manufacturing	40	61,539	57,203	1,857	2,004	1,968	556	1.0
Wholesale trade	512	17,364	35,013	240	482	419	149	0.4
Retail trade	62	17,592	35,131	283	283	167	55	0.2
Finance and insurance	120	721,830	76,889	971	1,912	476	166	0.2
Insurance carriers and related activities	10	463,408	71,014	-566	213	85	31	[1]
France, total	**2,126**	**1,016,376**	**288,069**	**11,956**	**16,897**	**11,577**	**3,461**	**1.2**
Manufacturing	213	182,414	131,882	3,725	5,576	4,041	1,104	0.8
Petroleum and coal products manufacturing	3	18,357	39,834	-886	3	2	1	[1]
Wholesale trade	299	36,893	39,999	558	1,123	992	326	0.8
Finance and insurance	142	587,696	49,889	3,391	4,182	1,232	422	0.8

[1] Less than 0.05 percent.

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

billion of receipts. More specifically, manufacturers of petroleum and coal products produced the most receipts of any major industrial group, accounting for $551 billion, or 56 percent of the country's total receipts for 2011.

Japanese-controlled corporations were concentrated in two industrial sectors, which produced most of the $663 billion of receipts: manufacturing (45 percent of the total) and wholesale trade (44 percent). More specifically, wholesale trade of durable goods was the leading major industrial group, producing 30 percent of the total receipts for this country. Following closely was transportation equipment manufacturing with 28 percent of the receipts.

Like those companies controlled by residents of the United Kingdom, German-controlled corporations were primarily concentrated in manufacturing, with 51 percent of the $450 billion of receipts for that country coming from corporations in this industrial sector. Within this sector, chemical manufacturers (16 percent of the country total) and transportation equipment manufacturers (14 percent) produced the most receipts. Wholesale trade (20 percent of the country total) and finance and insurance (10 percent) were the other predominant industrial sectors.

Canadian-controlled corporations were primarily distributed in the manufacturing (28 percent of the $394 billion of receipts for the country), finance and insurance (20 percent), and wholesale trade (19 percent) industrial sectors. More specifically, insurance carriers reported 19 percent of the total receipts.

For Switzerland, the wholesale trade sector accounted for 39 percent of the country's total receipts ($339 billion), followed by manufacturing (34 percent), and finance and insurance (17 percent). Switzerland was the only country of the top seven in which wholesale trade (not manufacturing) was the leading sector in producing receipts. More specifically, wholesale trade of nondurable goods (34 percent of the total) was the leading major industry. Other important major industries were chemical manufacturers (15 percent) and insurance carriers (11 percent).

For the Netherlands, manufacturing was the largest industrial sector with 38 percent of the total receipts ($323 billion), followed by finance and insurance (24 percent), retail trade (11 percent), and wholesale trade (11 percent). Insurance carriers reported 22 percent of the total receipts for the country, the largest portion for any major industrial group.

French manufacturers produced the largest percentage (46 percent) of the $288 billion of the country's receipts, followed by finance and insurance (17 percent) and wholesale trade (14 percent). More specifically, petroleum and coal products manufacturers produced 14 percent of the receipts for the country.

Age Characteristics

There are two groups of FCDCs based on the age of each corporation. A "new" corporation is defined as having been incorporated in 2009 or after, as reported on the FCDCs income tax return. An "old" corporation is defined as having been incorporated in or prior to 2008, or with an unknown (i.e., unreported) date of incorporation (Figure H).[19]

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

For 2011, there were 19,169 returns of FCDCs incorporated in 2009 or later (Table 3). Seven industrial sectors accounted for most of these "new" corporations, as follows: real estate and rental and leasing (4,590 returns); wholesale trade (4,230); professional, scientific, and technical services (2,528); management of companies (1,231); retail trade (1,183); manufacturing (1,072); and finance and insurance (1,034). The major industries that accounted for the largest number of new FCDCs were real estate (4,493), wholesale trade of durable goods (2,351), and wholesale trade of nondurable goods (1,599).

Three out of every four FCDCs were incorporated prior to 2009 and were, therefore, considered "old" corporations. These corporations accounted for 93 percent of the FCDC assets and 96 percent of the receipts and, thus, tended to be larger than the new corporations.

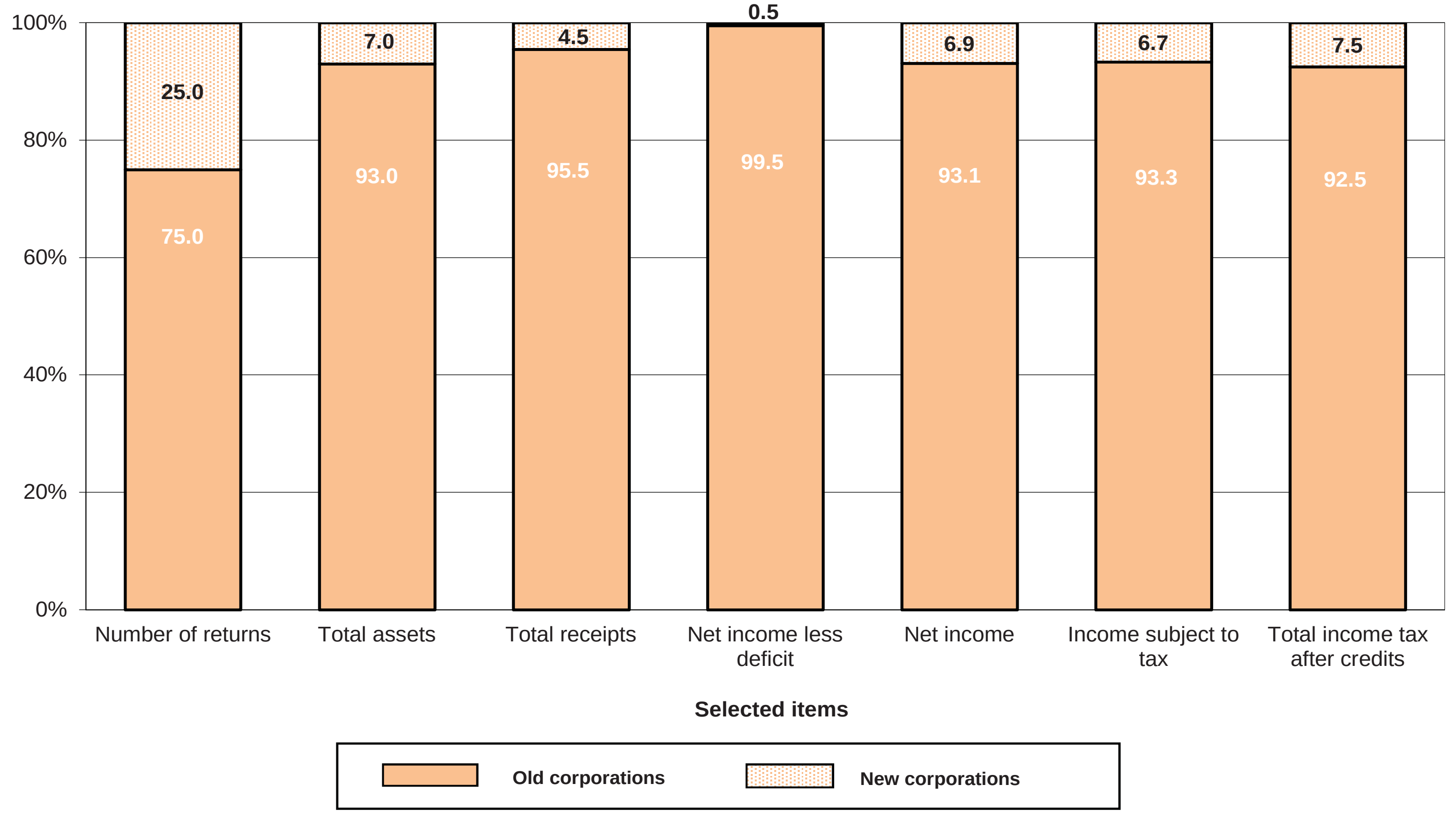
Similar to many past years, older corporations were often more profitable than newer corporations, as measured by net profits (i.e., net income less deficit) as a percentage of total receipts. Among other factors, newer companies may have had more expenses (including startup costs) relative to receipts than the older companies. For 2011, the "profits percentages" were 1.8 percent for old FCDCs ($79.4 billion of net profits on $4.4 trillion of receipts) and 0.2 percent for new FCDCs ($0.4 billion of net profits on $0.2 trillion of receipts).

