

Foreign Sales Corporations, 1996

by Cynthia Belmonte

Foreign Sales Corporations (FSC's) filed 4,363 income tax returns for Tax Year 1996, a 42-percent increase over 1992 [1]. More impressively, from a financial perspective, total income, cost of goods sold, foreign trade deductions, and net exempt income all doubled (in current dollars), indicating an overall increase in size of the average FSC. An FSC is a foreign corporation created by "parent" shareholders (mostly corporations) to market the parent's products and services [2]. Generally, the FSC mechanism exempts a portion of income derived from the export of U.S. manufactured goods and certain services from U.S. income taxation.

Nearly 90 percent of all FSC returns filed for 1996 reported exports of manufactured products as opposed to nonmanufactured products and services (Table 1). Classified by the "gross receipts of FSC's and related suppliers," the largest exported manufactured product groups were non-electrical machinery (\$52.3 billion); transportation equipment (\$51.9 billion); electrical machinery, equipment, and supplies (\$43.7 billion); and chemicals and allied products (\$32.0 billion). Together, these four industry groupings accounted for just over half of all FSC returns filed for 1996 and nearly two-thirds of total FSC gross receipts.

The largest nonmanufactured product or service group was grains and soybeans, which reported \$9.1 billion in gross receipts. Although FSC's in this group accounted for only 5 percent of FSC's exporting nonmanufactured products and services, they were responsible for about 25 percent of total FSC gross receipts for nonmanufactured products and services.

Economic Activity and Earnings

For 1996, the gross receipts of FSC's and related suppliers, a broad measure of economic activity, were \$285.9 billion, up from \$152.3 billion for 1992. After subtraction of costs of goods sold, and allocations of receipts to FSC's and their related suppliers, FSC's generated \$32.8 billion of "total income" (Figure A). Of this amount, \$20.9 billion (64 percent) were exempt from regular U.S. income taxation, and the remaining \$12.0 billion were "nonexempt income."

Figure A also shows how net exempt income was calculated. FSC's first had to select administrative or nonadministrative intercompany pricing methods (methods used to allocate receipts between the FSC and its related suppliers, discussed later in this article). The applicable income exemption percentage varied, depending on which intercompany pricing methods the taxpayer selected and whether or not the shareholder of the FSC was a C corporation. A total of \$12.4 billion in deductions was allocated to the \$20.9 billion of exempt income, thereby reducing net exempt income to \$8.5 billion.

The \$12.0 billion of "nonexempt income" were subject to U.S. income tax. After subtracting total deductions allocated to nonexempt income (\$7.0 billion) and other adjustments, income subject to U.S. tax (the tax base) was \$4.9 billion. The total U.S. income tax liability for all FSC's was \$1.7 billion. This was 35 percent of taxable income.

In 1996, FSC's distributed \$10.2 billion to their parent shareholders, mostly U.S. corporations. These distributions reflected current and accumulated (i.e., from prior year) earnings and profits. The majority of these distributions (\$10.0 billion) were in the form of cash as opposed to stock or physical property [3]. In general, distributions made by FSC's to their parent corporations were eligible for a 100-percent dividends-received deduction and, therefore, not subject to U.S. income tax, provided they were derived from earnings and profits attributable to foreign trade income.

Size of Parent Shareholders

Table 2 presents data classified by size of FSC parent assets. The bulk of economic activity can be attributed to FSC's whose parent shareholders have assets in excess of \$250 million. Companies with greater than \$250 million in assets owned only 27 percent of all active FSC's for 1996, but accounted for 86 percent of gross receipts of FSC's and related suppliers, 88 percent of net exempt income, 89 percent of taxable income, and 90 percent of total income tax. Of the 1,162 FSC's with the largest parent shareholders (those with assets exceeding \$250 million), the majority were in the following four industries: transportation equipment (19 percent); chemicals and allied products (12 percent); electrical machinery, equipment, and supplies (12 percent); and non-electrical machinery (11 percent) [3].

This article was written by Cynthia Belmonte, an economist with the Special Studies Returns Analysis Section, under the direction of Chris Carson, Chief.

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Figure A

Foreign Sales Corporations: Calculation of Net Exempt Income, Tax Year 1996

[Money amounts are in millions of dollars]

Item	Total	Foreign trade income		Nonforeign trade income (less loss)
		Administrative	Nonadministrative	
	(1)	(2)	(3)	(4)
Total income	32,846	31,344	1,296	206
Nonexempt income.....	11,977	10,865	906	206
Exempt income.....	20,868	20,479	389	--
Deductions allocable to exempt income.....	12,374	12,120	254	--
Net exempt income	8,496	8,361	135	--

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

Legislative History

The FSC tax exemption was created by the Deficit Reduction Act of 1984 (DRA 84). The FSC replaced the then-existing Domestic International Sales Corporation (DISC), which had been controversial since its inception in 1971 [4]. The DISC mechanism enabled shareholders to defer Federal income taxes on a portion of the corporation's export income. Several foreign governments subscribing to the General Agreement on Tariffs and Trade (GATT) alleged that the DISC program was an illegal export subsidy under GATT rules. In addition, these foreign governments complained that DISC's were able to operate without substance as corporations and without uniform arm's-length pricing standards imposed on the DISC and its related parties.

To address complaints about the DISC and income tax practices of other foreign governments, expert panels were created under GATT auspices during the late 1970's, and investigations were conducted. The DISC legislation was amended several times during the 1970's, as GATT discussions and investigations ensued. In general, the panels' reports adopted in December 1981 found that the DISC and the income tax practices of several other foreign governments did, indeed, contradict GATT standards for export pricing. While the U.S. Government never officially acknowledged that the DISC mechanism was in violation of GATT standards, it recognized that the controversies needed to be addressed. Consequently, in DRA 84, the DISC program was modified to conform with the GATT findings adopted in 1981, and the FSC entity was created as an alternative. DRA 84 also created a "small FSC" and replaced the DISC entity with the Interest-Charge

Domestic International Sales Corporation (IC-DISC) [5, 6].

In September 1998, the European Union (EU) called on the World Trade Organization (WTO) to review the FSC regime, claiming that the U.S. tax laws regarding the FSC mechanism provided unfair export subsidies in violation of WTO rules. In late July 1999, the WTO dispute panel issued a preliminary report backing the EU complaint, and in September 1999 issued a final report condemning the U.S. FSC tax entity and calling for the abolishment of the FSC statutes by October 1, 2000. The U.S. appealed the WTO panel's findings by arguing that the FSC entity created a "level playing field" in global markets to offset advantages enjoyed by EU-based companies that are exempt from the value added tax (VAT) on exports. Despite this effort, in February 2000, the WTO appellate body upheld the original ruling. The U.S. is currently examining ways to comply with the WTO ruling.

Income and Export Pricing Concepts

Gross receipts of FSC's and related suppliers, an overall measure of an FSC's income and economic activity, include all receipts that FSC's and related suppliers earn from export transactions. FSC "foreign trade gross receipts" and FSC "foreign trade income" are calculated by applying certain pricing rules (see below) to gross receipts or net income of FSC's and related suppliers. "Foreign trade income" is income from qualified transactions attributable to the sale or lease of "export property" outside the United States or to the performance of various types of "export service" outside the United States [7].

