

[COMMITTEE PRINT]

TAXATION OF FOREIGN SOURCE INCOME:
STATISTICAL DATA

PREPARED FOR THE USE OF THE
COMMITTEE ON WAYS AND MEANS
BY THE STAFF OF THE
JOINT COMMITTEE ON INTERNAL REVENUE
TAXATION



SEPTEMBER 30, 1975

U.S. GOVERNMENT PRINTING OFFICE JCS-87-75
WASHINGTON : 1975

58-493

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TABLE A-1.—U.S. DIRECT INVESTMENT ABROAD BY SELECTED INDUSTRY GROUP, 1966-73

[In millions of dollars]

	Book value at yearend	Net capital outflows	Reinvested earnings ¹	Earnings	Balance- of-payments income ²
All industries:					
1966.....	54,790	3,661	1,739	5,364	3,707
1967.....	59,491	3,137	1,598	5,650	4,133
1968.....	64,983	3,209	2,175	6,538	4,489
1969.....	71,033	3,271	2,604	7,544	5,074
1970.....	78,178	4,410	2,948	8,118	5,330
1971.....	85,198	4,943	3,157	9,389	6,385
1972.....	94,337	3,517	4,715	11,485	6,925
1973 ³	107,268	4,872	8,124	17,495	9,415
Mining and smelting:					
1966.....	4,365	305	129	659	524
1967.....	4,876	330	135	746	596
1968.....	5,435	440	134	795	644
1969.....	5,676	93	167	782	664
1970.....	6,168	393	111	675	553
1971.....	6,685	510	23	499	482
1972.....	7,110	382	41	419	395
1973 ³	7,483	201	143	675	548
Petroleum:					
1966.....	16,222	885	106	1,530	1,443
1967.....	17,399	1,069	175	1,736	1,604
1968.....	18,887	1,231	239	1,965	1,787
1969.....	19,882	919	-59	1,868	2,054
1970.....	21,714	1,460	425	2,264	1,937
1971.....	24,152	1,950	500	2,946	2,532
1972.....	26,263	1,603	563	3,311	2,826
1973 ³	29,567	1,417	1,927	6,183	4,325
Manufacturing:					
1966.....	22,078	1,752	983	2,104	1,116
1967.....	24,172	1,234	847	2,055	1,193
1968.....	26,414	945	1,261	2,519	1,265
1969.....	29,527	1,160	1,939	3,287	1,337
1970.....	32,261	1,295	1,534	3,416	1,859
1971.....	35,632	1,556	1,854	3,834	1,950
1972.....	39,716	1,100	2,991	5,172	2,144
1973 ³	45,791	1,820	4,408	7,286	2,757
Other:					
1966.....	12,134	718	520	1,071	624
1967.....	13,044	504	442	1,112	740
1968.....	14,248	582	541	1,259	793
1969.....	15,948	1,099	557	1,606	1,020
1970.....	18,035	1,262	877	1,764	981
1971.....	19,728	927	780	2,111	1,422
1972.....	21,249	433	1,118	2,583	1,560
1973 ³	24,427	1,434	1,645	3,351	1,785

¹ Represents a U.S. reporter's share in the reinvested earnings of its foreign-incorporated affiliates.² Includes interest, dividends, and branch earnings.³ Preliminary.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, pp. 16, 17.

TABLE A-2.—IDENTIFIABLE U.S. CORPORATE TRANSACTIONS WITH FOREIGNERS¹
 [Millions of dollars, balance of payments signs: debits (-), credits (+)]

Line	Item	All areas			Developed countries			Other areas ²			Change, 1972-73		
		1971 ³	1972 ³	1973 ⁴	1971 ³	1972 ³	1973 ⁴	1971 ³	1972 ³	1973 ⁴	All areas	Developed countries	Other areas
1	Net flow ⁵	3,994	7,607	7,092	2,266	5,125	2,930	1,728	2,482	4,162	-515	-2,195	1,680
2	Change in corporate claims on foreigners	-9,037	-9,765	-15,649	-6,036	-6,640	-11,540	-3,001	-3,126	-4,109	-5,884	-4,900	-983
3	Addition to direct investment position	-8,020	-8,140	-12,930	-5,427	-5,676	-9,726	-2,593	-2,465	-3,204	-4,790	-4,050	-739
4	Net capital outflows	-4,943	-3,517	-4,872	-2,988	-1,988	-3,631	-1,955	-1,529	-1,241	-1,355	-1,643	288
5	Reinvested earnings	-3,157	-4,715	-8,124	-2,437	-3,710	-6,147	-720	-1,005	-1,977	-3,409	-2,437	-972
6	Valuation adjustment ⁶	80	92	66	-1	23	52	81	69	14	-26	29	-55
7	Change in other corporate claims	-1,017	-1,625	-2,719	-609	-964	-1,814	-408	-661	-905	-1,094	-850	-244
8	Long-term	-168	-253	-464	-98	-156	-276	-70	-97	-188	-211	-120	-91
	Short-term:												
9	Liquid	-531	-505	-841	-404	-277	-565	-127	-228	-276	-336	-288	-48
10	Nonliquid ⁷	-496	-214	-1,413	-266	-172	-972	-230	-42	-441	-1,199	-800	-399
11	Adjustments ⁸	178	-653	-1	159	-359	-1	19	-294		652	358	294
12	Change in corporate liabilities to foreigners	1,846	3,580	2,207	564	3,224	1,671	282	356	536	-1,373	-1,553	180
13	New issues of securities sold abroad by U.S. corporations ⁹	1,181	2,002	1,222	1,181	2,002	1,222				-781	-780	
14	Change in corporate liabilities other than new issues	665	1,578	985	383	1,222	449	282	356	536	-593	-773	180
15	Long-term	384	594	264	289	561	118	95	33	146	-330	-443	113
16	Short-term ⁷	22	160	943	-162	10	553	184	150	390	783	543	240
17	Adjustments ⁸	259	824	-222	256	651	-222	3	173		-1,046	-873	-173
18	Direct investors' ownership benefits	11,702	14,055	20,377	7,152	8,856	12,628	4,550	5,200	7,749	6,322	3,772	2,549
19	Receipts on U.S. direct investments	8,545	9,340	12,253	4,715	5,146	6,481	3,830	4,195	5,772	2,913	1,335	1,577
20	Royalties and fees	2,160	2,415	2,838	1,594	1,816	2,182	566	600	656	423	356	56
21	Dividends and interest	4,174	4,548	5,327	2,648	2,899	3,637	1,526	1,649	1,690	779	738	41
22	Branch earnings ⁹	2,211	2,377	4,088	473	431	662	1,738	1,946	3,426	1,711	231	1,480
23	Reinvested earnings	3,157	4,715	8,124	2,437	3,710	6,147	720	1,005	1,977	3,409	2,437	972
24	Offset to adjustments ⁶	-517	-263	157	-414	-315	171	-103	52	-14	420	486	-66

¹ Some balance of payments flows associated with U.S. corporate transactions are not separately identified in the U.S. balance of payments data and therefore are not reflected in the estimates given in this table. See text for further explanation. Claims and liabilities of U.S. banking and brokerage institutions are excluded.

² Includes developing countries, international and unallocated.

³ Revised.

⁴ Preliminary.

⁵ Sum of lines 2 plus 12 plus 18 plus 24.

⁶ These adjustments plus balance of payments flows are equal to the changes in the international investment position. Such adjustments do not enter the balance of payments flow figures. Line 24 is the sum of lines 6, 11, and 17, with sign reversed.

⁷ Excludes brokerage claims and liabilities.

⁸ Excludes funds obtained abroad by U.S. corporations through bank loans and other credits and also excludes securities issued by subsidiaries incorporated abroad. However, securities issued by finance subsidiaries incorporated in the Netherlands Antilles are treated as if they had been issued by U.S. corporations to the extent that the proceeds of such issues are transferred to U.S. parent companies.