Old corporations accounted for 93.1 percent of the positive profits (i.e., net income) of all FCDCs. As a result, old corporations also accounted for most of the U.S. taxable income (93.3 percent) and U.S. tax liabilities after credits (92.5 percent) of all FCDCs. The old corporations had $33.0 billion of tax liabilities after credits, equaling 0.8 percent of their total receipts. The new corporations had $2.7 billion of tax liabilities after credits, equaling 1.3 percent of their total receipts. Deductions for net operating losses of prior years (93.6 percent of the total $33.6 billion reported by all FCDCs) and tax credits (96.0 percent of the total $10.6 billion) were claimed mostly by old corporations.

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

Figure H

Foreign-Controlled Domestic Corporations: Distribution of Selected Items by Age of Corporations, Tax Year 2011



NOTE: "New" corporations were those with dates of incorporation between 2009 and 2012; "old" corporations were those with dates of incorporation prior to 2009 or with unknown dates of incorporation.
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

NOLs and tax credits reduced the amounts of U.S. tax liabilities after credits reported by FCDCs.

Summary

Foreign-controlled domestic corporations accounted for only 1.3 percent of all corporation income tax returns filed for Tax Year 2011. This percentage is much smaller than the percentages of assets (14.4 percent) and receipts (16.2 percent) that those FCDCs produced.

The value of FCDC assets increased for 2011, as did the value of assets for all corporations. FCDC assets totaled $11.7 trillion for 2011, a 4.3-percent increase from the previous year. By comparison, all corporations reported a total of $81.3 trillion of assets for 2011, a 1.7-percent increase over the previous year. FCDCs accounted for 14.4 percent of total corporate assets for 2011, up from 14.1 percent for 2010.

Foreign business activity in the United States through FCDCs increased for Tax Year 2011. FCDCs reported $4.6 trillion of total receipts for the year, a 13.1-percent increase over the 2010 level. Total receipts reported on all U.S. corporation income tax returns also increased, but by a smaller percentage (8.2 percent). As a result, the share of total corporate receipts accounted for by FCDCs increased from 15.5 percent for 2010 to 16.2 percent for 2011.

Manufacturing and wholesale trade, 2 of the 19 industrial sectors, generated over 70 percent of the $4.6 trillion of total FCDC receipts. Manufacturers produced $2.1 trillion of receipts, while wholesalers accounted for an additional $1.1 trillion.

Domestic corporations controlled by persons in the United Kingdom reported total receipts of $1.0 trillion, or 21 percent of the total FCDC receipts. In addition, FCDCs owned by persons in Japan (14 percent), Germany (10 percent), Canada (9 percent), Switzerland (7 percent), the Netherlands (7 percent), and France (6 percent) accounted for significant portions of receipts.

FCDCs increased their receipts between 2010 and 2011, but by a smaller amount than that of their deductions, thereby decreasing the net difference between total receipts and total deductions. The collective net income (less deficit) reported by foreign-controlled domestic corporations decreased from $99.2 billion for 2010 to $79.8 billion for 2011, a 19.5-percent decrease. To place the performance of FCDCs in context, total corporate net profits decreased 2.5 percent, from $1.4 trillion for

2010 to $1.3 trillion for 2011. FCDCs accounted for 6.0 percent of the net profits of all U.S. corporations for 2011, down from 7.3 percent for the previous year.

The FCDC aggregate profits (i.e., net income) decreased between 2010 and 2011, while aggregate deficits increased during this period. Net income decreased by 4.4 percent, from $174.3 billion to $166.5 billion. Deficits increased by 15.5 percent, from $75.1 billion to $86.7 billion.

The U.S. tax liability of FCDCs (i.e., total income tax after credits) moved in the opposite direction from that of net income, increasing 7.6 percent, from $33.2 billion for 2010 to $35.7 billion for 2011. This was principally the result of the decreases between the 2 years of NOLs (down 19.2 percent) and foreign tax credits (down 17.4 percent). To place the FCDC tax liability in perspective, the U.S. tax liabilities of all corporations were about 1.0 percent lower for 2011 compared to the previous year. Thus, the FCDCs share of total corporate post-credit U.S. tax liabilities increased from 14.9 percent for 2010 to 16.2 percent for 2011.

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—2011, Corporation Income Tax Returns*, IRS Publication 16.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Net operating loss deduction (NOLD)—In general, a "net operating loss" (NOL) is the excess of allowable deductions for ordinary and necessary business expenses over gross income, with certain adjustments, calculated using the laws and IRS regulations in effect for a given tax year. A NOL could be carried back 2 years to reduce the taxable income of those years. Any amount of the NOL not offset against income during that time could be carried forward to offset taxable income for a period not to exceed 20 years. The amount of the statutory net operating loss deduction (NOLD) included in the statistics of this article consists only of losses from prior years carried forward and actually used to reduce taxable income for the current (2011) tax year. Losses incurred after Tax Year 2011 and carried back to that year at a later date were not reported on the tax returns used for this article.

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

Number of returns—The data contained in this article include the number of returns filed by "active" corporations (i.e., those reporting at least one item of income or deductions) for Tax Year 2011. For simplicity, the number of returns is sometimes referred to as the number of corporations. However, the actual number of corporations may be larger than the number of returns because most domestic corporations could elect to file consolidated income tax returns. These returns were filed by common parent corporations and contained combined financial data of two or more affiliated domestic corporations meeting certain stock ownership requirements. Each consolidated return was treated for statistical purposes as a single unit.

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

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

[20] Shown in Appendix A of this article are Tax Year 2011 data for all REITs, RICs, and S corporations filed by foreign-controlled domestic corporations (FCDCs) and by other domestic corporations (ODCs).

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

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

Statutory special deductions—Statutory special deductions were in addition to ordinary and necessary business deductions. In general, net income less statutory special deductions equals income subject to tax. Statutory special deductions is the sum of: (1) deductions for net operating loss carryovers from prior years, and (2) special deductions for dividends and other corporate attributes allowed by the Internal Revenue Code, which includes: (a) dividends received deductions, (b) deductions for dividends paid on certain stock of public utilities, (c) deductions for dividends paid by regulated investment companies and real estate investment trusts, (d) Internal Revenue Code section 857(b)(2)(E) deductions reported by real estate investment trusts, and (e) Code section 806(a) small life insurance company deductions. As part of the consolidated reporting of tax accounts, dividends received deductions exclude deductions related to dividends distributed among member corporations that elected to file a consolidated tax return.

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

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

Total income tax before and after credits—For 2011, total income tax of FCDCs was primarily comprised of the income tax imposed on corporate income subject to tax (98.4 percent of the total tax). The alternative minimum tax accounted for 1.6 percent of the total. A small number of corporation income tax returns without net income reported amounts of income tax. In these cases, income tax resulted from special provisions of the Internal Revenue Code applicable to life insurance operations. Additionally, some taxes included in total income tax were not imposed directly on a corporation's income subject to tax, such as the recapture taxes. Thus, a small number of corporations without net income and income tax may have reported such taxes on their tax returns. These taxes were included in the statistics for total income tax. Also included in total income tax were personal holding company taxes and the taxes on undistributed net capital gains of regulated investment companies. Total income tax included an adjustment that could be either positive or negative. This adjustment was used for write-in amounts on the tax computation schedule (e.g., Schedule J of Form 1120), as well as for differences in total tax reported on the tax computation schedule and reported on the tax and payments section of the tax return (e.g., Page 1 of Form 1120). For 2011, the credits used to reduce the total income tax of FCDCs primarily included the foreign tax credit (75.5 percent of the $10.6 billion of total credits), the general business credit (20.7 percent), and the prior-year minimum tax credit (3.8 percent), as well as small amounts of other credits.