When an FSC engages in a transaction with a

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related party, the two entities must allocate the receipts from the transaction and determine income using either administrative or nonadministrative intercompany pricing rules. Generally, “administrative” pricing rules allow the FSC to calculate foreign trade gross receipts and allocate those receipts between the FSC and its related supplier, using IRS-designated (e.g., “administered”) methods. If administrative pricing rules are not applicable to a transaction, or if a taxpayer does not choose to use them, the FSC has to calculate foreign trade gross receipts using “non-administrative” rules provided by Internal Revenue Code section 482 and associated Treasury regulations.

There are three administrative pricing methods. The first method, 23 percent of combined taxable income, allows the related supplier to charge a transfer price (or pay a commission) for the transaction such that the FSC’s profit does not exceed 23 percent of the combined taxable income of the FSC and the related supplier attributable to the foreign trading gross receipts. The second method, marginal costing, takes into account only direct production costs of a particular item, product, or product line for purposes of computing the combined taxable income of the FSC and its related supplier. The third method, 1.83 percent of gross receipts, allows the related supplier to charge a transfer price (or pay a commission) such that the FSC’s profit is limited to the smallest of: (1) 1.83 percent of the FSC’s foreign trading gross receipts; (2) twice the profit calculated using the 23 percent of combined taxable income method; or (3) twice the profit determined using the marginal costing method.

There are two nonadministrative pricing methods. The first method, based on Internal Revenue Code section 482, is used to calculate the profit from a sale by a related supplier to the FSC on the basis of the actual sales price, in line with that which would have resulted from a similar transaction between unrelated parties. The second method, arm’s-length pricing, is used to calculate the profit from a transaction between the FSC and an unrelated supplier.

An FSC may use different pricing methods for different transactions. In addition, an FSC may elect to group transactions by product, product line, or

other recognized industry or trade use. FSC’s are allowed to use any combination of administrative and nonadministrative pricing methods. Table 3 presents data classified by the pricing method(s) used for intercompany transactions among FSC’s and related parties. In 1996, some 4,073 FSC’s (93 percent) used administrative pricing methods, 262 FSC’s (6 percent) used nonadministrative pricing methods, and 27 FSC’s (1 percent) used a combination of administrative and nonadministrative pricing methods.

The 23 percent of combined taxable income method, used by 2,634 FSC’s, was the predominant pricing method chosen. Another 577 FSC’s (13 percent) used only the 1.83 percent of gross receipts method. Although only 298 FSC’s (7 percent) reported using a combination of the three administrative pricing methods (the 1.83 percent of gross receipts, 23 percent of combined taxable income, and marginal costing methods), these companies included many of the larger FSC’s, accounting for 40 percent of the gross receipts of FSC’s and related suppliers and 44 percent of total foreign trade income.

Commission FSC’s vs. Buy-Sell FSC’s

Generally, FSC’s act as either principals or commission agents for export transactions. FSC’s acting as principals for transactions are referred to as “buy-sell” FSC’s, while those acting as commission agents for transactions are referred to as “commission” FSC’s. A buy-sell FSC generally assumes ownership of the export property and may report it as inventory on its balance sheet. A buy-sell FSC then computes a “transfer price” (reported on Schedule P, *Transfer Price or Commission*), which it uses to calculate cost of goods sold (reported on Schedule A, *Cost of Goods Sold Related to Foreign Trading Gross Receipts*). A commission FSC generally does not assume ownership of the export property. Instead, cost of goods sold is reported by its related supplier and used in computing the commission amount on Schedule P. Consequently, a commission FSC generally does not complete Schedule A.

For Tax Year 1996, the majority of all FSC’s (79 percent) were commission FSC’s. Of the 927 buy-sell FSC’s, just over half were concentrated in the following three industries: transportation equipment (20 percent); non-electrical machinery (20 percent); and fabricated metal products (11 percent) [3].

Figure B presents statistics on the relative concentra-

In 1996, over 90 percent of FSC’s used administrative pricing methods.

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tion of commission and buy-sell FSC's by industry. Although the vast majority of industries were dominated by commission FSC's, the majority of FSC's in the cotton, petroleum refining and related products, livestock and livestock products, and grains and soybeans industries were buy-sell FSC's.

Foreign Economic Process Requirements

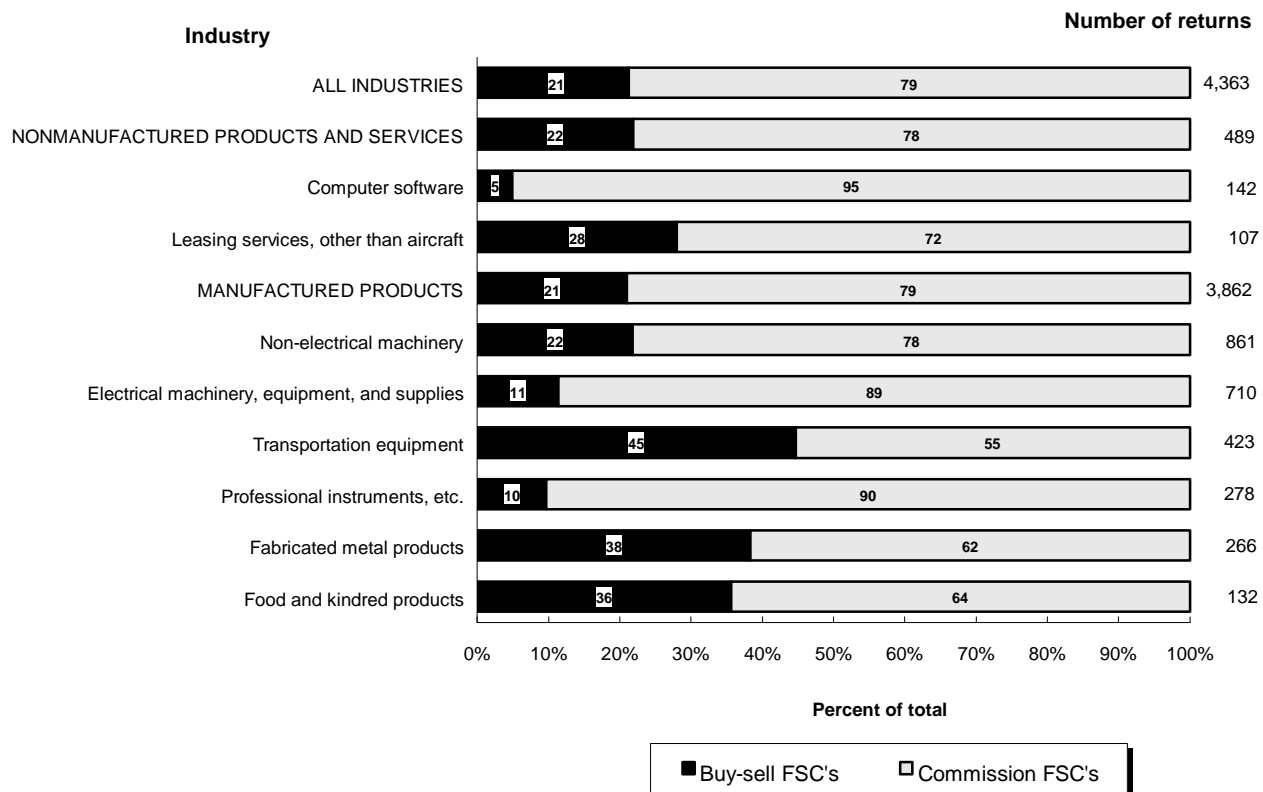
A portion of the "foreign trade income" of an FSC is exempt from U.S. taxation. An FSC (other than a "small FSC") generates foreign trade income only from a "qualified" transaction. A transaction is deemed "qualified" only if certain economic activities or processes associated with the transaction take place outside the United States, in compliance with GATT standards. To test whether an export trans-

action is qualified, economic activities are divided into "sales participation" and "direct cost" categories. Export transaction activities are then compared to criteria established for each category.