⁹ Petroleum branch earnings have been revised as described in the Technical Notes.

Note: Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August, 1974, p. 11.

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TABLE A-3.—ADDITION TO U.S. DIRECT INVESTMENT POSITION AND COMPONENTS OF FINANCING

[Millions of dollars]

Line	Item, year, and change from previous year	All areas				Developed countries				Other areas ¹			
		All industries	Petroleum	Manufacturing	Other	All industries	Petroleum	Manufacturing	Other	All industries	Petroleum	Manufacturing	Other
Direct investment position: ²													
1	Addition in 1973 ³	12,930	3,305	6,074	3,551	9,726	2,244	4,952	2,529	3,205	1,060	1,122	1,022
2	Addition in 1972 ⁴	8,140	2,111	4,084	1,945	5,676	1,085	3,373	1,218	2,465	1,025	712	728
3	Change, 1972-73	4,790	1,194	1,990	1,606	4,050	1,159	1,579	1,311	740	35	410	294
4	Change, 1971-72	120	-327	713	-265	249	-150	506	-107	-128	-178	208	-158
Net capital outflows: ⁵													
5	1973 ⁶	4,872	1,417	1,820	1,635	3,631	1,053	1,354	1,224	1,241	364	467	411
6	1972 ⁶	3,517	1,603	1,100	815	1,988	693	832	464	1,529	910	267	351
7	Change, 1972-73	1,355	-186	721	820	1,642	360	522	760	-288	-547	199	60
8	Change, 1971-72	-1,426	-347	-456	-621	-1,000	-283	-487	-230	-426	-65	29	-391
Reinvested earnings: ⁶													
9	1973 ⁷	8,124	1,927	4,408	1,788	6,147	1,166	3,741	1,240	1,977	761	668	548
10	1972 ⁷	4,715	563	2,991	1,161	3,710	424	2,537	750	1,004	140	454	411
11	Change, 1972-73	3,409	1,364	1,418	627	2,437	742	1,204	491	973	621	214	137
12	Change, 1971-72	1,558	63	1,137	358	1,273	173	972	128	285	-109	165	229
Adjustments: ⁷													
13	Change, 1972-73	26	17	-149	158	-29	56	-145	61	55	-38	-3	97
14	Change, 1971-72	-12	-44	33	-1	-24	-39	19	-5	12	-6	13	5

¹ Includes developing countries, international and unallocated.

² Lines 1 and 2 correspond to appropriate column detail for line 3 in table 2.

³ Preliminary.

⁴ Revised.

⁵ Lines 5 and 6 correspond to changes in the appropriate column detail for line 4 in table 2.

⁶ Lines 9 and 10 correspond to changes in the appropriate column detail for line 5 in table 2.

⁷ Lines 13 and 14 correspond to changes in the appropriate column detail for line 6 in table 2.

Note.—Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 11.

TABLE A-4.—COMPARISON OF PAYOUT RATIOS OF INCORPORATED AFFILIATES ON FOREIGN DIRECT INVESTMENT IN THE UNITED STATES AND U.S. DIRECT INVESTMENT ABROAD, 1969-73

[In percent]

Item	1969	1970	1971	1972 ¹	1973 ²
Ratio of dividends to earnings of: ³					
Foreign direct investment in the United States....	39.6	40.8	43.0	45.5	40.8
U.S. direct investment abroad.....	53.1	53.5	56.0	48.2	39.4

¹ Revised.

² Preliminary.

³ Dividends includes any U.S. withholding taxes but excludes preferred dividends. Earnings represents the sum of dividends on common stock, U.S. withholding taxes, and reinvested earnings.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 9.

TABLE A-5.—REINVESTED EARNINGS IN AND NET CAPITAL OUTFLOWS TO FOREIGN-INCORPORATED AFFILIATES

[Millions of dollars, or ratios]

Item and industry	All areas			Developed countries			Other areas ¹		
	1971	1972 ²	1973 ³	1971	1972 ²	1973 ³	1971	1972 ²	1973 ³
All industries:									
Total ⁴	7,057	6,915	11,672	5,026	5,136	9,138	2,031	1,779	2,535
Reinvested earnings.....	3,157	4,715	8,124	2,437	3,710	6,147	720	1,005	1,977
Net capital outflows.....	3,900	2,201	3,548	2,589	1,426	2,991	1,311	774	558
Ratio, reinvested earnings to total.....	.45	.68	.70	.48	.72	.67	.35	.56	.78
Petroleum, total⁴.....	1,921	1,550	2,542	1,139	1,070	1,968	782	481	574
Reinvested earnings.....	500	563	1,927	251	424	1,166	249	140	761
Net capital outflows.....	1,421	987	615	888	646	802	533	341	-187
Ratio, reinvested earnings to total.....	.26	.36	.76	.22	.40	.59	.32	.29	.59
Manufacturing, total⁴.....	3,360	4,000	6,145	2,850	3,306	5,011	510	694	1,135
Reinvested earnings.....	1,854	2,991	4,408	1,565	2,537	3,741	289	454	668
Net capital outflows.....	1,506	1,009	1,736	1,285	769	1,270	221	240	467
Ratio, reinvested earnings to total.....	.55	.75	.72	.55	.77	.75	.57	.65	.59
Other, total⁴.....	1,774	1,367	2,985	1,036	762	2,158	738	604	826
Reinvested earnings.....	803	1,161	1,788	621	749	1,240	182	411	548
Net capital outflows.....	971	206	1,197	415	13	918	556	193	278
Ratio, reinvested earnings to total.....	.45	.85	.60	.60	.98	.57	.25	.68	.66

¹ Includes developing countries, international and unallocated.

² Revised.

³ Preliminary.

⁴ Separate data for valuation adjustments, the remaining component of the addition to the U.S. direct investment position, are not available for foreign incorporated affiliates, so that the total lines do not exactly measure the addition to U.S. direct investment. These adjustments (covering branches as well as incorporated affiliates) totaled \$66,000,000 in 1973, as given in line 6 of table 2.

Note: Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 12.

TABLE A-6.—NET CAPITAL OUTFLOWS BY INDUSTRY, AREA, AND TYPE OF CAPITAL
[Millions of dollars, not seasonally adjusted]

Item	1971	1972 ¹	1973 ¹				
			Year	I	II	III	IV
Net capital outflows.....	4,943	3,517	4,872	2,445	943	510	974
To foreign-incorporated affiliates.....	3,898	2,201	3,549	1,858	321	719	650
Short-term intercompany accounts ²							
Petroleum.....	1,241	200	1,719	1,486	52	370	-190
Manufacturing.....	822	668	516	346	-17	86	101
Finance and insurance.....	296	-120	645	444	9	264	-72
Other ⁴	13	-315	253	349	-36	101	-161
Other ⁴	109	-33	305	347	96	-80	-58
Petroleum.....	2,656	2,001	1,829	371	270	348	841
Manufacturing.....	599	319	99	152	-53	-55	56
Finance and insurance.....	1,210	1,129	1,092	124	445	140	384
Other ⁴	505	138	411	66	-10	164	192
To branches ⁵	344	416	228	30	-112	100	209
Petroleum.....	1,045	1,317	1,324	587	622	-209	324
Manufacturing.....	529	616	802	481	505	-321	137
Finance and insurance.....	50	91	84	8	42	2	32
Other ⁴	42	120	158	54	6	30	68
Of which, short-term intercompany accounts with developed areas ³	423	490	280	44	69	80	86
Petroleum.....	720	-106	1,426	1,348	26	87	-35
Manufacturing.....	417	427	599	401	-23	-79	301
Finance and insurance.....	281	-109	448	402	-1	157	-111
Other ⁴	-35	-300	160	301	-36	6	-111
Other ⁴	59	-124	219	244	86	3	-114

¹ Revised.

² Preliminary.