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

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

Data Sources and Limitations

Period Covered

Data for Tax Year 2011 are based on returns with accounting periods ending between July 2011 and June 2012. These accounting periods were 12 months in length, or less for part-year accounting periods. Because of the 12-month span for ending accounting periods, the statistics include accounting periods that began and ended within a 23-month span. For Tax Year 2011, that span was from August 2010 through June 2012. Nevertheless, most of the income and expense data are, in fact, associated with Calendar Year 2011. Of the 76,793 FCDC returns filed for Tax Year 2011, some 57,193 (nearly 75 percent of the total) had accounting periods that ended in December 2011. These returns accounted for over 78 percent of both the receipts and deductions reported by all FCDCs, as well as nearly 85 percent of FCDC assets.

The sampling frame for the 2011 statistics consisted, in general, of tax returns with accounting periods that ended between July 2011 and June 2012, and that posted to the IRS Business Master File between July 2011 and June 2013. A 24-month sampling period was needed for several reasons. First, some corporations had noncalendar year accounting periods ending as late as June 2012. Second, while corporation returns must be filed within 2 1/2 months after the close of the accounting period, many corporations requested and received 6-month filing extensions. Third, normal administrative processing time lags required that the sampling process remained open until June 2013.

Returns Covered

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

Sample

This article presents statistical estimates based on a stratified sample of over 10,200 unaudited tax returns selected from nearly 76,800 returns of active domestic corporations controlled by a foreign person and filed for Tax Year 2011. The statistics for FCDCs are based on samples of corporation income tax returns filed primarily on Form 1120 (*U.S. Corporation Income Tax Return*). In addition, the statistics for all FCDCs include data from the small numbers of other domestic corporation income tax returns filed on Forms 1120L (*U.S. Life Insurance Company Income Tax Return*), 1120-PC (*U.S. Property and Casualty Insurance Company Income Tax Return*), 1120-REIT (*U.S. Income Tax Return for Real Estate Investment Trusts*), and 1120-RIC (*U.S. Income Tax Return for Regulated Investment Companies*). For Tax Year 2011, the population estimates of FCDCs by form type are 76,104 Forms 1120, some 250 Forms 1120-RIC, 150 Forms 1120-REIT, 74 Forms 1120-PC, and 41 Forms 1120L.[21]

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

For 2011, the sampling rates for Forms 1120 alone (the majority of returns included in the sample) ranged from less than 1 percent to 100 percent. In general, Form 1120 returns with assets of $50 million or more, or with "proceeds" of $10 million or more, were selected for the Statistics of Income study at the 100-percent rate. For additional information on the sampling rates, see *Statistics of Income—2011, Corporation Income Tax Returns*.

Data Limitations

Several extensive quality review processes were used to improve data quality, beginning at the sample selection stage with weekly monitoring. They continued through the data collection, data cleaning, and data completion procedures with consistency testing. Part of the review process included extensive comparisons between the current-year data and the prior-year data. A great amount of effort was made at every stage of processing to ensure data integrity.

Sampling Error

Because the data presented are estimates based on samples, they may differ from the population aggregates that would have been obtained if a complete census of all income tax returns had been taken. Thus, the data are subject to sampling error. To use these

[21] The count of 41 Forms 1120L does not include returns of life insurance companies that were filed as part of consolidated returns under IRC section 1504(c). Under this section, a nonlife insurance parent company could include a domestic life insurance subsidiary in a consolidated return. For 2011, there were 174 section 1504(c) returns included in the FCDCs collective total of 76,793. Of this number, 93 returns had a property/casualty insurance company as the largest subsidiary (based on income), another 68 returns had a noninsurance company as the largest subsidiary, and 13 returns had a life insurance company as the largest subsidiary.

Figure I

Foreign-Controlled Domestic Corporations: Coefficients of Variation for Selected Items, by Selected Industrial Sectors and Selected Countries of Foreign Owners, Tax Year 2011

Selected industrial sector or country	Coefficients of variation (percentages)						
	Number of returns	Total assets	Total receipts	Net income	Deficit	Income subject to tax	Total income tax after credits
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	**2.88**	**0.01**	**0.14**	**0.28**	**0.32**	**0.16**	**0.19**
Selected industrial sectors:							
Construction	27.94	0.83	1.44	2.38	3.35	3.93	3.67
Finance and insurance	9.26	0.01	0.15	0.27	0.68	0.44	0.47
Information	18.29	0.24	4.05	1.27	2.55	1.60	1.58
Management of companies (holding companies)	13.81	0.05	0.15	0.50	1.10	0.42	0.45
Manufacturing	8.85	0.03	0.09	0.15	0.40	0.17	0.22
Professional, scientific, and technical services	9.98	0.31	1.43	1.15	2.82	1.26	1.50
Real estate and rental and leasing	5.01	0.46	2.21	11.78	2.12	3.41	3.49
Retail trade	17.78	0.42	0.57	0.70	5.44	0.78	0.76
Wholesale trade	5.93	0.14	0.29	0.49	1.44	0.60	0.69
Selected countries of foreign owners:							
Bermuda	38.03	0.20	0.62	1.32	1.94	1.34	2.32
Canada	6.84	0.07	0.53	2.60	1.01	0.73	0.77
France	19.05	0.05	0.27	0.29	1.26	0.37	0.40
Germany	11.41	0.05	0.33	0.61	0.85	0.74	0.81
Japan	8.09	0.09	0.27	0.42	0.86	0.48	0.57
Netherlands	23.06	0.05	0.28	0.55	1.17	0.63	0.69
South Korea, Republic of	19.74	0.64	1.01	1.85	2.07	2.75	2.63
Sweden	23.06	0.40	1.00	1.41	5.70	1.43	1.87
Switzerland	20.69	0.04	0.35	0.36	1.36	0.31	0.33
United Kingdom	10.74	0.03	0.22	0.25	1.48	0.25	0.38
Venezuela	32.55	1.08	1.37	2.76	39.33	2.69	2.05

NOTE: For a general discussion on coefficients of variation, see the "Sampling Methodology and Data Limitations" section of this issue of the *Statistics of Income Bulletin.*
SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

data properly, the magnitude of the sampling error should be known. Coefficients of variation (CVs) are used to measure that magnitude (Figure I). The smaller the CV, the more reliable the estimate is judged to be. For this article, CVs were calculated for selected financial data of selected industrial sectors and selected countries of the foreign owners. For a general discussion of sampling procedures and CVs, see “Sampling Methodology and Data Limitations” located near the back of this issue of the *Statistics of Income Bulletin.*

Nonsampling Error

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

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

[22] On Form 1120, Page 4, Schedule K, the actual questions were: “(7) At any time during the tax year, did one foreign person own, directly or indirectly, at least 25 percent of: (a) the total voting power of all classes of the corporation’s stock entitled to vote, or (b) the total value of all classes of the corporation’s stock?” and “(7i) If ‘Yes,’ enter percentage owned.” There was an additional question used for the country distribution of these statistics, which was: “(7ii) If ‘Yes,’ enter owner’s country.”
[23] For Tax Year 2011, the great majority (62,948 returns) of FCDCs reported 100 percent foreign ownership. Additionally, 5,030 returns reported between 75 percent and 99 percent foreign ownership, 3,738 returns reported 51 percent to 74 percent foreign ownership, and 3,931 returns reported exactly 50 percent foreign ownership.
[24] The FCDC statistics include data from returns in which the first question (see footnote 22) was answered “Yes,” and the second question covering percentage owned was not answered. There were 1,146 returns for Tax Year 2011 included in the FCDC data, although the exact foreign ownership percentage was not specified. These returns reported $4.2 billion of assets and $4.0 billion of receipts.

large amounts of assets or receipts, and changes in foreign ownership status between 2010 and 2011, were researched and their answers to questions verified. These large corporations had a dominating effect on the estimates for balance sheet, income statement, and tax items.