A transaction is considered qualified under the sales participation test if the FSC participates outside the United States in one of the following sales activities involving the transaction: solicitation, negotiation, and the making of a contract [8]. Solicitation refers to communication to a customer, specifically addressing the customer's attention to the product. Negotiation refers to any communication to a customer aimed at an agreement on one or more of the terms of a transaction, including price, quantity, credit terms, and time or manner of delivery. The making of a contract refers to the performance by the FSC

Figure B

Foreign Sales Corporations: Concentration of Commission FSC's vs. Buy-Sell FSC's, by Selected Industries, Tax Year 1996



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of any of the elements necessary to complete a sale, such as the making or accepting of an offer.

The foreign direct cost test may be satisfied in one of two ways—foreign direct costs attributable to the transaction are 50 percent or more of the total direct costs attributable to the transaction, or foreign direct costs attributable to two of the five direct cost categories are 85 percent or more of the total direct costs attributable to the transaction. Direct costs related to a transaction fall into one of five categories: (1) advertising and sales promotion; (2) processing of customer orders and arrangements for delivery; (3) transportation; (4) determination of a final invoice and receipt of payment; and (5) assumption of credit risk [9]. Foreign direct costs are the portion of the total direct costs of any transaction attributable to activities performed outside the United States.

FSC's as a Corporate Tax Entity

Foreign management requirements for the FSC entity are imposed to ensure that the FSC has substance in the foreign country or U.S. possession in which it is incorporated. The required foreign management activities of an FSC include: (1) the maintenance of an office, a permanent set of account books, and a principal bank account; (2) the disbursements of dividends, salaries, and legal and accounting fees; and (3) the holding of all board of directors' or shareholders' meetings.

Generally, an FSC is also required to: (1) have no more than 25 shareholders at any one time during the tax year; (2) have no preferred stock outstanding at any time during the tax year; (3) conform its tax year to the tax year of the principal shareholder; (4) maintain separate books and records; (5) maintain certain records at a location within the United States; (6) have at least one director who is not a United States resident; (7) not be a member, at any time during the tax year, of a controlled group of corporations that included an IC-DISC; (8) be a corporation created or organized under the laws of a qualifying foreign country or U.S. possession; and (9) have elected to be an FSC or "small FSC." Parent corporations (or other taxpayers) form an FSC by filing Form 8279, *Election to be Treated as a FSC or as a Small FSC*. This election is considered to be in effect as long as the FSC meets all qualification requirements.

FSC Tax Exemption

The portion of FSC foreign trade income exempt from U.S. taxation depends on the pricing method used and the type of shareholder. For corporate-owned FSC's that use administrative pricing rules, 15/23 (or 65.217 percent) of the foreign trade income derived from transactions are exempt from U.S. income tax, while those that use nonadministrative pricing rules can exempt 30 percent of the foreign trade income derived from transactions. Special rules apply to the income of FSC's owned by agricultural cooperatives, income derived from exports of "military property," and nonforeign trade income earned by FSC's (such as interest or dividend income) [10].

Country of Incorporation

An FSC must be incorporated in specific foreign countries or U.S. possessions meeting requirements for the exchange of certain tax information with the United States [11]. Since FSC's are required to perform their economic activities outside the United States, and since other countries may impose additional requirements on FSC's or additional taxes on FSC earnings, choice of country of incorporation could be an important consideration. For example, the top two countries of incorporation for 1996, the U.S. Virgin Islands and Barbados (which together accounted for over 87 percent of all FSC's), offer similar tax incentives and exemptions. FSC's incorporated in these two countries are subject to an annual license fee but are otherwise exempt from their respective country's income tax, gross receipts tax, excise tax, and customs duties. Table 4 presents data classified by the FSC's country of incorporation. Although only 4 percent of FSC's were incorporated in Guam, these corporations accounted for nearly 15 percent of total gross receipts of FSC's and related suppliers and 10 percent of total income tax. FSC's incorporated in the U.S. Virgin Islands, Barbados, and Guam accounted for 91 percent of all FSC's, 84 percent of total gross receipts of FSC's and related suppliers, 83 percent of net exempt income, and 82 percent of total income tax. Figure C presents relative percentages for selected items by selected countries of incorporation.

For FSC's incorporated in both Barbados and the U.S. Virgin Islands, the top four industrial groups (classified by gross receipts of FSC's and related

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suppliers) were transportation equipment; electrical machinery, equipment, and supplies; chemicals and allied products; and non-electrical machinery. For FSC's incorporated in Guam, the top four industrial groups—transportation equipment, grains and soybeans, food and kindred products, and livestock and livestock products—generated 77 percent of total gross receipts of FSC's and related suppliers [3].

Tax Years 1987, 1992, and 1996

Overall increases in the number of returns filed, total assets, gross receipts of FSC's and related suppliers, net exempt income, and distributions indicate increased use of the tax benefits provided by the FSC

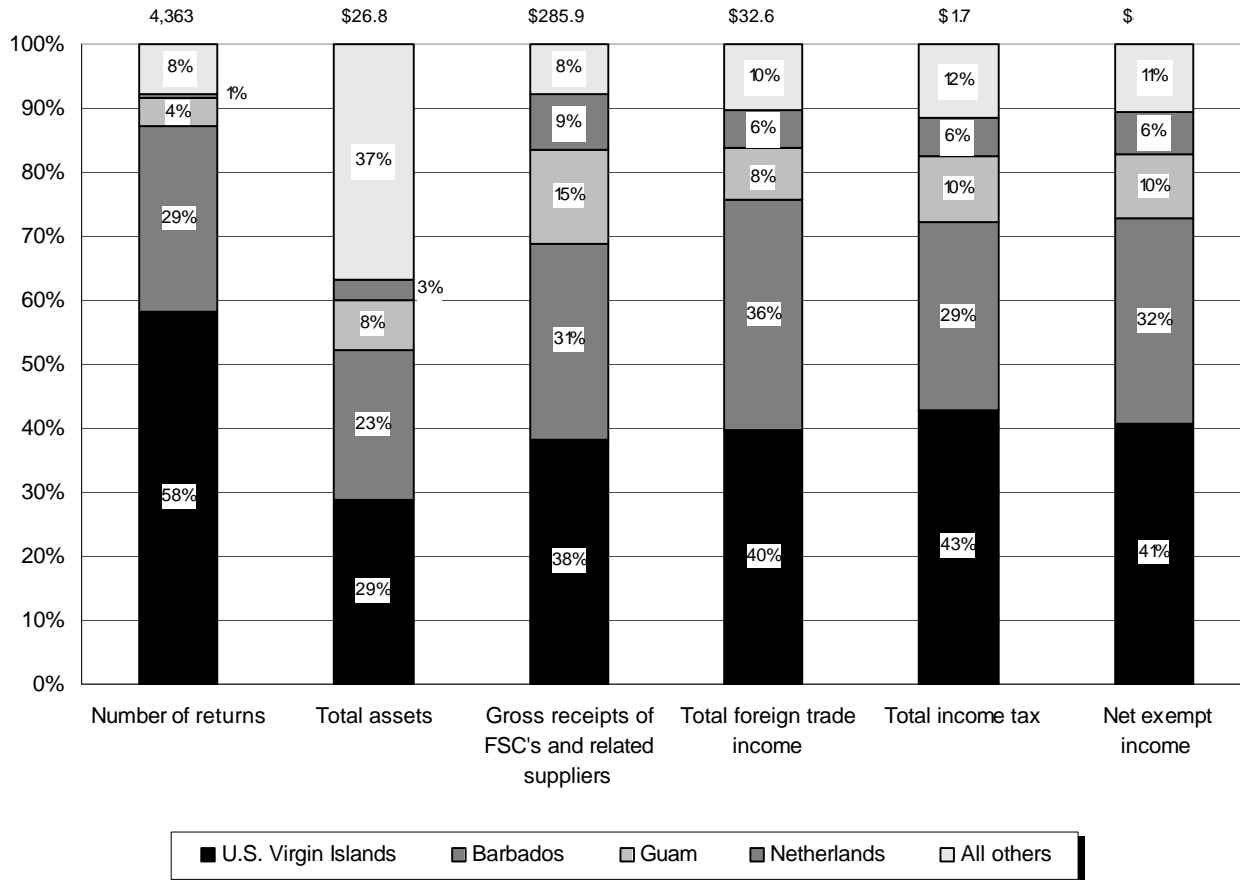
election. Figure D presents Form 1120-FSC return counts for Tax Years 1987 through 1996 [12]. Figure E presents more detailed FSC data for Tax Years 1987, 1992, and 1996 [13]. During this period, the number of FSC's increased by 67 percent. Total assets and (more significantly) gross receipts of FSC's and related suppliers increased during the period between 1992 and 1996, in both current and constant dollars, emphasizing the growth in economic activity [14]. Total assets increased 49 percent to \$26.8 billion, while total gross receipts of FSC's and related suppliers increased 88 percent to \$285.9 billion. After adjusting for inflation, total assets rose by 33 percent, and total gross receipts of FSC's and