³ Calculated as the change in the amount outstanding from the beginning to the end of the accounting period. Each category reflects (i) transactions that result in net capital outflows from the United States, less (ii) conversions of outstanding short-term claims into long-term or equity claims, plus (iii) conversions of long-term claims or equity into short term. None of these conversions has a net effect on the balance of payments.

⁴ "Other" industries include all industries other than those listed, the major ones being mining and smelting, trade, agriculture, public utilities, and services.

⁵ "Other" types of capital outflows to foreign-incorporated affiliates reflect changes in long-term intercompany accounts: acquisition of capital stock of existing and newly established foreign companies in transactions with affiliated and unaffiliated foreigners; partial or total sales or liquidations of capital stock and other equity holdings; and verified transactions of nonreporters, which are not classified by type. This category includes transactions which result in net capital outflows plus conversions as described in footnote 3.

⁶ "Branches" include any unincorporated foreign affiliates. Detail on the term structure of this line is not available.

Note: Details may not add to totals because of rounding.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 12.

TABLE A-7.—VALUE OF FOREIGN DIRECT INVESTMENT IN THE UNITED STATES BY MAJOR INDUSTRY AND COUNTRY, YEAREND 1973
[Millions of dollars]

	Total	Petroleum	Manufacturing	Finance and insurance	Other
All areas.....	17,748	4,425	8,418	2,712	2,192
Canada.....	4,003	295	2,363	364	982
Europe.....	12,159	3,396	5,743	2,108	913
United Kingdom.....	5,437	1,379	2,221	1,310	527
Netherlands.....	2,550	1,503	839	48	161
Switzerland.....	1,825	-----	1,375	383	67
Other.....	2,347	515	1,308	367	158
Other areas.....	1,585	735	312	240	297

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 8.

TABLE A-8.—DIVIDEND PAYOUT RATIOS OF FOREIGN INCORPORATED AFFILIATES
[Millions of dollars, or ratios]

Item and industry	All areas			Developed countries			Other areas ¹		
	1971	1972 ²	1973 ³	1971	1972 ²	1973 ³	1971	1972 ²	1973 ³
All industries:									
Earnings.....	7,178	9,109	13,407	4,941	6,449	9,669	2,238	2,660	3,738
Gross dividends.....	4,022	4,394	5,283	2,504	2,739	3,522	1,518	1,655	1,761
Ratio, gross dividends to earnings.....	.56	.48	.39	.51	.43	.36	.68	.62	.47
Petroleum:									
Earnings.....	1,554	1,811	3,239	470	616	1,507	1,085	1,196	1,733
Gross dividends.....	1,054	1,248	1,312	219	192	340	836	1,056	972
Ratio, gross dividends to earnings.....	.68	.69	.40	.47	.31	.23	.77	.88	.56
Manufacturing:									
Earnings.....	3,736	5,074	7,156	3,149	4,302	6,110	588	772	1,046
Gross dividends.....	1,882	2,083	2,748	1,584	1,765	2,369	299	318	379
Ratio, gross dividends to earnings.....	.50	.41	.38	.50	.41	.39	.51	.41	.36
Other:									
Earnings.....	1,888	2,223	3,011	1,322	1,531	2,052	566	693	959
Gross dividends.....	1,085	1,063	1,223	700	782	812	384	281	410
Ratio, gross dividends to earnings.....	.57	.48	.41	.53	.51	.40	.68	.41	.43

¹ Includes developing countries, international and unallocated.

² Revised.

³ Preliminary.

Note.—Details may not add to totals because of rounding. Reported earnings are also equal to the sum of dividends, foreign withholding taxes, and reinvested earnings. Estimates are drawn from table 12. Gross dividends exclude preferred dividends, but include foreign withholding taxes.

Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 12.

TABLE A-9.—EARNINGS, RELATED ITEMS AND MEASURES OF RETURN: DERIVATION AND RELATIONSHIP
[Millions of dollars]

	1973 amount and source
1. Net earnings of foreign-incorporated affiliates.....	13,407 reported.
2. Net earnings of foreign branches.....	4,088 reported.
3. Earnings.....	17,495=1+2.
4. Gross dividends (on common stock).....	5,283=5+6.
5. Foreign withholding tax (on common stock dividends).....	690 reported.
6. Dividends (on common stock).....	4,593 reported.
7. Preferred dividends.....	17 reported.
8. Interest.....	717 reported.
9. Fees and royalties.....	2,838 reported.
10. Adjusted earnings.....	17,539=3-5+7+8.
11. Reinvested earnings.....	8,124=1-4 or 3-2-4.
12. Balance of payments income.....	9,415=2+6+7+8 or 10-11.
13. Balance of payments receipts.....	12,254=9+12.
14. Direct investor's ownership benefits.....	20,377=9+10.

Note. Figures are preliminary estimates derived from sample data. Estimates may not add to totals because of rounding.
Source: U.S. Department of Commerce, "Survey of Current Business," pt. II, August 1974, p. 40.

TECHNICAL NOTES ON DATA PRESENTED IN PART A (REPRINTED FROM "SURVEY OF CURRENT BUSINESS," PART II, AUGUST 1974)

METHODOLOGY

Annual U.S. direct investment estimates are derived from a mandatory BEA sample survey covering approximately 16,000 foreign affiliates of 1,300 U.S. direct investors. Except for net capital outflows, data reported by this sample were expanded to obtain the universe estimates published in this article. Separate estimates were prepared for each reported item for 800 country-industry cells. The expansion factors were derived from an affiliate-by-affiliate match. For the matched affiliate panel, the expansion factors were the ratios of the current year values of the data items to the preceding year values.

These ratios were applied to the universe estimates of the data items for the preceding year. The result was adjusted for any year-to-year changes in the sample from additions or deletions of affiliates, to give the current-year universe estimate.

Sample data on capital flows were not expanded to universe estimates but were supplemented by additional capital flow data obtained from public sources, as confirmed by the U.S. residents involved. The sum of the resulting 1973 reinvested earnings and capital flow estimates, together with valuation adjustments, were added to the estimated yearend 1972 U.S. direct investment position to estimate the yearend 1973 position. The yearend 1972 and earlier figures were estimated in the same way, beginning with the universe data in the 1957 benchmark survey.

As the 1957 benchmark is out of date, the annual estimates in this article are subject to a significant margin of error. Revised estimates based on a 1966 benchmark survey are in preparation.

The reporters in the annual sample account for the bulk of the annual addition to the value of U.S. direct investment abroad. The sample includes those U.S. residents having aggregate direct investment abroad in branches or in foreign-incorporated affiliates, amounting to \$2,000,000 or more, as measured on the books of the affiliated foreign enterprises.

Earnings

The definition of and relationship among direct investment earnings items, related items, and measures of return are as follows:

1. *Net earnings of foreign-incorporated affiliates* are a U.S. direct investor's share in the earnings of its foreign-incorporated affiliates after provision for foreign income taxes and preferred dividends, but before provision for U.S. taxes.

2. *Net earnings of foreign branches* are earnings of foreign branches of U.S. direct investors after provision for foreign income taxes, but before depletion charges or provision for U.S. taxes. Also included is the U.S. share in the net earnings of other types of unincorporated foreign affiliates.

3. *Earnings* are net earnings of foreign-incorporated affiliates plus net earnings of foreign branches.

4. *Gross dividends* are dividends on common stock credited to a U.S. direct investor by its foreign-incorporated affiliates, before deduction of foreign withholding taxes.

5. *Foreign withholding taxes* are taxes on common stock dividends that are withheld by the foreign-resident payer at the time dividends are credited to a nonresident (as distinguished from an income tax on earnings). Taxes are also withheld by the payer on interest and preferred dividends, but such interest and preferred dividends are reported to BEA on a net basis; therefore, BEA estimates of withholding taxes relate only to common stock dividends.

6. *Dividends* are gross dividends on common stock less foreign withholding taxes.