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

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

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

Appendix A

Foreign-Controlled Domestic Corporations (FCDCs) and Other Domestic Corporations (ODCs) that Filed as REITs, RICs, and S Corporations, Tax Year 2011

[Money amounts are in millions of dollars]

Type of corporation and item	FCDCs	ODCs
Real Estate Investment Trusts (REITs):		
Number of returns	150	1,744
Total assets	69,271	1,405,315
Total receipts	4,272	103,086
Net income (less deficit)	1,216	35,592
Income subject to tax	0	81
Total income tax after credits	1	34
Regulated Investment Companies (RICs):		
Number of returns	250	13,870
Total assets	175,752	14,756,188
Total receipts	4,472	362,448
Net income (less deficit)	3,335	253,333
Income subject to tax	0	300
Total income tax after credits	0	4
S Corporations:		
Number of returns	0	4,158,572
Total assets	0	3,441,160
Total receipts	0	6,230,406
Total net income (less deficit)	0	375,437
Net income (less deficit) from a trade or business	0	292,509
Total income tax before credits	0	314

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

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Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2011

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

Item	1971	1990	2000	2002	2008	2009	2010	2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
ALL CORPORATIONS								
Number of returns, total	1,733,332	3,716,650	5,045,274	5,266,607	5,847,221	5,824,545	5,813,725	5,823,126
Number with net income	1,063,940	1,910,670	2,819,153	2,800,517	3,183,821	3,148,768	3,264,726	3,384,712
Total assets	2,889,221	18,190,058	47,026,872	50,413,502	76,799,144	75,965,019	79,904,747	81,279,900
Total receipts	1,906,008	11,409,520	20,605,808	19,749,426	28,589,771	24,772,531	26,198,523	28,335,601
Business receipts	1,763,760	9,860,442	17,636,551	17,297,125	24,718,122	21,584,886	23,058,235	25,197,648
Interest received [1]	65,596	942,238	1,576,101	1,233,298	2,108,790	1,478,717	1,306,237	1,289,432
Total deductions	1,824,063	11,032,575	19,691,592	19,198,882	27,686,727	23,943,765	24,944,311	27,092,729
Cost of goods sold	1,241,282	6,610,770	11,135,288	10,607,404	16,080,387	13,286,300	14,501,547	16,180,343
Interest paid	64,697	825,372	1,271,679	912,752	1,658,636	1,069,664	888,206	860,102
Total receipts less total deductions	81,945	376,945	914,216	550,544	903,044	828,766	1,254,212	1,242,872
Net income (less deficit)	79,700	370,633	927,526	563,657	984,342	918,953	1,356,496	1,323,009
Net income	96,688	552,527	1,336,620	1,053,126	1,806,890	1,614,867	1,836,377	1,829,098
Deficit	-16,988	-181,894	-409,094	-489,470	-822,548	-695,913	-479,881	-506,089
Income subject to tax	83,165	366,353	760,404	600,554	978,153	894,850	1,022,175	994,393
Total income tax before credits	37,510	128,186	266,282	209,691	342,381	313,464	358,414	349,348
Income tax	37,143	119,434	262,233	207,056	339,726	310,112	354,922	345,415
Total income tax after credits	30,220	96,403	204,044	153,613	228,523	204,996	222,969	220,894
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS								
Number of returns, total	5,154	44,113	60,609	61,615	66,797	66,197	73,210	76,793
Number with net income	2,575	17,360	26,519	26,617	28,399	25,158	31,473	33,358
Total assets	36,674	1,652,255	6,071,994	6,382,309	10,887,289	10,461,430	11,245,199	11,732,552
Total receipts	39,181	1,060,295	2,612,072	2,510,781	4,367,410	3,518,194	4,056,172	4,586,774
Business receipts	38,043	950,083	2,253,215	2,249,184	3,855,657	3,147,948	3,671,712	4,203,240
Interest received [1]	420	67,315	180,006	122,104	288,390	175,969	161,677	161,850
Total deductions	38,050	1,056,921	2,549,986	2,506,266	4,351,886	3,487,675	3,966,077	4,511,644
Cost of goods sold	28,804	709,052	1,584,513	1,548,698	2,849,635	2,204,868	2,655,897	3,099,807
Interest paid	733	77,562	186,835	119,001	252,292	151,639	136,187	134,886
Total receipts less total deductions	1,132	3,374	62,085	4,515	15,524	30,519	90,095	75,129
Net income (less deficit)	1,111	3,966	66,312	7,838	21,769	36,431	99,173	79,803
Net income	1,496	29,410	118,598	82,660	172,866	152,727	174,256	166,514
Deficit	-384	-25,444	-52,287	-74,822	-151,097	-116,296	-75,083	-86,710
Income subject to tax	1,344	23,704	97,515	64,593	140,227	105,152	127,237	130,503
Total income tax before credits	650	8,719	34,650	22,727	49,407	37,783	45,078	46,252
Income tax	631	8,008	33,950	22,447	48,846	36,631	44,404	45,500
Total income tax after credits	610	7,438	28,073	17,819	38,234	28,271	33,192	35,705

Footnotes at end of table.

Table 1. Foreign-Controlled Domestic Corporations as a Percentage of All Corporations: Selected Items for Selected Tax Years 1971–2011—Continued

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

Item	1971	1990	2000	2002	2008	2009	2010	2011
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
FOREIGN-CONTROLLED DOMESTIC CORPORATIONS AS A PERCENTAGE OF ALL CORPORATIONS								
Number of returns, total	0.30	1.19	1.20	1.17	1.14	1.14	1.26	1.32
Number with net income	0.24	0.91	0.94	0.95	0.89	0.80	0.96	0.99
Total assets	1.27	9.08	12.91	12.66	14.18	13.77	14.07	14.43
Total receipts	2.06	9.29	12.68	12.71	15.28	14.20	15.48	16.19
Business receipts	2.16	9.64	12.78	13.00	15.60	14.58	15.92	16.68
Interest received [1]	0.64	7.14	11.42	9.90	13.68	11.90	12.38	12.55
Total deductions	2.09	9.58	12.95	13.05	15.72	14.57	15.90	16.65
Cost of goods sold	2.32	10.73	14.23	14.60	17.72	16.60	18.31	19.16
Interest paid	1.13	9.40	14.69	13.04	15.21	14.18	15.33	15.68
Total receipts less total deductions	1.38	0.90	6.79	0.82	1.72	3.68	7.18	6.04
Net income (less deficit)	1.39	1.07	7.15	1.39	2.21	3.96	7.31	6.03
Net income	1.55	5.32	8.87	7.85	9.57	9.46	9.49	9.10
Deficit	2.26	13.99	12.78	15.29	18.37	16.71	15.65	17.13
Income subject to tax	1.62	6.47	12.82	10.76	14.34	11.75	12.45	13.12
Total income tax before credits	1.73	6.80	13.01	10.84	14.43	12.05	12.58	13.24
Income tax	1.70	6.70	12.95	10.84	14.38	11.81	12.51	13.17
Total income tax after credits	2.02	7.72	13.76	11.60	16.73	13.79	14.89	16.16