Figure C

Foreign Sales Corporations: Comparison of Selected Items, by Country of Incorporation, Tax Year 1996

[Money amounts are in billions of dollars]

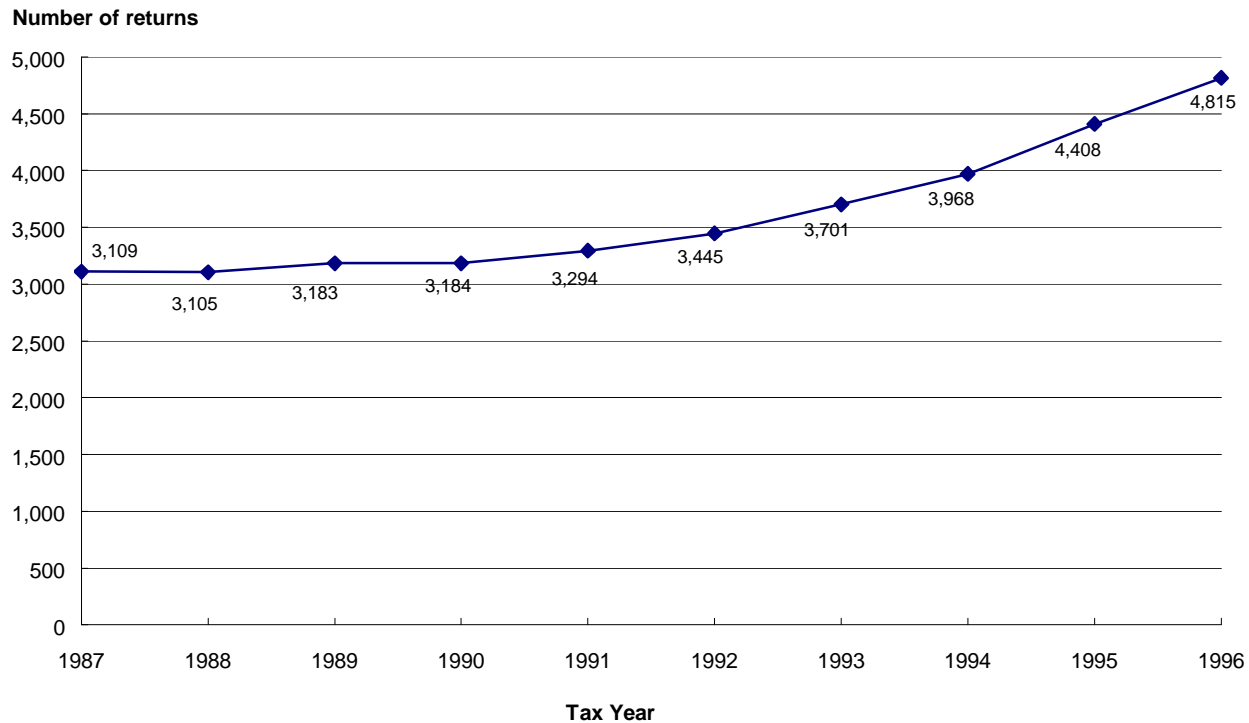
Percent of total



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Figure D

Foreign Sales Corporations: Total Number of Returns, Tax Years 1987-1996



NOTE: Data represent Business Master File (BMF) population counts, which include returns filed and processed during a particular year, prior to any editing for statistical purposes, and may include inactive returns, duplicate returns, delinquent returns for prior tax periods, or returns that were assigned invalid accounting periods. Therefore, BMF counts may differ from the number of returns shown in the statistics. For Tax Year 1996, the BMF included 4,815 returns; however, 4,363 returns are included in the statistics reported in this article.

related suppliers rose by 68 percent. Additionally, the decline in nonforeign trade income may indicate a better understanding on the part of shareholders of how to further reduce their overall taxable incomes.

Between 1992 and 1996, there were several industries that experienced significant growth in the number of FSC's. Over 72 percent of this growth was concentrated in the following five industries (in decreasing order): non-electrical machinery; transportation equipment; electrical machinery, equipment, and supplies; fabricated metal products; and computer software. These five industries accounted for about two-thirds of the total increase (\$133.6 billion) in gross receipts of FSC's and related suppliers.

Barbados and the U.S. Virgin Islands continued to be the favored countries of incorporation for

FSC's. Over 70 percent of the 1,290 "new" FSC's for 1996 were incorporated in Barbados, while the remainder chose to incorporate in either the U.S. Virgin Islands or Bermuda. The number of FSC's incorporated in Guam, Jamaica, Netherlands, Northern Marianas, and the "all other countries" category decreased.

There is some evidence that choices between administrative and nonadministrative pricing methods, and the relationships between total income, costs of goods sold, and deductions have changed during the 1992 through 1996 (Tax Year) period, but caveats to these comparisons are necessary. First, companies could elect different pricing methods from one year to the next. Second, a comparison of the 1992 and 1996 data may not show changes that could be evi-

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Figure E

Foreign Sales Corporations: Selected Items for Tax Years 1987, 1992, and 1996

[Money amounts are in millions of dollars]