7. *Preferred dividends* are dividends credited to a U.S. direct investor on its preferred or nonvoting shares in its foreign-incorporated affiliates, after deduction of foreign withholding taxes. Preferred dividends are treated in this article in the same way as interest, even though on a foreign affiliate's books preferred dividends are not charged as an expense, although interest is.

8. *Interest* is net interest on net intercompany accounts and long-term debt received by or credited to the U.S. direct investor or other nonbank U.S. investor on foreign affiliates, after deduction of foreign withholding taxes.

9. *Fees and royalties* are net receipts by a U.S. direct investor from its foreign affiliates for professional, administrative, and management services and for use of tangible and intangible property or rights (patents, techniques, trademarks, copyrights, etc.)

10. *Adjusted earnings* are earnings less foreign withholding taxes plus interest.

11. *Reinvested earnings* are net earnings of foreign-incorporated affiliates less gross dividends on common stock.

12. *Balance of payments income* is adjusted earnings less reinvested earnings, or the sum of dividends, preferred dividends, and interest credited to the account of U.S. direct investors (all net of foreign withholding taxes) plus branch earnings after foreign taxes. (In previous articles in this annual series "interest, dividends, and branch earnings" was used for this category.)

13. *Balance of payments receipts* are balance of payments income plus fees and royalties. (In previous articles in this annual series, "balance of payments income" was used for this category.)

14. *Direct investor's ownership benefits* are adjusted earnings plus fees and royalties.

TABLE B-1.—1968 STATUTORY AND REALIZED AND 1973/74 STATUTORY CORPORATE INCOME TAX RATES ¹

Country	1968 statutory rates				1968 realized rates ⁴			1973/74 statutory rates				Dividend with-holding rate to United States ⁵
	Corporate tax rate	Distributed profits if different	Local income taxes ²	Mining and/or petroleum ³	All industries	Manufacturing	Mining	Corporate tax rate	Distributed profits if different	Local income taxes ²	Mining and/or petroleum ³	
Developed countries:												
Canada.....	50.0		12.0		39.1	42.8	8.4	48.0		13.0		15.0
Austria.....	44.0	22.0	14.0		42.6	42.7	(⁶)	55.0	27.5	15.0		5.0
Belgium.....	38.5	33.0	6.0		34.0	34.4	0	42.0				15.0
Denmark.....	36.0				31.1	32.5	36.2	36.0				5.0
France.....	50.0				45.5	48.0	34.3	50.0		15.8	15.0	15.0
Germany.....	52.5	15.5	13.5		41.4	43.0	.1	52.6				30.0
Greece.....	38.24				11.7	11.9	(⁶)	38.24				5.0
Ireland.....	50.0				13.4	12.7	0	50.0				5.0
Italy.....	43.0		(⁷)		42.1	41.1	49.8	43.8		14.0	(⁷)	5.0
Luxembourg.....	40.0		10.0		14.5	17.1	0	40.0				5.0
Netherlands.....	46.0				32.7	34.5	26.1	48.0				5.0
Norway.....	30.0		19.0		51.8	45.8	46.4	25.5		21.3		10.0
Spain.....	42.8				35.3	39.5	(⁶)	32.8				15.0
Sweden.....	40.0		19.0		41.0	43.1	(⁶)	40.0		25.0		5.0
Switzerland.....	7.2		24.0		16.7	22.2	(⁶)	8.8		28.0		5.0
United Kingdom.....	45.0				38.7	38.6	48.7	50.0				15.0
Australia.....	45.0				40.2	40.6	36.0	47.5				15.0
New Zealand.....	42.5				50.5	48.7	(⁶)	45.0			33.3	5.0
South Africa.....	36.7			(⁸)	34.8	35.8	34.2	43.0			(⁷)	15.0
Japan.....	35.0	26.0			41.1	41.5	(⁶)	36.75	26.0	12.0		10.0
South America:												
Mexico.....	42.0				40.7	42.2	51.8	42.0				20.0
Argentina.....	33.0				21.8	21.7	26.7	42.9				12.0
Brazil.....	30.0	38.5			27.6	30.0	96.7	30.3	33.5			25.0
Chile.....	37.2			(⁹)	24.5	33.0	41.7	44.43			(⁷)	40.0
Colombia.....	36.0				43.4	47.3	17.5	36.0				20.0
Ecuador.....	20.0	25.0		(⁹)	24.3	18.7	33.3	20.0	40.0		(⁷)	40.0
Paraguay.....	25.0				24.4	(⁶)	(⁶)	30.0				10.0
Peru.....	37.0				32.2	32.1	42.4	55.0				30.0
Uruguay.....	21.0				15.7	14.1	(⁶)	37.5				25.0
Venezuela.....	50.0			52.0	28.1	30.0	12.5	50.0			60.0	15.0
Costa Rica.....	30.0				15.1	25.3	(⁶)	40.0				38.0
El Salvador.....	15.0				6.6	7.6	(⁶)	15.0				10.0
Guatemala.....	52.8				16.8	21.0	(⁶)	52.8				5.0
Honduras.....	40.0				21.7	25.2	(⁶)	40.0				0
Nicaragua.....	30.0				10.6	1.8	(⁶)	30.0				5.0
Dominican Republic.....	39.1				16.3	20.6	(⁶)	41.14				18.0
Jamaica.....	42.5				14.0	21.3	40.9	45.0				37.5
Puerto Rico.....	36.75				17.2	11.2	(⁶)	40.0				15.0
Trinidad and Tobago.....	45.0				28.2	36.7	(⁶)	45.0				10.0

Africa:									
Algeria	50.0		32.5	0	(*)	50.0			18.0
Morocco	40.0		43.1	45.4	(*)	48.0			25.0
UAR	34.45		NA	NA	(*)	34.45			34.45
Ethiopia	40.0		23.3	38.6	(*)	40.0			0
Kenya	40.0		27.6	19.0	(*)	40.0			12.5
Tanzania	40.0	22.5	46.6	(*)	(*)	40.0	22.5		12.5
Nigeria	50.0		11.2	5.2	(*)	45.0		55.0	15.0
Malawi	37.5		42.1	(*)	(*)	40.0			0
Rhodesia	36.25		34.9	28.0	(*)	40.0			15.0
Zambia	45.0		38.4	28.0	(*)	45.0		(*)	15.0
Middle East:									
Iran	NA		10.5	9.7	NA	10.0	55.0	3.35	60.0
Iraq	55.0		NA	(*)	(*)	55.0		50	0
Israel	47.0	32.0	39.0	37.2	(*)	56.5	42.0		30.0
Kuwait	NA		NA	(*)	(*)	55.0			0
Lebanon	42.0	10.0	32.3	15.1	(*)	42.0	15.0		10.0
Saudi Arabia	40.0		50.0	(*)	(*)	45.0		(*)	0
Asia:									
Ceylon (Sri Lanka)	50.0	33.3	27.5	17.7	(*)	60.0	33.3		39.3
India	60.0		57.1	57.0	(*)	60.0			25.725
Indonesia	60.0		48.5	NA	(*)	45.0			20.0
Malaysia	40.0		26.9	27.9	(*)	40.0			40.0
Pakistan	60.0		52.5	52.6	(*)	60.0			15.0
Philippines	35.0		29.6	29.6	(*)	35.0			35.0
Singapore	40.0		26.4	26.9	NA	40.0			40.0
South Korea	45.0		0	NA	(*)	40.0			5.0
China (Taiwan)	25.0		7.8	6.0	(*)	25.0			10.0
Thailand	25.0		17.7	12.4	(*)	30.0			25.0
Low-tax countries:									
Bahamas	0		10.2	5.1	8.9	0			0
Bermuda	0		9.9	3	NA	0			0
Hong Kong	15.0		17.1	15.5	(*)	15.0			0
Liberia	45.0		5.7	NA	15.3	45.0			15.0
Netherlands Antilles	34.0	15.0	4.5	NA	NA	34.0	15.0		0
Panama	45.0		9.9	13.9	5.4	50.0			10.0

¹ This table does not include taxes on capital, net worth, and other special taxes. It covers corporate income and dividend withholding taxes only. Rates do not take into account tax holidays or incentives for new or special industries.