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

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011

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

Major industry	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
All industries	**76,793**	**33,358**	**24,121**	**11,732,552**	**2,435,171**
Agriculture, forestry, fishing, and hunting	695	234	170	10,472	4,234
Agricultural production	652	227	165	9,739	3,934
Forestry and logging	* 8	* 3	d	* 481	* 265
Support activities and fishing, hunting, and trapping	* 36	* 4	d	* 252	* 34
Mining	831	270	228	286,026	93,881
Utilities	279	63	d	129,570	34,853
Construction	1,371	387	257	43,418	9,469
Construction of buildings	150	54	20	20,721	3,813
Heavy and civil engineering construction	617	85	39	16,089	3,925
Specialty trade contractors	603	247	198	6,607	1,732
Manufacturing	7,119	3,534	2,861	2,637,560	753,691
Food manufacturing	602	198	192	88,635	22,960
Beverage and tobacco product manufacturing	88	65	28	99,709	14,919
Textile mills and textile product mills	174	89	64	6,158	2,057
Apparel manufacturing	d	d	d	d	d
Leather and allied product manufacturing	d	d	d	d	d
Wood product manufacturing	155	83	80	5,968	2,108
Paper manufacturing	85	35	29	37,777	12,060
Printing and related support activities	44	31	d	3,007	954
Petroleum and coal products manufacturing	48	24	20	738,443	167,292
Chemical manufacturing	514	303	282	432,414	117,602
Plastics and rubber products manufacturing	417	275	154	51,609	11,085
Nonmetallic mineral product manufacturing	142	72	64	102,096	42,736
Primary metal manufacturing	201	130	103	70,029	15,860
Fabricated metal product manufacturing	420	239	226	52,918	14,777
Machinery manufacturing	855	457	410	190,953	61,042
Computer and electronic product manufacturing	1,191	687	557	212,434	88,326
Electrical equipment, appliance, and component manufacturing	268	164	147	79,432	36,050
Transportation equipment manufacturing	702	356	277	416,591	139,682
Furniture and related product manufacturing	139	* 130	* 35	1,537	-140
Miscellaneous manufacturing	d	d	d	d	d
Wholesale and retail trade	21,927	10,078	7,491	763,461	218,012
Wholesale trade	18,317	8,494	6,824	668,878	189,344
Wholesale trade, durable goods	12,814	6,320	4,970	378,725	96,820
Wholesale trade, nondurable goods	5,139	2,124	1,804	289,851	92,580
Wholesale electronic markets and agents and brokers	* 364	* 50	* 50	* 301	* -56
Retail trade	3,611	1,584	668	94,583	28,668
Motor vehicle dealers and parts dealers	673	360	54	2,750	845
Furniture and home furnishings stores	131	* 66	* 58	7,114	518
Electronics and appliance stores	480	* 118	* 63	1,844	-541
Building material and garden equipment and supplies dealers	* 51	* 33	* 23	* 595	* 104
Food, beverage and liquor stores	83	d	d	37,321	13,373
Health and personal care stores	72	* 27	* 19	7,201	2,938
Gasoline stations	* 103	d	d	* 3,303	* 850
Clothing and clothing accessories stores	323	100	89	22,730	7,395
Sporting goods, hobby, book, and music stores	140	d	d	1,089	45
General merchandise stores	* 244	d	d	* 634	* 197
Miscellaneous store retailers	552	378	* 106	2,444	685
Nonstore retailers	758	369	128	7,558	2,259

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
Transportation and warehousing	2,387	926	696	83,162	24,967
Air, rail, and water transportation	213	* 83	* 79	22,980	7,011
Truck transportation	419	* 57	* 18	1,824	764
Transit and ground passenger transportation	559	d	d	7,843	1,560
Pipeline transportation	* 9	d	d	* 5,687	* 1,899
Other transportation and support activities	991	422	242	35,548	8,997
Warehousing and storage	197	49	d	9,280	4,736
Information	2,695	1,490	890	183,634	60,792
Publishing industries	847	530	239	62,935	17,602
Motion picture and sound recording industries	589	377	118	31,845	13,916
Broadcasting (except Internet)	45	* 18	* 18	3,908	1,298
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	383	139	98	57,551	18,115
Data processing, hosting, and related services	53	* 13	* 10	7,836	3,439
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	778	413	407	19,560	6,423
Finance and insurance	3,662	1,990	1,353	5,482,813	743,939
Credit intermediation	309	134	95	404,858	48,401
Depository credit intermediation	35	22	d	202,410	22,328
Nondepository credit intermediation	274	112	d	202,448	26,073
Securities, commodity contracts, and other financial investments and related activities	1,853	1,163	831	2,904,837	129,962
Insurance carriers and related activities	583	367	332	1,943,081	358,884
Funds, trusts, and other financial vehicles	917	327	94	230,037	206,692
Real estate and rental and leasing	16,757	5,236	3,243	195,438	69,921
Real estate	16,446	5,058	3,087	147,887	57,115
Rental and leasing services	290	176	154	39,639	7,437
Lessors of nonfinancial intangible assets (except copyrighted works)	* 21	* 3	* 3	* 7,912	* 5,369
Professional, scientific, and technical services	9,602	4,551	3,524	216,217	79,474
Management of companies (holding companies)	4,013	1,534	1,291	1,545,498	301,767
Administrative and support and waste management and remediation services	1,682	744	566	60,693	15,409
Administrative and support services	1,672	738	d	53,423	11,875
Waste management and remediation services	* 10	* 6	d	* 7,270	* 3,534
Educational services	127	29	17	5,198	1,810
Health care and social assistance	80	36	11	24,174	8,236
Offices of health practitioners and outpatient care centers	* 38	* 18	d	* 13,360	* 5,094
Miscellaneous health care and social assistance	38	d	d	8,584	2,787
Hospitals, nursing, and residential care facilities	5	d	d	2,231	355
Arts, entertainment, and recreation	1,811	1,312	719	13,406	2,971
Amusement, gambling, and recreation industries	366	* 300	* 40	11,194	2,804
Other arts, entertainment, and recreation	1,444	1,012	679	2,211	167
Accommodation and food services	902	443	313	45,693	11,061
Accommodation	252	133	116	23,439	8,145
Food services and drinking places	650	311	197	22,254	2,917
Other services	851	500	431	6,118	684
Repair and maintenance	644	350	350	3,501	713
Personal and laundry services	206	* 150	* 81	2,617	-29