Item	Current dollars				Constant dollars ¹			
	1987	1992	1996	Percentage change, 1992-1996	1987	1992	1996	Percentage change, 1992-1996
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Number of returns.....	2,613	3,073	4,363	42.0	--	--	--	--
Total assets.....	5,563	17,999	26,799	48.9	4,897	12,829	17,080	33.1
Commissions and accounts receivable.....	4,580	11,754	21,019	78.8	4,032	8,378	13,396	59.9
Total current and long-term liabilities.....	3,116	4,574	7,699	68.3	2,743	3,260	4,907	50.5
Foreign trading gross receipts of FSC's and related suppliers.....	84,280	152,253	285,902	87.8	74,190	108,520	182,219	67.9
Cost of goods sold.....	12,265	7,353	20,465	178.3	10,797	5,241	13,043	148.9
Total income.....	20,494	15,612	32,846	110.4	18,040	11,128	20,934	88.1
Administrative.....	17,629	14,243	31,344	120.1	15,518	10,152	19,977	96.8
Nonadministrative.....	2,658	912	1,296	42.1	2,340	650	826	27.1
Nonforeign trade income (less loss).....	207	457	206	-54.9	182	326	131	-59.7
Foreign trade deductions.....	3,986	8,779	19,398	121.0	3,509	6,257	12,363	97.6
Administrative:								
Total.....	3,648	8,218	18,551	125.7	3,211	5,857	11,823	101.8
Foreign direct costs.....	1,788	3,217	4,023	25.1	1,574	2,293	2,564	11.8
Nonadministrative:								
Total.....	338	561	847	51.0	298	400	540	35.0
Foreign direct costs.....	108	80	239	198.8	95	57	152	167.1
Nonforeign trade deductions.....	190	429	97	-77.4	167	306	62	-79.8
Net income (less deficit).....	1,294	2,303	4,895	112.5	1,139	1,641	3,120	90.1
Taxable income.....	1,292	2,304	4,894	112.4	1,137	1,642	3,119	89.9
Income tax:								
Total.....	507	781	1,715	119.6	446	557	1,093	96.3
Regular.....	505	779	1,715	120.2	445	555	1,093	96.9
Net exempt income.....	2,111	4,058	8,496	109.4	1,858	2,892	5,415	87.2
Administrative.....	2,006	3,952	8,361	111.6	1,766	2,817	5,329	89.2
Nonadministrative.....	105	106	135	27.4	92	76	86	13.9
Distributions.....	2,418	5,305	10,186	92.0	2,129	3,781	6,492	71.7

¹ Constant dollars were calculated using the U.S. Bureau of Labor Statistics' consumer price index for urban consumers (CPI-U, 1982-84=100):

Year	CPI-U
1996	156.9
1992	140.3
1987	113.6

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

dent if a longer time series were available. The Data Sources and Limitations section, below, provides additional information about the comparability of the data.

Summary

There were 4,363 FSC's in Tax Year 1996, an increase of 42 percent over Tax Year 1992. Of these, 11 percent exported nonmanufactured prod-

ucts and services, while the remaining 89 percent exported manufactured products. Total gross receipts of FSC's and related suppliers were approximately \$285.9 billion, up from \$152.3 billion for 1992. Four industries (non-electrical machinery; transportation equipment; electrical machinery, equipment, and supplies; and chemicals and allied products), all of which were in the manufactured products division,

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accounted for about two-thirds of total gross receipts of FSC's and related suppliers. After gross receipts were reduced by the cost of goods sold and were allocated by certain pricing rules, FSC's generated \$32.8 billion of total income. Of this amount, \$12.0 billion (before deductions) were nonexempt (subject to U.S. income tax). FSC's reported \$1.7 billion in U.S. income tax for 1996. They also distributed \$10.2 billion to their parent shareholders, most of which were corporations. FSC's incorporated in the U.S. Virgin Islands and Barbados accounted for 87 percent of all FSC returns and 69 percent of gross receipts of FSC's and related suppliers.

Explanation of Selected Terms

Cost of Goods Sold.—Cost of goods sold commonly consists of the manufacturing costs incurred by the FSC or its related suppliers, as mentioned below. Included are costs of goods purchased for resale, direct labor, and certain overhead expenses.

Export Property.—The FSC's export property was inventory and property held for sale or lease which: (1) had been manufactured, produced, grown, or extracted in the United States by a "person" other than an FSC; (2) was held primarily for sale, lease, or rental in the ordinary course of business for direct use, consumption, or disposition outside the United States; and (3) had, at the time of sale, lease, or rental by the FSC, not more than 50 percent of its fair market value attributable to imported articles.

Foreign Direct Costs (Administrative).—These were foreign direct costs related to foreign trade income from transactions in which administrative intercompany pricing rules were applied. Foreign direct costs are attributable to activities performed outside the United States and are related to the sale or other disposition of export property. As specified by Internal Revenue Code section 924(e), foreign direct costs include advertising and sales promotion, certain processing and arranging costs, certain transportation costs, certain determination and transmittal costs, and costs related to the assumption of credit risk.

Foreign Direct Costs (Nonadministrative).—These were foreign direct costs related to foreign trade income from transactions in which the nonadministrative intercompany pricing rules were applied. See administrative foreign direct costs entry, above, for additional information.

Foreign Trade Deductions (Administrative).—Included were deductions related to foreign trade income (exempt and nonexempt) from transactions in which the administrative pricing rules were used. These deductions include, but are not limited to, administrative foreign direct costs (see above).

Foreign Trade Deductions (Nonadministrative).—Included were deductions related to foreign trade income (exempt and nonexempt) from transactions in which the nonadministrative pricing rules were used. These deductions include, but are not limited to, nonadministrative foreign direct costs.

Foreign Trade Gross Receipts.—Foreign trade gross receipts represent: (1) the sale, exchange, or other disposition of export property (see above); (2) the lease or rental of export property for use by the lessee outside the United States; (3) services which are related and subsidiary to activities described in (1) or (2); (4) engineering or architectural services for construction projects located (or proposed for location) outside the United States; and (5) the performance of managerial services for an unrelated FSC or DISC. These receipts are earned by, or allocated to, the FSC as a result of applying intercompany pricing rules (see below). Excluded are passive income (see nonforeign trade income, below). In general, foreign trade gross receipts of a "buy-sell" FSC consist of receipts derived from qualified export transactions prior to the subtraction of a cost of goods sold. In general, the foreign trade gross receipts of the related supplier are deemed the foreign trade gross receipts of a "commission" FSC.

Foreign Trade Income (Administrative).—This was income from qualified transactions attributable to the sale or lease of "export property" outside the United States or to the performance of various types of "export service" outside the United States. Included were foreign trade gross receipts (or the commission portion of gross receipts) earned by FSC's from transactions for which the administrative pricing rules were applied.

Foreign Trade Income (Nonadministrative).—This was income from qualified transactions attributable to the sale or lease of "export property" outside the United States or to the performance of various types of "export service" outside the United States. Included were foreign trade gross receipts (or the commission portion of gross receipts) earned by

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FSC's from transactions for which the nonadministrative pricing rules applied.

Gross Receipts of FSC's and Related Suppliers.—Gross receipts of FSC's and related suppliers are used as a computational base for calculation of foreign trade gross receipts (see above). These receipts are comprised of all gross receipts (prior to any deductions) earned by the FSC and related parties from: (1) the resale of export property or services supplied by related suppliers; or (2) an FSC acting in its capacity as a commission agent for related suppliers in the disposition of export property or services. Because certain FSC's (especially those acting as commission agents) may not have title to property being exported, gross receipts attributed to FSC's and their related suppliers are a more complete measure of export activities.

Intercompany Pricing Rules (Administrative).—These rules are used to allocate receipts (and derive income) between the FSC and its suppliers. They include: (1) the 1.83 percent of gross receipts method; (2) the 23 percent of combined taxable income method; and (3) the marginal costing method.

Intercompany Pricing Rules (Nonadministrative).—These rules are used to allocate receipts (and derive income) between the FSC and its suppliers. They include: (1) the Internal Revenue Code section 482 method and (2) the transactions at arm's length method with unrelated suppliers.