² Local taxes where significant.
³ Statutory rates are cited for mining and petroleum if the rates differ from the general statutory rate. However, data on special rates for mining and petroleum industries are not always available.
⁴ 0 indicates that no taxes were paid but some income was reported.

⁵ Foreign withholding rate on dividends paid to the U.S. parent. Where a tax treaty with the U.S. exists, the applicable treaty rate is used.

⁶ No income was reported by any controlled foreign corporations in that industry.

⁷ Included in corporate tax rate.

⁸ The rate is computed according to special formula or several rates exist.

NA Data either unavailable or not usable because of disclosure problems.

Note: Reprinted from "National Tax Journal," vol. XXVIII, No. 1, March 1975.

Sources: Statutory rates: Diamond, Walter H. "Foreign Tax and Trade Briefs," Federation of British Industries. "Taxation in Western Europe 1964-68;" Grundy, Milton. "Tax Havens," 1969; International Bureau of Fiscal Documentation. "Corporate Taxation in Africa;" International Bureau of Fiscal Documentation. "Corporate Taxation in Latin America;" International Bureau of Fiscal Documentation. "European Taxation;" International Bureau of Fiscal Documentation. "Tax News Service;" Japan Tax Association. "Asian Taxation"; 1968; Price Waterhouse and Co. "Corporate Taxes in 70 Countries," August, 1973; Price Waterhouse and Co. "Information Guides" (various countries, various years); and United Kingdom, Board of Inland Revenue. "Income Taxes Outside the United Kingdom," 1971. In addition, information contained in the International Tax Staff files was used. "Realized Rates": IRS, Preliminary Data, forms 1120 and 2952, 1968, table 14a.

TABLE C-1--DOMESTIC AND FOREIGN ENTITIES: INTERNATIONAL INCOME, FOREIGN TAXES PAID, AND U.S. TAXES PAID, 1968 AND 1972

(Dollar amounts in millions)

	International income before taxes	Taxes paid on international income			Taxes paid as a percent of income before taxes		
		Total	United States	Foreign	Total	United States	Foreign
1968							
Domestic and foreign entities, total.....	\$35,469	\$10,349	\$3,698	\$6,651	29.2	10.4	18.8
Domestic entities with foreign source income, total.....	20,739	8,005	1,541	6,464	38.6	7.4	31.2
Domestic corporations.....	13,502	7,286	1,010	6,276	54.0	7.5	46.5
U.S. citizens, total.....	6,472	719	531	188	11.1	8.2	2.9
Federal Government employees.....	4,589	466	466	-----	10.2	10.2	-----
Other U.S. citizens.....	1,883	253	65	188	13.4	3.5	10.0
Federal Government.....	765	-----	-----	-----	-----	-----	-----
Foreign entities with U.S. source income, total.....	14,730	2,344	2,157	187	15.9	14.6	1.3
Foreign corporations and nonresident aliens.....	2,229	837	677	160	37.6	30.4	7.2
Resident aliens, total.....	10,981	1,507	1,480	27	13.7	13.5	.2
Foreign government employees.....	274	27	-----	27	9.9	-----	9.9
Other resident aliens.....	10,707	1,480	1,480	-----	13.8	13.8	-----
Foreign governments.....	1,520	-----	-----	-----	-----	-----	-----
1972							
Domestic and foreign entities, total.....	55,163	17,185	4,669	12,516	31.2	8.5	22.7
Domestic entities with foreign source income, total.....	31,788	13,964	1,728	12,236	43.9	5.4	38.5
Domestic corporations.....	24,375	13,197	1,225	11,972	54.1	5.0	49.1
U.S. citizens, total.....	6,616	767	503	264	11.6	7.6	4.0
Federal Government employees.....	3,976	396	396	-----	10.0	10.0	-----
Other U.S. citizens.....	2,640	371	107	264	14.1	4.1	10.0
Federal Government.....	797	-----	-----	-----	-----	-----	-----
Foreign entities with U.S. source income, total.....	23,375	3,221	2,941	280	13.8	12.6	1.2
Foreign corporations and nonresident aliens.....	3,603	1,200	960	240	33.3	26.6	6.7
Resident aliens, total.....	16,207	2,021	1,981	40	12.5	12.2	.2
Foreign government employees.....	398	40	-----	40	10.1	-----	10.1
Other resident aliens.....	15,809	1,981	1,981	-----	12.5	12.5	-----
Foreign governments.....	3,565	-----	-----	-----	-----	-----	-----

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-2.—DOMESTIC CORPORATIONS: FOREIGN SOURCE INCOME, FOREIGN TAXES PAID, AND U.S. TAXES PAID BY TYPE OF INCOME AND INDUSTRY, 1968 AND 1972

[Dollar amounts in millions]

	1968					1972				
	All industries	Mining	Petroleum	Manu- facturing	Other industries	All industries	Mining	Petroleum	Manu- facturing	Other industries
All foreign source income:										
1. Foreign source income, before taxes.....	\$13,502	\$1,039	\$3,552	\$6,738	\$2,173	\$24,375	\$458	\$7,025	\$13,281	\$3,611
2. Foreign taxes paid.....	6,276	369	2,488	2,682	727	11,972	192	4,946	5,320	1,514
3. Foreign source income taxable under U.S. law.....	8,845	771	3,149	3,455	1,470	15,599	522	6,150	6,554	2,373
4. Tentative U.S. tax.....	4,670	409	1,662	1,823	776	7,488	251	2,952	3,146	1,139
5. Less: Foreign tax credit claimed.....	3,660	325	1,608	1,311	415	6,263	202	2,952	2,398	711
6. Net U.S. tax paid on foreign source income.....	1,010	84	54	512	361	1,225	49	-----	748	428
7. Foreign source income, after taxes.....	6,216	586	1,010	3,534	1,085	11,178	217	2,079	7,213	1,669
8. Taxes paid as a percent of foreign source income before taxes.....										
(a) United States.....	7.5	8.1	1.5	7.6	16.6	5.0	10.7	70.4	45.7	53.8
(b) Foreign.....	46.5	35.5	70.0	40.0	33.5	49.1	41.9	70.4	40.1	41.9
A. Profits of foreign subsidiaries:										
1. Profits (less deficits) of foreign subsidiaries, before tax.....	\$7,188	\$285	\$768	\$5,215	\$920	\$14,516	\$150	\$2,057	\$10,553	\$1,756
2. Foreign taxes paid.....	3,278	91	413	2,407	367	6,727	61	1,098	4,859	709
(a) Corporate income taxes.....	3,010	70	350	2,244	346	6,175	37	937	4,541	660
(b) Withholding taxes on dividends.....	268	21	63	163	21	552	24	161	318	49
3. Profits of foreign subsidiaries taxable under U.S. law.....	2,922	181	505	1,983	253	5,959	223	1,304	3,890	542
(a) Dividends before gross-up.....	1,889	147	442	1,153	147	3,890	171	1,134	2,241	344
(b) Gross-up dividends (non-LDCC's).....	966	32	63	783	88	1,975	49	170	1,573	183
(c) Constructive distributions under Subpart F.....	67	2	-----	47	18	94	3	-----	76	15
4. Tentative U.S. tax.....	1,543	96	266	1,047	134	2,860	107	626	1,867	260
5. Less: Foreign tax credit claimed.....	1,467	81	261	1,010	115	2,802	87	626	1,855	234
6. Net U.S. tax paid on profits of foreign subsidiaries.....	76	15	5	37	19	58	20	-----	12	26
7. Profits of foreign subsidiaries, after taxes.....	3,834	179	350	2,771	534	7,731	69	959	5,682	1,021
8. Taxes paid as a percent of profits of foreign subsidiaries before tax.....										
(a) United States.....	1.1	5.3	7	7	2.1	4	13.3	-----	1	1.5
(b) Foreign.....	45.6	31.9	53.8	46.2	39.9	46.3	40.7	53.4	46.0	40.4