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
All industries	**4,586,774**	**4,203,240**	**4,511,644**	**3,099,807**	**75,129**
Agriculture, forestry, fishing, and hunting	10,840	10,459	11,446	9,401	-606
Agricultural production	10,032	9,686	10,645	8,773	-613
Forestry and logging	* 610	* 602	* 603	* 547	* 7
Support activities and fishing, hunting, and trapping	* 197	* 171	* 198	* 82	* 0
Mining	98,925	92,047	98,351	47,353	574
Utilities	70,064	66,650	73,147	51,099	-3,083
Construction	44,886	43,046	45,467	36,919	-581
Construction of buildings	27,849	26,688	27,753	24,064	96
Heavy and civil engineering construction	10,548	9,986	10,966	7,846	-418
Specialty trade contractors	6,490	6,371	6,749	5,009	-259
Manufacturing	2,098,012	2,026,412	2,063,344	1,597,778	34,668
Food manufacturing	106,474	105,243	104,235	73,739	2,239
Beverage and tobacco product manufacturing	34,485	33,921	32,762	15,059	1,723
Textile mills and textile product mills	7,318	7,208	7,265	5,559	52
Apparel manufacturing	d	d	d	d	d
Leather and allied product manufacturing	d	d	d	d	d
Wood product manufacturing	7,086	6,988	7,447	5,836	-360
Paper manufacturing	24,970	24,277	24,293	19,273	677
Printing and related support activities	3,310	2,906	3,271	2,189	39
Petroleum and coal products manufacturing	685,022	673,099	679,102	613,715	5,920
Chemical manufacturing	310,511	291,146	289,833	187,046	20,678
Plastics and rubber products manufacturing	59,347	57,792	58,400	43,144	946
Nonmetallic mineral product manufacturing	45,558	44,011	47,648	32,011	-2,091
Primary metal manufacturing	92,599	90,974	94,478	80,057	-1,879
Fabricated metal product manufacturing	46,602	45,338	45,303	32,189	1,299
Machinery manufacturing	143,269	136,130	139,175	100,181	4,094
Computer and electronic product manufacturing	118,560	114,125	116,905	74,113	1,655
Electrical equipment, appliance, and component manufacturing	38,707	37,655	37,619	26,329	1,088
Transportation equipment manufacturing	338,210	322,768	341,008	267,649	-2,798
Furniture and related product manufacturing	2,851	2,822	2,790	1,995	61
Miscellaneous manufacturing	d	d	d	d	d
Wholesale and retail trade	1,283,820	1,253,956	1,264,394	1,042,473	19,426
Wholesale trade	1,118,496	1,092,143	1,102,492	925,826	16,004
Wholesale trade, durable goods	621,477	606,809	616,592	512,635	4,885
Wholesale trade, nondurable goods	496,655	484,979	485,506	412,886	11,149
Wholesale electronic markets and agents and brokers	* 364	* 355	* 394	* 305	* -30
Retail trade	165,325	161,813	161,903	116,646	3,422
Motor vehicle dealers and parts dealers	6,494	6,253	6,451	5,469	44
Furniture and home furnishings stores	6,486	6,293	6,486	3,880	0
Electronics and appliance stores	5,592	5,568	5,489	4,065	102
Building material and garden equipment and supplies dealers	* 616	* 614	* 641	* 480	* -25
Food, beverage and liquor stores	80,261	79,074	78,454	58,790	1,806
Health and personal care stores	6,624	6,487	6,488	3,029	136
Gasoline stations	* 20,368	* 20,178	* 20,183	* 18,013	* 185
Clothing and clothing accessories stores	22,736	21,768	21,602	10,539	1,134
Sporting goods, hobby, book, and music stores	1,159	1,086	1,235	656	-76
General merchandise stores	* 913	* 895	* 917	* 552	* -3
Miscellaneous store retailers	1,866	1,489	1,833	921	33
Nonstore retailers	12,209	12,108	12,124	10,253	86

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
Transportation and warehousing	68,058	64,106	68,087	26,589	-29
Air, rail, and water transportation	13,228	13,033	13,189	4,222	39
Truck transportation	4,864	4,759	4,957	2,912	-94
Transit and ground passenger transportation	6,829	6,410	6,747	1,012	82
Pipeline transportation	* 1,121	* 655	* 1,299	* 252	* -178
Other transportation and support activities	39,503	36,903	39,418	17,622	85
Warehousing and storage	2,514	2,347	2,477	569	36
Information	103,781	95,515	102,475	39,592	1,306
Publishing industries	30,749	29,020	29,526	8,581	1,223
Motion picture and sound recording industries	12,126	9,012	12,227	4,869	-101
Broadcasting (except Internet)	1,078	890	969	246	109
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	44,174	42,350	44,735	20,515	-561
Data processing, hosting, and related services	2,732	2,496	2,477	338	255
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	12,921	11,747	12,541	5,043	381
Finance and insurance	446,255	280,767	432,361	157,952	13,894
Credit intermediation	25,320	11,547	21,432	325	3,888
Depository credit intermediation	11,603	1,530	9,482	0	2,121
Nondepository credit intermediation	13,717	10,017	11,949	325	1,767
Securities, commodity contracts, and other financial investments and related activities	93,813	34,899	93,772	308	41
Insurance carriers and related activities	320,373	234,306	314,361	157,320	6,012
Funds, trusts, and other financial vehicles	6,749	15	2,796	0	3,953
Real estate and rental and leasing	28,531	18,881	29,291	2,656	-760
Real estate	16,866	8,711	16,384	320	482
Rental and leasing services	10,960	9,509	12,330	2,318	-1,370
Lessors of nonfinancial intangible assets (except copyrighted works)	* 705	* 661	* 577	* 18	* 128
Professional, scientific, and technical services	142,578	135,327	139,903	45,408	2,675
Management of companies (holding companies)	78,012	12,945	72,226	188	5,786
Administrative and support and waste management and remediation services	49,787	48,011	49,059	19,767	728
Administrative and support services	45,133	43,457	44,447	19,136	687
Waste management and remediation services	* 4,654	* 4,554	* 4,612	* 632	* 41
Educational services	2,445	2,349	2,394	647	51
Health care and social assistance	14,454	13,502	13,756	4,834	697
Offices of health practitioners and outpatient care centers	* 7,517	* 7,117	* 6,910	* 3,472	* 607
Miscellaneous health care and social assistance	4,899	4,775	4,872	1,081	27
Hospitals, nursing, and residential care facilities	2,038	1,610	1,975	281	63
Arts, entertainment, and recreation	6,497	5,697	7,123	1,364	-626
Amusement, gambling, and recreation industries	4,230	3,868	4,749	908	-519
Other arts, entertainment, and recreation	2,267	1,829	2,374	457	-107
Accommodation and food services	33,751	27,910	33,164	13,011	587
Accommodation	6,840	4,511	6,918	646	-78
Food services and drinking places	26,910	23,399	26,246	12,365	664
Other services	6,078	5,660	5,655	2,778	423
Repair and maintenance	4,182	3,914	4,031	2,535	150
Personal and laundry services	1,896	1,746	1,623	243	272

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
					Before credits	After credits
	(11)	(12)	(13)	(14)	(15)	(16)
All industries	**79,803**	**166,514**	**-86,710**	**130,503**	**46,252**	**35,705**
Agriculture, forestry, fishing, and hunting	-554	270	-824	183	63	49
Agricultural production	-561	254	-815	167	58	44
Forestry and logging	* 7	* 11	* -4	* 11	* 4	d
Support activities and fishing, hunting, and trapping	* [1]	* 5	* -6	* 5	* 2	d
Mining	965	11,103	-10,137	9,762	3,558	1,635
Utilities	-3,087	506	-3,593	415	145	d
Construction	-549	1,058	-1,607	565	205	171
Construction of buildings	130	690	-560	325	121	104
Heavy and civil engineering construction	-420	234	-654	157	56	43
Specialty trade contractors	-259	134	-393	83	28	24
Manufacturing	37,874	63,687	-25,812	54,160	19,038	14,437
Food manufacturing	2,260	3,077	-817	2,893	1,013	960
Beverage and tobacco product manufacturing	1,751	1,871	-120	1,843	645	604
Textile mills and textile product mills	58	251	-193	197	68	64
Apparel manufacturing	d	d	d	d	d	d
Leather and allied product manufacturing	d	d	d	d	d	d
Wood product manufacturing	-360	82	-442	68	23	23
Paper manufacturing	683	909	-226	301	114	95
Printing and related support activities	39	115	-76	101	35	d
Petroleum and coal products manufacturing	7,128	9,975	-2,846	9,657	3,431	972
Chemical manufacturing	21,197	22,502	-1,305	20,436	7,165	6,365
Plastics and rubber products manufacturing	1,098	1,623	-525	1,306	470	319
Nonmetallic mineral product manufacturing	-2,050	880	-2,930	531	192	169
Primary metal manufacturing	-1,833	1,891	-3,725	1,429	503	434
Fabricated metal product manufacturing	1,366	1,966	-600	1,622	567	518
Machinery manufacturing	4,369	6,459	-2,090	5,730	1,992	1,667
Computer and electronic product manufacturing	1,896	4,153	-2,256	2,361	829	673
Electrical equipment, appliance, and component manufacturing	1,422	1,788	-367	1,252	437	274
Transportation equipment manufacturing	-2,709	3,861	-6,569	2,492	878	714
Furniture and related product manufacturing	61	* 98	* -37	* 86	* 30	* 29
Miscellaneous manufacturing	d	d	d	d	d	d
Wholesale and retail trade	19,956	30,967	-11,011	25,170	8,912	7,513
Wholesale trade	16,523	26,092	-9,569	20,878	7,410	6,069
Wholesale trade, durable goods	5,096	11,779	-6,682	9,335	3,257	2,621
Wholesale trade, nondurable goods	11,457	14,308	-2,851	11,541	4,152	3,447
Wholesale electronic markets and agents and brokers	* -30	* 5	* -35	* 2	* 1	* 1
Retail trade	3,433	4,875	-1,442	4,293	1,501	1,444
Motor vehicle dealers and parts dealers	44	64	-20	54	18	17
Furniture and home furnishings stores	0	* 111	* -111	* 105	* 36	* 34
Electronics and appliance stores	102	* 163	* -60	* 155	* 54	* 52
Building material and garden equipment and supplies dealers	* -25	* 2	* -27	* 1	* 0	* 0
Food, beverage and liquor stores	1,808	d	d	d	d	d
Health and personal care stores	141	* 210	* -69	* 169	* 59	* 47
Gasoline stations	* 185	d	d	d	d	d
Clothing and clothing accessories stores	1,138	1,611	-473	1,319	463	451
Sporting goods, hobby, book, and music stores	-76	d	d	d	d	d
General merchandise stores	* -3	d	d	d	d	d
Miscellaneous store retailers	33	97	-64	95	* 32	* 32
Nonstore retailers	86	179	-93	83	28	27