Net Exempt Income (Administrative).—Included were exempt foreign trade income from transactions for which the administrative pricing rules were applied, net of deductions related to that exempt foreign trade income.

Net Exempt Income (Nonadministrative).—Included were exempt foreign trade income from transactions for which the nonadministrative pricing rules applied, net of deductions related to that exempt foreign trade income.

Net Income.—Total nonexempt income net of all appropriate deductions except the "net operating loss" and dividends-received deductions, including: (1) net income attributable to nonexempt foreign trade income from transactions for which the administrative pricing rules applied; (2) net income attributable to nonexempt foreign trade income from transactions for which the nonadministrative pricing rules applied, reduced by any nontaxable income (i.e., income that is not "effectively connected" with a

U.S. trade or business); and (3) net income attributable to nonforeign trade income.

Nonforeign Trade Deductions.—These were deductions related to nonforeign trade income, described below.

Nonforeign Trade Income.—This was income earned by FSC's that was generally not related to qualified exports of U.S. manufactured products or services, such as interest, dividends, or royalties, earned by FSC's and income earned by "small FSC's" (see Footnote [5]) in excess of the \$5-million exemption from tax of small FSC foreign trade income.

Taxable Income.—Total net income, reduced by the "net operating loss" and dividends received deductions, as well as FSC income exempt from U.S. income tax.

Total Income.—This was the sum of foreign trade income and nonforeign trade income.

Data Sources and Limitations

The statistics in this article are based on a sample of Form 1120-FSC returns with accounting periods ending between July 1996 and June 1997 and filed during Calendar Years 1996, 1997, or 1998. The data presented exclude "inactive" FSC returns; an FSC was considered to be inactive if no current receipts, net income or deficit, deductions, or distributions were reported on the return. Thus, an FSC that had no current income or deductions reported was treated as an active corporation if it made a distribution to its parent during the tax year.

The sample totaled 1,995 returns, weighted to reflect an estimated population of approximately 4,815 active and inactive FSC returns. Certain returns were unavailable for the statistics. Because the data are based on a sample, they are subject to sampling error. However, coefficients of variation (CV's) for these data were not computed. With regard to nonsampling error, some of the data were inconsistently reported by taxpayers. Where possible, such inconsistencies were resolved to conform with provisions of the Internal Revenue Code.

It should be noted that the 1,995 returns included in the sample for 1996 could include certain companies not included for 1992, due in part to changes in corporate shareholders or mergers and transactions among shareholders. In addition, certain companies included in the sample for 1992 could not be included

Foreign Sales Corporations, 1996

for 1996, since parent corporations could have elected not to use the FSC mechanism for 1996, even though an FSC return should have been filed.

The product and services classification system used in the 1996 FSC study was generally based on Internal Revenue Service instructions provided to the taxpayer for completion of Schedule P, *Transfer Price or Commission*. Products and services reported by a taxpayer on each specific return were reviewed for consistency with product information provided in supporting schedules and other taxpayer attachments and with the principal business activities described on the return. For example, a return was reviewed if Schedule P information indicated the FSC's product line was engineering services despite the absence of any "engineering services income" on Schedule B, *Taxable Income or (Loss)*. In addition, products and services reported by taxpayers on specific returns were reviewed for consistency with the major product and services group classification. Since an FSC is intended to serve solely as an export mechanism for U.S. taxpayers, certain business activities, such as manufacturing, are not applicable to an FSC. Consequently, FSC returns reporting manufacturing as the principal business activity were reviewed and reconciled with product and other information. For example, an FSC return reporting the manufacture of farm machinery and equipment as the principal business activity would have been reviewed to ascertain if a more appropriate principal business activity was the wholesaling of farm machinery and equipment.

Each return used for the statistics had product and industry codes reported or assigned during statistical processing. These codes were used as classifiers of the returns. The product and industry codes represented the principal business activity (i.e., the activity which accounted for the largest portion of gross receipts of FSC's and related suppliers) of the FSC filing the return. However, a particular FSC may have exported goods and services for a consolidated corporate parent that conducted different business activities. To the extent that some consolidated (and nonconsolidated) parent corporations were engaged in many types of business activities, the data in this article are not entirely related to the product or industrial activity under which they are shown. For example, if FSC 1 reported \$1,000 in

gross receipts from the sale of lumber and \$999 in gross receipts from the sale of furniture, statistics for FSC 1 would be included in those for the lumber industry. In this case, the total \$1,999 in gross receipts would be allocated to the lumber industry, and the statistics for the furniture industry would be understated.

Notes and References

- [1] Data in this article are compared to 1992 data because this is the last year for which comparable statistics are available. For additional information about FSC's for Tax Year 1992, see Holik, Daniel S., "Foreign Sales Corporation Statistics for 1992," *Statistics of Income Bulletin*, Summer 1997, Volume 17, Number 1.
- [2] A "foreign" corporation is incorporated abroad, whereas a "domestic" corporation is incorporated in the United States. The majority of FSC's are owned by domestic corporations. However, an FSC may also be owned by an individual, a partnership, or a trust or estate. (FSC's are no longer included in the Statistics of Income data for all corporations because they are not engaged in trade or business in the United States).
- [3] Some data in this article are from unpublished Statistics of Income tabulations.
- [4] For additional information about the Domestic International Sales Corporation (DISC) and Interest-Charge Domestic International Sales Corporation (IC-DISC) entities, see Holik, Daniel S., "Interest-Charge Domestic International Sales Corporations, 1991," *Statistics of Income Bulletin*, Summer 1995, Volume 15, Number 1.
- [5] A "small FSC" is designed to be used by small exporters that may not be able to support the costs of a foreign office or foreign economic activities. A small FSC is exempt from the foreign management and foreign economic process requirements regarding its eligibility to treat a portion of its income as "foreign trading gross receipts." However, foreign trading gross receipts in excess of \$5 million are treated as taxable nonforeign trade income. The \$5-million

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limit may be further reduced by a partial tax year or if the small FSC is a member of a controlled group that has other small FSC's.

- [6] Generally, the IC-DISC is not taxed on its income. However, the corporation's shareholders are taxed when the income is distributed or "deemed distributed," and an interest charge is imposed on the DISC's tax-deferred liability. DRA 84 required the Treasury Department to submit regular reports to Congress on the operation of the new FSC, small FSC, and IC-DISC programs. See, for example, *The Operation and Effect of the Foreign Sales Corporation Legislation, January 1, 1985 to June 30, 1988*, U.S. Department of the Treasury, January 1993 and *The Operation and Effect of the Foreign Sales Corporation Legislation, July 1, 1992 to June 30, 1993*, U.S. Department of the Treasury, November 1997.
- [7] See the entry for "Export Property" in the Explanation of Selected Terms section of this article for additional information.
- [8] Extensive definitions of solicitation, negotiation, and the making of a contract are provided in Internal Revenue Code section 924 and associated Treasury regulations.
- [9] See Internal Revenue Code section 924(e) and associated Treasury regulations for additional information regarding direct costs.
- [10] In any case in which a qualified cooperative is a shareholder of an FSC, 100 percent of the foreign trade income of such an FSC for any taxable year properly attributable to agricultural or horticultural products (or the providing of related services) is exempt. For any transaction involving the sale, exchange, or other disposition of military property and related services, the portion of foreign trading gross receipts that would be treated as exempt foreign trade income is reduced by 50 percent.
- [11] A qualifying foreign country had to meet the exchange of information requirements of

Internal Revenue Code section 927(e)(3)(A) or (B). For Tax Year 1996, the following countries were qualified: Australia, Austria, Barbados, Belgium, Bermuda, Canada, Costa Rica, Cyprus, Denmark, Dominica, Dominican Republic, Egypt, Finland, France, Germany, Grenada, Guyana, Honduras, Iceland, Ireland, Jamaica, Korea, Malta, Marshall Islands, Mexico, Morocco, the Netherlands, New Zealand, Norway, Pakistan, Peru, Philippines, St. Lucia, Sweden, and Trinidad and Tobago. All U.S. possessions other than Puerto Rico (i.e., American Samoa, the Commonwealth of Northern Mariana Islands, Guam, and the U.S. Virgin Islands) were also qualified.