(Continued)

TABLE C-2.—DOMESTIC CORPORATIONS: FOREIGN SOURCE INCOME, FOREIGN TAXES PAID, AND U.S. TAXES PAID BY TYPE OF INCOME AND INDUSTRY, 1968 AND 1972—Continued
[Dollar amounts in millions]

	1968					1972				
	All industries	Mining	Petroleum	Manu- facturing	Other industries	All industries	Mining	Petroleum	Manu- facturing	Other industries
B. Profits of foreign branches:										
1. Profits (less deficits) of foreign branches, before taxes.....	\$5,330	\$736	\$2,675	\$906	\$1,013	\$7,988	\$246	\$4,646	\$1,618	\$1,478
(a) Branches of Western Hemisphere trade corporations.....	1,473	617	527	192	137	751	31	418	218	84
(b) Other foreign branches.....	3,857	119	2,148	714	876	7,237	215	4,228	1,400	1,394
2. Foreign taxes paid.....	2,876	276	2,060	203	337	5,013	124	3,804	317	768
3. Profits of foreign branches taxable under U.S. law.....	4,939	572	2,535	855	977	7,769	237	4,524	1,554	1,454
(a) Profits of foreign branches, before taxes.....	5,330	736	2,675	906	1,013	7,988	246	4,646	1,618	1,478
(b) Less: Western Hemisphere trade deduction.....	391	164	140	51	36	219	9	122	64	24
4. Tentative U.S. tax.....	2,608	303	1,338	451	516	3,729	114	2,171	746	698
5. Less: Foreign tax credit claimed.....	2,044	240	1,332	211	261	3,000	108	2,171	308	413
6. Net U.S. tax paid on profits of foreign branches.....	564	63	6	240	255	729	6	6	438	285
7. Profits of foreign branches, after taxes.....	1,890	397	609	463	421	2,246	116	842	863	425
8. Taxes paid as a percent of profits of foreign branches before taxes.....	64.5	46.1	77.2	48.9	58.4	71.9	52.8	81.9	46.7	71.2
(a) United States.....	10.6	8.6	.2	26.5	25.2	9.1	2.4	2.4	27.1	19.3
(b) Foreign.....	54.0	37.5	77.0	22.4	33.3	62.8	50.4	81.9	19.6	52.0
C. Rents and royalties received from foreign subsidiaries:										
1. Rents and royalties received from foreign subsidiaries, before taxes.....	\$525	\$3	\$21	\$410	\$91	\$825	\$4	\$36	\$657	\$128
2. Foreign withholding taxes paid.....	68		3	54	11	107	1	5	85	17
3. Rents and royalties received from foreign subsidiaries taxable under U.S. law.....	525	3	21	410	91	825	4	36	657	128
4. Tentative U.S. tax.....	277	2	11	216	48	396	2	17	315	61
5. Less: Foreign tax credit claimed.....	86		3	59	23	192	1	17	142	32
6. Net U.S. tax paid on rents and royalties received from foreign subsidiaries.....	191	1	8	157	25	204	1	1	173	29
7. Rents and royalties received from foreign subsidiaries, after taxes.....	266	2	10	199	55	514	2	31	399	82
8. Taxes paid as a percent of rents and royalties received from foreign subsidiaries before taxes.....	49.3	33.3	52.4	51.5	39.6	37.7	50.0	13.9	39.3	35.9
(a) United States.....	36.3	33.3	38.1	38.3	27.5	24.7	25.0	2.4	26.3	22.7
(b) Foreign.....	13.0		14.3	13.2	12.1	13.0	25.0	13.9	12.9	13.3

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D. Interest received from foreign subsidiaries:										
1. Interest received from foreign subsidiaries, before taxes..	\$226	\$7	\$43	\$125	\$51	\$362	\$10	\$81	\$180	\$91
2. Foreign withholding taxes paid.....	33	1	6	18	8	53	1	12	26	13
3. Interest received from foreign subsidiaries taxable under U.S. law.....	226	7	43	125	51	362	10	81	180	91
4. Tentative U.S. tax.....	119	4	23	66	26	174	5	39	86	44
5. Less: Foreign tax credit claimed.....	38	1	6	21	10	99	1	39	37	22
6. Net U.S. tax paid on interest received from foreign subsidiaries.....	81	3	17	45	16	75	4	-----	49	22
7. Interest received from foreign subsidiaries, after taxes.....	112	3	20	62	27	234	5	69	105	56
8. Taxes paid as a percent of interest received from foreign subsidiaries before taxes.....										
(a) United States.....	50.4	57.1	53.5	50.4	47.1	35.4	50.0	14.8	41.7	38.5
(b) Foreign.....	35.8	42.9	39.5	36.0	31.4	20.7	40.0	-----	27.2	24.2
	14.6	14.3	14.0	14.4	15.7	14.6	10.0	14.8	14.4	14.3
E. Portfolio dividends received from foreign corporations:										
1. Portfolio dividends received from foreign corporations, before taxes.....	\$233	\$8	\$45	\$82	\$98	\$684	\$48	\$205	\$273	\$158
2. Foreign withholding taxes paid.....	21	1	6	10	4	72	5	27	33	17
3. Portfolio dividends received from foreign corporations taxable under U.S. law.....	233	8	45	82	98	684	48	205	273	158
4. Tentative U.S. tax.....	123	4	24	43	52	328	23	99	131	76
5. Less: Foreign tax credit claimed.....	25	3	6	10	6	170	5	99	56	10
6. Net U.S. tax paid on portfolio dividends received from foreign corporations.....	98	1	18	33	46	159	18	-----	75	66
7. Portfolio dividends received from foreign corporations after taxes.....	114	6	21	39	48	453	25	178	198	85
8. Taxes paid as a percent of portfolio dividends received from foreign corporations before taxes.....										
(a) United States.....	51.1	25.0	53.3	52.4	51.0	33.8	47.9	13.2	39.6	46.2
(b) Foreign.....	42.1	12.5	40.0	40.2	46.9	23.2	37.5	-----	27.5	41.8
	9.0	12.5	13.3	12.2	4.1	10.5	10.4	13.2	12.1	4.4

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Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-3—FEDERAL GOVERNMENT EMPLOYEES: FOREIGN SOURCE INCOME AND U.S. TAXES PAID IN 1968 AND 1972

(Dollar amounts in millions)

	1968	1972
All Federal Government employees:		
1. Foreign source income, before taxes.....	\$4,589	\$3,976
2. Foreign taxes paid.....	466	396
3. U.S. tax paid on foreign source income.....	4,123	3,580
4. Foreign source income, after taxes.....		
5. Taxes paid as a percent of foreign source income before taxes.....	10.2	10.0
(a) United States.....	10.2	10.0
(b) Foreign.....		
A. Military personnel:		
1. Foreign source income, before taxes.....	\$3,856	\$2,994
2. Foreign taxes paid.....		
3. U.S. tax paid on foreign source income.....	386	299
4. Foreign source income, after taxes.....	3,470	2,695
5. Taxes paid as a percent of foreign source income before taxes.....	10.0	10.0
(a) United States.....	10.0	10.0
(b) Foreign.....		
B. Civilian employees:		
1. Foreign source income, before taxes.....	\$733	\$982
(a) Salaries.....	577	773
(b) Allowances.....	156	209
2. Foreign taxes paid.....		
3. Foreign source income taxable under U.S. law.....	367	463
(a) Foreign source income, before taxes.....	733	982
(b) Less: Allowances (section 912).....	156	209
(c) Less: Applicable deductions.....	210	310
4. U.S. tax paid on foreign source income.....	80	97
5. Foreign source income, after taxes.....	653	885
6. Taxes paid as a percent of foreign source income before taxes.....	10.3	9.9
(a) United States.....	10.3	9.9
(b) Foreign.....		
Exhibit:		
Federal civilian employees stationed abroad, midyear (U.S. citizens only).....	58,802	48,723
(a) Department of Defense.....	31,252	25,612
(b) State Department.....	12,477	8,853
(c) Other agencies.....	15,073	14,258