Footnotes at end of table.

Table 2. Foreign-Controlled Domestic Corporations: Selected Items, by Major Industry, Tax Year 2011—Continued

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

Major industry	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax: Before credits	Total income tax: After credits
	(11)	(12)	(13)	(14)	(15)	(16)
Transportation and warehousing	-4	1,265	-1,269	915	318	283
Air, rail, and water transportation	39	* 206	* -167	* 189	* 66	* 51
Truck transportation	-94	* 36	* -130	* 29	* 10	* 10
Transit and ground passenger transportation	82	d	d	d	d	d
Pipeline transportation	* -178	d	d	d	d	d
Other transportation and support activities	109	739	-630	567	195	177
Warehousing and storage	36	127	-91	76	* 27	d
Information	1,500	4,377	-2,876	2,801	993	885
Publishing industries	1,275	1,792	-517	1,381	485	404
Motion picture and sound recording industries	25	775	-750	142	49	47
Broadcasting (except Internet)	109	* 156	* -47	* 88	* 32	* 31
Telecommunications (including paging, cellular, satellite, cable and internet service providers)	-558	569	-1,126	208	85	76
Data processing, hosting, and related services	266	* 337	* -71	* 326	* 114	* 111
Other information services (including news syndicates, libraries, and internet publishing and broadcasting)	383	749	-365	657	229	216
Finance and insurance	13,259	24,756	-11,497	13,172	4,832	4,136
Credit intermediation	3,742	4,365	-623	2,144	753	549
Depository credit intermediation	2,074	2,136	-61	1,350	473	d
Nondepository credit intermediation	1,668	2,230	-562	794	280	d
Securities, commodity contracts, and other financial investments and related activities	164	5,273	-5,110	3,607	1,320	1,121
Insurance carriers and related activities	5,400	10,598	-5,198	7,032	2,622	2,333
Funds, trusts, and other financial vehicles	3,953	4,520	-567	389	137	134
Real estate and rental and leasing	-777	3,589	-4,366	1,493	530	484
Real estate	481	3,236	-2,755	1,280	456	422
Rental and leasing services	-1,386	206	-1,592	111	38	38
Lessors of nonfinancial intangible assets (except copyrighted works)	* 128	* 147	* -19	* 102	* 36	* 23
Professional, scientific, and technical services	3,004	7,038	-4,034	5,525	1,926	1,514
Management of companies (holding companies)	6,033	13,509	-7,476	12,797	4,500	3,568
Administrative and support and waste management and remediation services	814	1,285	-471	833	291	199
Administrative and support services	773	1,238	-465	833	291	d
Waste management and remediation services	* 41	* 47	* -6	* 0	* 0	d
Educational services	54	135	-81	116	40	34
Health care and social assistance	697	897	-200	755	265	250
Offices of health practitioners and outpatient care centers	* 607	* 641	* -34	* 628	* 220	d
Miscellaneous health care and social assistance	27	d	d	d	d	d
Hospitals, nursing, and residential care facilities	63	d	d	d	d	d
Arts, entertainment, and recreation	-612	182	-794	150	47	45
Amusement, gambling, and recreation industries	-505	* 46	* -551	* 29	* 9	* 8
Other arts, entertainment, and recreation	-107	136	-243	121	38	37
Accommodation and food services	750	1,257	-507	1,144	399	210
Accommodation	-78	203	-281	118	41	38
Food services and drinking places	827	1,053	-226	1,026	358	172
Other services	479	633	-154	547	190	160
Repair and maintenance	151	220	-69	157	53	50
Personal and laundry services	328	* 413	* -85	* 390	* 136	* 110

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

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

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

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

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011

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

Age of corporation and selected country of foreign owner	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
All foreign-controlled domestic corporations	**76,793**	**33,358**	**24,121**	**11,732,552**	**2,435,171**
AGE OF CORPORATION					
Old corporations:					
Number or amount	57,625	27,316	19,265	10,913,427	2,248,573
Percentage of all corporations	75.0	81.9	79.9	93.0	92.3
New corporations:					
Number or amount	19,169	6,042	4,856	819,125	186,598
Percentage of all corporations	25.0	18.1	20.1	7.0	7.7
SELECTED COUNTRY OF FOREIGN OWNER					
Selected countries, total	68,132	30,692	22,431	11,664,930	2,413,805
Percentage of all countries	88.7	92.0	93.0	99.4	99.1
Selected countries:					
Argentina	1,516	237	236	1,254	502
Australia	1,712	954	931	157,385	35,567
Austria	640	390	318	13,426	4,556
Belgium	392	282	171	48,369	20,966
Bermuda	702	205	126	140,350	42,625
Brazil	1,185	673	604	32,059	8,304
British Virgin Islands [1]	3,602	542	339	33,032	7,614
Canada	10,621	4,489	3,748	1,317,084	276,753
Cayman Islands	2,227	657	583	104,203	46,812
China	2,445	588	329	37,832	3,177
China (Taiwan)	875	440	253	17,363	5,487
Cyprus	166	36	19	6,883	1,574
Denmark	408	215	203	22,092	6,997
Finland	121	83	75	19,903	9,359
Former Soviet Union [2]	458	309	d	11,870	2,574
France [3]	2,126	1,326	521	1,016,376	310,806
Germany	4,610	2,673	1,829	1,444,819	290,288
Hong Kong	791	399	322	21,617	2,739
Hungary	80	21	19	11,273	1,077
India	1,866	1,052	630	25,088	4,162
Ireland	594	256	233	135,763	44,818
Isles of Man, Jersey, and Guernsey	371	141	116	28,765	8,208
Israel	1,272	611	469	58,123	15,236
Italy	2,111	809	477	65,946	28,139
Japan	6,178	2,801	2,278	1,024,148	247,226
Liechtenstein	240	67	48	4,356	1,429
Luxembourg	478	223	198	85,850	25,978
Mexico	3,381	1,553	1,268	55,033	27,214
Netherlands	1,652	892	519	1,098,005	167,580
New Zealand	97	69	63	27,548	6,979
Norway	362	183	133	45,388	11,032

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Number of returns: Total	Number of returns: With net income	Number of returns: With total income tax after credits	Total assets	Net worth
	(1)	(2)	(3)	(4)	(5)
Panama	1,475	521	207	6,795	3,822
Puerto Rico	42	21	d	10,802	1,523
Saudi Arabia	100	32	15	9,865	5,477
Singapore	322	75	71	35,534	22,161
South Korea, Republic of	1,439	872	363	70,138	18,268
Spain	1,678	861	814	226,312	55,857
Sweden	607	314	254	71,232	12,735
Switzerland	1,885	1,161	646	1,471,565	115,864
United Kingdom	6,064	3,084	2,526	2,630,026	508,844
Venezuela	1,241	575	462	21,458	3,476