- [12] Data from Figure D represent Business Master File (BMF) population counts, which include returns filed and processed during a particular year, prior to any editing for statistical purposes, and may include inactive returns, duplicate returns, delinquent returns for prior tax periods, or returns that were assigned invalid accounting periods. Therefore, BMF counts may differ from the number of returns shown in the statistics. For Tax Year 1996, the BMF included 4,815 returns; however, 4,363 returns are included in the statistics reported in this article.
- [13] For more Tax Year 1987 data, see "Foreign Sales Corporations Statistics for 1987," *Statistics of Income Bulletin*, Spring 1992, Volume 11, Number 4.
- [14] U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index (CPI-U) represents annual averages of monthly figures and approximates the prices of goods and services purchased by urban consumers (1982-84=100):

Year	CPI-U
1996	156.9
1992	140.3
1987	113.6

SOURCE: IRS, *Statistics of Income Bulletin*, Publication 1136, Spring 2000.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service

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

Major product or service	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers		
					Total	Full costing	Marginal costing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All products and industries.....	4,363	26,798,911	21,019,450	7,698,542	285,902,491	236,199,601	49,702,889
Nonmanufactured products and services.....	489	3,430,619	3,149,438	2,117,301	37,251,408	36,422,340	829,069
Grains and soybeans.....	26	88,315	76,649	28,376	9,138,533	8,980,635	157,898
Cotton.....	24	14,051	12,506	10,254	1,100,600	1,100,600	--
Crops, except cotton, grains, and soybeans.....	35	69,910	32,165	27,242	2,935,908	2,919,248	16,661
Livestock and livestock products.....	13	74,036	62,474	13,401	3,742,374	3,740,176	2,198
Agricultural services.....	3	19,493	16,615	10,490	44,934	44,934	--
Fishery products and services.....	14	29,238	29,194	8,214	583,222	583,222	--
Metal mining, except iron ores.....	7	45,995	45,529	6,247	917,219	917,219	--
Coal mining products and services.....	6	7,476	506	715	877,641	724,345	153,296
Computer software.....	142	1,676,999	1,613,786	1,038,000	8,985,985	8,687,133	298,852
Motion picture distribution.....	40	1,135,096	1,108,123	937,636	4,312,768	4,312,768	--
Engineering and architectural services.....	25	30,654	28,072	16,074	1,558,867	1,558,867	--
Leasing services, other than aircraft.....	107	120,517	14,195	13,744	312,996	312,996	--
Miscellaneous nonmanufactured products and services.....	48	118,842	109,625	6,907	2,740,361	2,540,195	200,165
Manufactured products.....	3,862	23,211,072	17,718,382	5,543,908	246,480,712	197,606,891	48,873,821
Food and kindred products.....	132	624,645	585,113	451,612	17,505,621	11,871,711	5,633,910
Meat products.....	22	320,361	318,400	313,464	4,379,656	4,379,656	--
Dairy products.....	14	3,067	75	405	68,726	22,469	46,257
Canned and preserved fruits, vegetables, and seafoods.....	13	25,516	24,001	14,492	413,633	413,633	--
Grain mill products.....	10	15,202	14,048	1,712	320,786	273,183	47,604
Beverages.....	11	66,972	48,315	10,061	1,354,612	1,065,204	289,408
Miscellaneous food and kindred products.....	62	193,527	180,274	111,476	10,968,208	5,717,567	5,250,640
Tobacco products.....	10	186,247	165,106	36,484	6,919,745	5,546,504	1,373,241
Textile mill products.....	58	70,302	29,572	24,214	1,271,260	1,249,648	21,612
Broad woven fabric mills, cotton.....	7	5,149	4,510	70	33,617	33,617	--
Miscellaneous textile goods.....	51	65,153	25,062	24,144	1,237,644	1,216,032	21,612
Apparel and other finished goods.....	42	64,927	61,208	30,631	907,968	781,735	126,233
Men's, youths', and boys' furnishings.....	9	408	394	--	24,721	24,721	--
Women's, misses', and juniors' undergarments.....	5	454	454	--	271	271	--
Fur goods.....	9	5,373	5,363	--	328,895	328,895	--
Miscellaneous apparel and accessories.....	15	35,099	31,409	18,759	332,834	206,601	126,233
Miscellaneous fabricated textile products.....	3	23,593	23,588	11,872	221,247	221,247	--
Lumber and wood products, except furniture.....	109	202,251	175,705	34,478	2,119,700	1,928,626	191,075
Logging camps and logging contractors.....	7	9,437	9,216	405	378,417	378,417	--
Sawmills and planing mills.....	5	22,267	22,472	9,007	230,434	230,434	--
Millwork, veneer, plywood, and prefabricated structural wood products.....	27	123,819	111,661	13,423	727,447	622,144	105,303
Miscellaneous wood products.....	71	46,729	32,355	11,643	783,403	697,631	85,772
Furniture and fixtures.....	32	22,373	16,454	4,791	479,266	475,858	3,408
Household furniture.....	3	2,645	706	5	28,203	28,203	--
Office furniture.....	4	2,385	1,755	697	71,026	68,891	2,136
Miscellaneous furniture and fixtures.....	25	17,343	13,994	4,089	380,036	378,765	1,272