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-4—U.S. CITIZENS OTHER THAN FEDERAL GOVERNMENT EMPLOYEES: FOREIGN SOURCE INCOME, FOREIGN TAXES PAID, AND U.S. TAXES PAID, 1968 AND 1972

(Dollar amounts in millions)

	1968	1972
1. Foreign source income, before taxes.....	\$1,883	\$2,640
(a) Income earned abroad.....	1,420	1,868
(b) Other foreign source income.....	463	772
2. Foreign taxes paid.....	188	264
3. Foreign source income taxable under U.S. law.....	522	891
(a) Foreign source income, before taxes.....	1,883	2,640
(b) Less: Exclusion of certain income earned abroad (section 911).....	1,196	1,382
(c) Less: Applicable deductions.....	165	367
4. Tentative U.S. tax.....	185	272
5. Less: Foreign tax credit claimed.....	120	165
6. Net U.S. tax paid on foreign source income.....	65	107
7. Foreign source income after taxes.....	1,630	2,269
8. Taxes paid as a percent of foreign source income before taxes.....	13.4	14.1
(a) United States.....	3.5	4.1
(b) Foreign.....	10.0	10.0
Exhibit: Number of U.S. citizens qualifying for section 911 exclusion (thousands).....	101	102

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-5.—FOREIGN CORPORATIONS AND NONRESIDENT ALIENS: U.S. SOURCE INCOME, U.S. TAXES PAID, AND FOREIGN TAXES PAID, 1968 AND 1972

[Dollar amounts in millions]

	1968	1972
1. U.S. source income, before taxes.....	\$2,229	\$3,603
(a) Profits (less deficits) of U.S. subsidiaries of foreign corporations.....	776	1,349
(b) Profits (less deficits) of U.S. branches of foreign corporations.....	119	161
(c) Portfolio dividends.....	415	649
(d) Interest.....	756	1,261
(e) Rents and royalties.....	76	103
(f) Other U.S. source income.....	87	80
2. U.S. source income taxable under U.S. law.....	1,589	2,591
(a) U.S. source income, before taxes.....	2,229	3,603
(b) Plus: Deficits of U.S. subsidiaries and branches of foreign corporations.....	310	515
(c) Less: Statutory special deductions of U.S. subsidiaries and branches of foreign corporations.....		
(d) Less: Interest paid by U.S. banks and other financial institutions (section 861(c)(1)(A)).....	145	275
(e) Less: Portfolio dividends, interest, etc., exempt from withholding.....	526	890
3. U.S. taxes paid on U.S. source income.....	279	362
(a) Corporate income tax on U.S. subsidiaries of foreign corporations.....	677	960
(b) Corporate income tax on U.S. branches of foreign corporations.....	469	668
(c) Withholding taxes on dividends, interest, etc.....	63	72
4. Foreign taxes paid on U.S. source income.....	145	220
5. U.S. source income, after taxes.....	160	240
6. Taxes paid as a percent of U.S. source income before taxes.....		
(a) United States.....	37.6	33.3
(b) Foreign.....	30.4	26.6
	7.2	6.7

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-6.—RESIDENT ALIENS: U.S. SOURCE INCOME, U.S. TAXES PAID, AND FOREIGN TAXES PAID, 1968 AND 1972

[Dollar amounts in millions]

	1968	1972
All resident aliens:		
1. U.S. source income, before taxes.....	\$10,981	\$16,207
2. U.S. source income taxable under U.S. law.....	6,813	9,478
3. U.S. taxes paid on U.S. source income.....	1,480	1,981
4. Foreign taxes paid on U.S. source income.....	27	40
5. U.S. source income, after taxes.....	9,474	14,186
6. Taxes paid as a percent of U.S. source income before taxes.....		
(a) United States.....	13.7	12.5
(b) Foreign.....	13.5	12.2
	0.2	0.2
A. Foreign government employees:		
1. U.S. source income, before taxes.....	274	398
2. U.S. source income taxable under U.S. law.....		
3. U.S. taxes paid on U.S. source income.....		
4. Foreign taxes paid on U.S. source income.....	27	40
5. U.S. source income, after taxes.....	247	358
6. Taxes paid as a percent of U.S. source income before taxes.....		
(a) United States.....	9.9	10.1
(b) Foreign.....	9.9	10.1
B. Other resident aliens:		
1. U.S. source income, before taxes.....	10,707	15,809
2. U.S. source income taxable under U.S. law.....	6,813	9,478
(a) U.S. source income, before taxes.....	10,707	15,809
(b) Less: Applicable deductions.....	3,894	6,331
3. U.S. taxes paid on U.S. source income.....	1,480	1,981
4. Foreign taxes paid on U.S. source income.....		
5. U.S. source income, after taxes.....	9,227	13,828
6. Taxes paid as a percent of U.S. source income before taxes.....		
(a) United States.....	13.8	12.5
(b) Foreign.....	13.8	12.5
Exhibit: Number of reporting alien residents (thousands).....	3,876	4,422

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-7.—SELECTED FINANCIAL DATA FOR U.S. CONTROLLED FOREIGN CORPORATIONS (CFC'S) WITH POSITIVE EARNINGS AND PROFITS, TAX YEAR 1968
[Amounts in millions of dollars]

	Latin America									
	All areas (total)	Canada	Total	Mexico	Central America	Caribbean	South America			
							Total	Argentina	Brazil	Venezuela
Earnings and profits before tax.....	\$8,919.5	\$2,479.5	\$1,163.3	\$232.8	\$253.5	\$11.1	\$665.8	\$148.5	\$221.7	\$142.5
Foreign taxes.....	3,324.4	1,109.5	298.2	94.6	29.3	2.0	172.3	34.4	62.4	40.4
Net current earnings and profits (after foreign tax) of CFC's.....	5,595.1	1,370.0	865.1	138.2	224.2	9.1	493.5	114.1	159.3	102.1
Distribution by foreign corporations:										
(a) Total.....	2,521.2	586.0	378.3	74.7	95.4	3.4	200.3	53.4	73.6	41.8
(b) U.S. share (based on dividend distribution).....	2,027.0	471.1	327.8	68.2	83.9	2.5	174.1	52.0	64.6	32.4
Total distributions as percent of earnings and profits after foreign income taxes.....	45.1	42.8	43.2	54.1	42.6	37.4	40.6	46.8	46.2	40.9
Foreign effective tax rate (percent) (line 2/line 1).....	37.3	44.7	25.6	40.6	11.6	18.0	25.9	23.2	28.1	28.4
Difference between 50 percent distribution of earnings and profits after foreign income taxes and the actual amount distributed:										
(a) Percent.....	4.9	7.2	6.8	-4.1	7.4	12.6	9.4	3.2	3.8	9.1
(b) Amount.....	\$276.4	\$99.0	\$58.8	-\$5.6	\$16.7	\$1.2	\$46.5	\$3.7	\$6.1	\$9.3
	Europe									
	Total	Belgium	France	Italy	Luxem- bourg	Nether- lands	West Germany	Austria	Denmark	Finland
Earnings and profits before tax.....	\$3,710.9	\$141.4	\$373.4	\$236.8	\$18.4	\$175.2	\$990.2	\$17.5	\$21.2	\$13.7
Foreign taxes.....	1,418.9	48.4	171.8	100.0	2.7	62.7	412.5	9.5	6.7	10.1
Net current earnings and profits (after foreign tax) of CFC's.....	2,292.0	93.0	201.6	136.8	15.7	112.5	577.7	8.0	14.5	3.6
Distributions by foreign corporations:										
(a) Total.....	1,030.4	22.7	99.1	48.1	3.4	29.5	227.4	6.5	6.2	2.4
(b) U.S. share (based on dividend distribution).....	881.0	116.4	76.6	37.5	.9	25.4	199.2	5.0	6.0	2.3
Total distributions as percent of earnings and profits after foreign income taxes.....	45.0	24.4	49.2	35.2	21.7	26.2	39.4	81.3	42.8	66.7
Foreign effective tax rate (percent) (line 2/line 1).....	38.2	34.2	46.0	42.2	14.7	35.8	41.7	54.3	31.6	73.7
Difference between 50 percent distribution of earnings and profits after foreign income taxes and the actual amount distributed:										
(a) Percent.....	5.0	25.6	.8	14.8	28.3	23.8	10.6	-31.3	7.2	-16.7
(b) Amount.....	\$115.6	\$23.8	\$1.7	\$20.3	\$4.5	\$26.8	\$61.5	-\$2.5	\$1.1	-\$0.6
	Europe									
	Greece	Ireland	Norway	Portugal	Spain	Sweden	Switzerland	Turkey	United Kingdom	
Earnings and profits before tax.....	\$1.9	\$35.1	\$27.6	\$18.3	\$59.0	\$64.2	\$290.2	\$19.8	\$1,189.6	