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
All foreign-controlled domestic corporations	**4,586,774**	**4,203,240**	**4,511,644**	**3,099,807**	**75,129**
AGE OF CORPORATION					
Old corporations:					
Number or amount	4,382,334	4,018,640	4,307,166	2,970,348	75,168
Percentage of all corporations	95.5	95.6	95.5	95.8	100.1
New corporations:					
Number or amount	204,440	184,600	204,478	129,459	-38
Percentage of all corporations	4.5	4.4	4.5	4.2	-0.1
SELECTED COUNTRY OF FOREIGN OWNER					
Selected countries, total	4,543,850	4,162,795	4,467,741	3,070,737	76,109
Percentage of all countries	99.1	99.0	99.0	99.1	101.3
Selected countries:					
Argentina	1,068	1,059	1,140	828	-72
Australia	62,667	55,772	62,884	31,040	-217
Austria	21,269	20,856	20,876	16,079	392
Belgium	44,224	42,841	42,424	30,291	1,799
Bermuda	52,143	48,141	52,091	27,522	52
Brazil	39,791	38,971	40,164	35,950	-373
British Virgin Islands [1]	27,576	25,783	27,491	17,439	85
Canada	393,600	345,924	388,782	249,933	4,817
Cayman Islands	45,266	39,160	46,108	23,273	-842
China	23,472	22,757	23,938	20,189	-466
China (Taiwan)	40,372	40,024	39,868	36,556	504
Cyprus	9,922	9,796	9,945	8,896	-22
Denmark	28,014	26,825	27,093	18,636	921
Finland	17,043	15,762	16,621	12,002	422
Former Soviet Union [2]	10,023	9,666	12,471	8,807	-2,448
France [3]	288,069	241,238	276,752	163,722	11,317
Germany	449,694	407,948	443,168	284,279	6,526
Hong Kong	15,301	14,906	15,579	12,688	-277
Hungary	12,161	11,783	11,782	9,185	378
India	31,743	31,254	31,422	19,852	321
Ireland	49,246	43,941	49,297	26,254	-51
Isles of Man, Jersey, and Guernsey	17,115	16,020	15,995	8,691	1,120
Israel	40,022	38,393	39,333	30,558	689
Italy	52,615	50,923	52,078	32,938	538
Japan	662,759	633,175	651,290	497,021	11,469
Liechtenstein	7,027	6,918	6,868	5,301	158
Luxembourg	57,494	54,530	58,831	40,119	-1,337
Mexico	51,499	49,631	49,781	37,666	1,719
Netherlands	322,748	290,415	318,512	197,158	4,235
New Zealand	13,040	12,717	12,744	10,095	296
Norway	23,478	22,981	24,192	17,797	-715

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Total receipts	Business receipts	Total deductions	Cost of goods sold	Total receipts less total deductions
	(6)	(7)	(8)	(9)	(10)
Panama	3,516	3,337	3,503	2,560	13
Puerto Rico	928	395	1,271	112	-343
Saudi Arabia	10,801	11,592	11,718	10,675	-917
Singapore	16,829	16,716	16,892	11,759	-63
South Korea, Republic of	125,960	123,655	126,945	110,528	-985
Spain	45,766	34,330	44,425	22,977	1,342
Sweden	66,193	64,176	64,522	48,678	1,672
Switzerland	338,899	302,677	327,206	198,098	11,693
United Kingdom	978,165	889,859	955,993	690,904	22,173
Venezuela	46,332	45,948	45,746	43,681	586

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
					Before credits	After credits
	(11)	(12)	(13)	(14)	(15)	(16)
All foreign-controlled domestic corporations	**79,803**	**166,514**	**-86,710**	**130,503**	**46,252**	**35,705**
AGE OF CORPORATION						
Old corporations:						
Number or amount	79,443	155,033	-75,589	121,705	43,170	33,043
Percentage of all corporations	99.5	93.1	87.2	93.3	93.3	92.5
New corporations:						
Number or amount	360	11,481	-11,121	8,798	3,082	2,663
Percentage of all corporations	0.5	6.9	12.8	6.7	6.7	7.5
SELECTED COUNTRY OF FOREIGN OWNER						
Selected countries, total	80,679	164,543	-83,862	129,029	45,736	35,239
Percentage of all countries	101.1	98.8	96.7	98.9	98.9	98.7
Selected countries:						
Argentina	-72	38	-110	38	11	11
Australia	-170	3,373	-3,544	2,322	847	302
Austria	393	642	-249	583	202	196
Belgium	1,845	2,083	-238	1,699	605	580
Bermuda	-170	2,419	-2,589	2,094	785	410
Brazil	-355	1,172	-1,527	1,152	400	392
British Virgin Islands [1]	97	1,325	-1,227	968	338	330
Canada	4,807	16,525	-11,719	11,102	4,071	3,434
Cayman Islands	-795	3,935	-4,730	2,737	960	763
China	-452	537	-989	409	140	108
China (Taiwan)	503	835	-331	714	249	200
Cyprus	-22	178	-200	149	52	47
Denmark	1,014	1,299	-285	1,171	409	321
Finland	434	523	-89	405	143	125
Former Soviet Union [2]	-2,442	126	-2,568	99	34	d
France [3]	11,956	16,897	-4,942	11,577	4,174	3,461
Germany	6,932	16,010	-9,078	11,965	4,191	3,635
Hong Kong	-273	179	-452	102	36	35
Hungary	457	505	-48	499	174	145
India	329	1,145	-816	694	242	225
Ireland	6	1,468	-1,462	1,111	392	293
Isles of Man, Jersey, and Guernsey	1,138	1,513	-376	1,162	407	275
Israel	714	1,382	-667	1,070	374	324
Italy	637	2,168	-1,531	1,705	600	510
Japan	11,860	19,704	-7,843	15,175	5,328	4,066
Liechtenstein	158	200	-42	166	58	57
Luxembourg	-1,236	1,249	-2,484	876	316	226
Mexico	1,927	3,246	-1,319	3,139	1,098	443
Netherlands	4,657	9,080	-4,423	6,378	2,248	1,939
New Zealand	296	347	-51	43	20	14
Norway	-713	260	-973	220	76	69

Footnotes at end of table.

Table 3. Foreign-Controlled Domestic Corporations: Selected Items, by Age of Corporation and Selected Country of Foreign Owner, Tax Year 2011—Continued

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

Age of corporation and selected country of foreign owner	Net income (less deficit)	Net income	Deficit	Income subject to tax	Total income tax	
					Before credits	After credits
	(11)	(12)	(13)	(14)	(15)	(16)
Panama	7	127	-120	90	32	24
Puerto Rico	-345	16	-361	1	[4]	d
Saudi Arabia	-917	14	-931	7	3	3
Singapore	-61	378	-439	285	99	96
South Korea, Republic of	-973	1,629	-2,602	953	358	319
Spain	1,230	2,589	-1,359	2,033	712	573
Sweden	1,849	2,299	-450	1,934	681	497
Switzerland	11,907	16,141	-4,234	14,090	4,942	4,472
United Kingdom	23,936	30,309	-6,373	27,462	9,654	6,016
Venezuela	586	678	-91	650	275	274

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

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

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

[3] Includes domestic corporations with owners from Corsica.

[4] Less than $500,000.

NOTES: "New" corporations were those with dates of incorporation between 2009 and 2012; "old" corporations were those with dates of incorporation prior to 2009 or with unknown dates of incorporation. Countries shown in this table were those in which one or more of the following were present: (a) at least 1,000 returns, (b) at least $10 billion of total assets, or (c) at least $5 billion of total receipts. Detail may not add to totals because of rounding.

SOURCE: IRS, Statistics of Income Division, Foreign-Controlled Domestic Corporations, August 2014.