Foreign taxes.....	.2	4.7	14.3	5.8	22.8	26.7	49.1	7.8	461.9
Net current earnings and profits (after foreign tax) of CFC's.....	1.7	30.4	13.3	12.5	36.2	37.2	241.1	12.0	727.7
Distributions by foreign corporations:									
(a) Total.....	.2	8.5	5.0	6.7	7.5	13.0	92.3	6.0	435.2
(b) U.S. share (based on dividend distribution).....		4.7	3.6	6.0	4.5	13.0	87.0	5.6	378.2
Total distributions as percent of earnings and profits after foreign income taxes.....	11.8	28.0	37.6	53.6	20.7	34.7	40.4	50.0	59.8
Foreign effective tax rate (percent) (line 2/line 1).....	10.5	13.4	51.8	31.7	38.6	41.5	16.9	39.4	38.8
Difference between 50 percent distribution of earnings and profits after foreign income taxes and the actual amount distributed:									
(a) Percent.....	38.2	22.0	12.4	-3.6	29.3	15.3	9.6	0	-9.8
(b) Amount.....	\$0.7	\$6.7	\$1.7	-\$0.5	\$10.6	\$5.8	\$23.3	0	-\$71.4
Africa									
Asia									
Earnings and profits before tax.....									
	Total	Liberia	Republic of South Africa	Total	Iraq	Kuwait	India	Philippines	Japan
Foreign taxes.....	344.2	144.8	169.9	586.7	133.7	86.2	35.3	81.1	143.0
Net current earnings and profits (after foreign tax) of CFC's.....	79.3	9.0	59.2	228.5	58.2	42.0	20.1	24.0	59.8
	264.9	135.8	110.7	358.2	75.5	44.2	15.2	57.1	83.3
Distribution by foreign corporations:									
(a) Total.....	99.7	31.0	63.5	221.1	85.9	43.4	7.9	31.2	19.0
(b) U.S. share (based on dividend distribution).....	78.6	15.5	59.1	143.9	59.8	10.9	6.6	20.9	17.9
Total distributions as percent of earnings and profits after foreign income taxes.....	37.6	22.8	57.4	61.7	113.8	98.2	52.0	54.6	22.8
Foreign effective tax rate (percent) (line 2/line 1).....	23.0	6.2	34.8	38.9	43.5	48.7	56.9	29.6	41.7
Difference between 50 percent distribution of earnings and profits after foreign income taxes and the actual amount distributed:									
(a) Percent.....	12.4	27.2	-7.4	-11.7	-63.8	-48.2	-2.0	-4.6	27.2
(b) Amount.....	\$32.8	\$36.9	-\$8.2	-\$42.0	-\$48.2	-\$21.3	-\$0.3	-\$2.7	\$22.7
Oceania									
Earnings and profits before tax.....									
	Total	Australia	All other areas						
Foreign taxes.....	\$390.1	\$362.5	\$244.8						
Net current earnings and profits (after foreign tax) of CFC's.....	160.6	146.6	29.4						
	229.5	215.9	215.4						
Distributions by foreign corporations:									
(a) Total.....	88.2	81.7	122.0						
(b) U.S. share (based on dividend distribution).....	66.9	64.6	57.7						
Total distributions as percent of earnings and profits after foreign income taxes.....	38.4	37.8							
Foreign effective tax rate (percent) (line 2/line 1).....	41.2	40.4							
Difference between 50 percent distribution of earnings and profits after foreign income taxes and the actual amount distributed:									
(a) Percent.....	11.6	12.2							
(b) Amount.....	\$26.6	\$26.3							

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Source: Project 68-554, unpublished IRS tabulation.

TABLE C-8.—DOMESTIC CORPORATIONS: FOREIGN SOURCE INCOME, FOREIGN TAXES PAID, AND U.S. TAXES PAID BY INDUSTRY, 1974

[Dollar amounts in millions]

	All industries	Mining	Petroleum	Manufacturing	Other industries
1. Foreign source income, before taxes.....	\$53,600	\$400	\$29,800	\$18,900	\$4,500
2. Foreign taxes paid.....	33,400	200	23,500	7,700	2,000
3. Foreign source income taxable under U.S. law.....	40,646	520	27,400	9,600	3,120
4. Tentative U.S. tax.....	19,510	250	13,150	4,610	1,500
5. Less: Foreign tax credit claimed.....	17,820	200	13,150	3,530	940
6. Net U.S. tax on foreign source income.....	1,690	50	1,000	1,080	560
7. Foreign source income, after taxes.....	18,510	150	6,300	10,120	1,940
8. Taxes paid as a percent of foreign source income before taxes.....	65.5	62.5	78.9	46.5	56.9
(a) United States.....	3.2	12.5	78.9	5.7	12.4
(b) Foreign.....	62.3	50.0	78.9	40.7	44.4

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-9.—POSSESSIONS CORPORATIONS: INCOME EXEMPT UNDER SECTION 931 AND POTENTIAL U.S. TAX, 1972 AND 1974

[In millions of dollars]

	1972	1974
1. Income exempt under section 931.....	\$410	\$520
(a) Net income from trade or business in possessions.....	390	490
(b) Foreign source interest income.....	20	30
2. Potential U.S. tax.....	197	250

Source: Office of the Secretary of the Treasury, Office of Tax Analysis.

TABLE C-10.—SELECTED DATA ON U.S. CONTROLLED FOREIGN CORPORATION INCOME, FOREIGN TAXES PAID AND DISTRIBUTION OF INCOME, 1972 AND 1974

[In million dollars]

	1972	1974
Foreign subsidiary corporation earnings.....	14,516	20,322
Foreign corporate income tax.....	6,175	8,645
Subtotal, amount available for distribution from current earnings.....	8,341	11,677
Amount distributed as dividends:		
Actual distribution.....	3,890	5,446
Less: foreign withholding taxes.....	552	773
Dividends received by stockholders.....	3,338	4,673
Rents and royalties paid by CFC's.....	825	1,155
Withholding tax on rents and royalties.....	107	150
Rents and royalties received by CFC stockholders.....	718	1,005
Interest paid by CFC's.....	362	507
Withholding tax on interest from CFC's.....	53	74
Interest received by CFC stockholders.....	309	433
Dividend payments:		
Dividends received by stockholders.....	3,338	4,673
Add: withholding taxes.....	552	773
Gross up of actual distributions.....	1,975	2,765
Total.....	5,865	8,211

Source: Estimated by the staff of the Joint Committee on Internal Revenue Taxation.