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers		
					Total	Full costing	Marginal costing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Manufactured products--continued							
Paper and allied products.....	47	322,654	308,732	147,314	6,574,620	5,343,811	1,230,809
Pulp mills.....	11	137,093	133,087	87,953	2,266,491	2,168,959	97,532
Paper mills.....	23	129,098	119,727	54,497	2,140,797	1,891,495	249,302
Paperboard mills.....	4	12,230	12,182	3,795	572,278	496,389	75,889
Converted paper and paperboard products.....	9	44,234	43,737	1,069	1,595,054	786,968	808,085
Printing, publishing, and allied products.....	73	111,005	90,660	47,025	770,966	770,966	--
Periodicals, publishing and printing.....	4	42,828	23,452	16,140	147,139	147,139	--
Books.....	45	32,325	32,902	15,390	365,655	365,655	--
Commercial printing.....	13	19,662	19,649	14,372	109,076	109,076	--
Service industries for the printing trade.....	7	4,601	4,431	96	64,725	64,725	--
Miscellaneous printing and publishing products.....	4	11,589	10,224	1,026	84,372	84,372	--
Chemicals and allied products.....	286	2,357,853	2,060,018	661,666	31,952,356	24,929,383	7,022,973
Industrial inorganic and organic chemicals.....	28	108,279	70,386	25,903	2,970,041	1,990,064	979,977
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers.....	72	235,661	232,411	86,743	3,515,325	3,048,138	467,187
Drugs.....	30	475,054	402,847	128,676	7,058,293	5,127,916	1,930,377
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries.....	21	71,895	71,228	13,374	1,305,057	891,025	414,032
Paints, varnishes, lacquers, enamels, and allied products.....	20	23,428	19,428	13,092	796,922	796,922	--
Agricultural chemicals.....	8	34,141	33,142	3,032	1,739,437	1,481,619	257,818
Miscellaneous chemical products.....	109	1,409,394	1,230,577	390,847	14,567,281	11,593,698	2,973,582
Petroleum refining and related products.....	16	46,016	40,318	22,697	392,570	275,377	117,193
Paving and roofing materials.....	9	7,997	2,380	2,574	10,528	10,528	--
Miscellaneous products of petroleum and coal.....	7	38,019	37,938	20,123	382,043	264,849	117,193
Rubber and miscellaneous plastics products.....	113	53,913	43,703	26,317	2,192,314	1,775,493	416,821
Tires and inner tubes.....	24	8,041	2,536	2,329	1,285,860	940,270	345,590
Rubber footwear.....	4	85	--	106	22	22	--
Fabricated rubber products not elsewhere classified.....	6	3,531	897	70	118,907	118,907	--
Miscellaneous plastics products.....	80	42,256	40,270	23,812	787,525	716,294	71,231
Leather and leather products.....	29	36,838	10,600	9,530	884,299	756,447	127,852
Footwear, except rubber.....	15	17,135	7,161	555	72,131	26,769	45,362
Leather goods not elsewhere classified.....	14	19,703	3,439	8,975	812,168	729,678	82,490
Stone, clay, glass, and concrete products.....	45	81,403	76,357	28,989	930,767	908,360	22,406
Glass products, made or purchased glass.....	4	50,515	50,505	22,240	389,438	389,438	--
Structural clay products.....	22	4,144	4,018	64	89,308	89,308	--
Abrasive, asbestos, and miscellaneous nonmetallic mineral products.....	15	24,558	19,658	6,262	398,421	398,421	--
Miscellaneous stone, clay, glass, and concrete products.....	4	2,185	2,175	424	53,600	31,193	22,406
Primary metal products.....	145	185,311	178,307	90,265	3,901,103	3,315,511	585,592
Blast furnaces, steel works, and rolling and finishing mills.....	4	3,451	3,442	1,011	105,474	105,474	--
Iron and steel foundries.....	29	15,241	14,943	11,735	870,413	744,434	125,979

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers		
					Total	Full costing	Marginal costing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Manufactured products--continued							
Primary metal products--continued							
Primary smelting and refining of nonferrous metals.....	9	557	548	548	422,169	422,169	--
Secondary smelting and refining of nonferrous metals.....	4	343	--	50	18,289	18,289	--
Nonferrous foundries.....	23	22,238	17,611	3,033	634,592	634,592	--
Miscellaneous primary metal products.....	76	143,480	141,763	73,887	1,850,167	1,390,553	459,614
Fabricated metal products, other than							
ordnance, machinery, and transportation.....	266	285,604	236,846	142,338	5,082,249	4,738,416	343,832
Metal cans.....	28	5,139	828	441	178,358	138,129	40,230
Cutlery, hand tools, and general hardware.....	23	58,107	49,469	30,958	285,602	285,602	--
Heating apparatus (except electric) and plumbing fixtures.....	69	22,506	13,738	6,563	574,161	516,462	57,699
Fabricated structural metal products.....	24	72,717	72,521	37,369	931,347	869,190	62,157
Metal stampings.....	9	13,246	13,126	5,128	416,162	416,162	--
Coating, engraving, and allied services.....	9	814	654	38	152,761	152,761	--
Miscellaneous fabricated metal products.....	104	113,075	86,510	61,840	2,543,857	2,360,111	183,746
Machinery, other than electrical.....	861	4,651,486	3,729,619	1,585,912	52,290,199	43,004,502	9,285,697
Engines and turbines.....	7	2,948,215	2,200,663	908,727	14,475,288	7,905,774	6,569,514
Farm machinery and equipment.....	13	63,619	33,972	6,098	3,061,186	2,828,043	233,143
Construction, mining, and materials handling machinery and equipment.....	77	94,621	78,537	17,498	1,391,114	1,350,782	40,331
Metalworking machinery and equipment.....	79	53,465	33,647	14,135	463,700	424,545	39,155
Special industry machinery, except metal-working machinery.....	213	308,681	279,661	155,736	4,753,068	4,036,552	716,516
General industrial machinery and equipment.....	155	168,698	145,725	55,694	3,020,380	2,931,592	88,788
Office, computing, and accounting machines.....	162	837,207	809,972	345,009	20,774,078	19,709,742	1,064,336
Service industry machines.....	13	10,588	5,526	5,872	416,924	367,258	49,666
Miscellaneous machinery, except electrical.....	141	166,393	141,914	77,142	3,934,460	3,450,213	484,247
Electrical machinery, equipment, and supplies.....	710	2,438,375	2,217,897	984,764	43,665,146	32,795,368	10,869,778
Electric transmission and distribution equipment.....	23	9,071	9,066	124	62,251	62,251	--
Electrical industrial apparatus.....	3	4,479	4,456	69	120,719	90,286	30,433
Household appliances.....	15	19,031	18,799	4,371	745,307	503,087	242,221
Electric lighting and wiring equipment.....	24	17,157	13,868	905	525,012	505,633	19,379
Radio and television receiving sets, except communication types.....	41	47,930	47,877	5,834	928,590	928,590	--
Communication equipment.....	119	581,570	566,014	327,270	6,820,171	5,048,098	1,772,073
Electronic components and accessories.....	261	1,267,949	1,169,095	463,701	26,437,324	18,833,327	7,603,997
Miscellaneous electrical machinery, equipment, and supplies.....	224	491,188	388,722	182,490	8,025,771	6,824,096	1,201,675
Transportation equipment.....	423	10,525,287	6,887,845	844,532	51,932,407	42,612,160	9,320,247
Motor vehicles and motor vehicle equipment.....	101	376,438	332,660	102,750	17,450,132	12,382,060	5,068,071
Aircraft and parts.....	77	1,518,683	535,615	537,996	30,242,731	26,342,826	3,899,904
Ship and boat building and repairing.....	14	51,183	45,157	31,342	915,795	563,524	352,272
Railroad equipment.....	3	8,372	3,627	3,901	46,622	46,622	--
Motorcycles, bicycles, and parts.....	4	63,969	63,952	53,858	401,852	401,852	--
Leased aircraft.....	170	8,446,762	5,847,174	80,315	1,721,815	1,721,815	--
Miscellaneous transportation equipment.....	54	59,880	59,660	34,369	1,153,460	1,153,460	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers		
					Total	Full costing	Marginal costing
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Manufactured products--continued							
Professional, scientific, and controlling instruments.....	278	720,980	631,991	295,181	13,205,941	11,049,028	2,156,913
Engineering, laboratory, and scientific and research instruments and associated equipment.....	74	141,995	116,721	33,174	3,050,916	2,317,470	733,446
Instruments for measuring, controlling, and indicating physical characteristics.....	57	129,501	122,247	62,929	1,905,056	1,894,652	10,404
Optical instruments and lenses.....	10	47,798	47,306	18,334	774,990	670,316	104,674
Surgical, medical, and dental instruments and supplies.....	114	302,118	266,087	125,087	4,240,001	3,169,221	1,070,779
Ophthalmic goods.....	5	27,113	12,705	1,193	636,280	398,670	237,610
Photographic equipment and supplies.....	18	72,455	66,926	54,463	2,598,699	2,598,699	--
Miscellaneous manufactured products.....	188	202,814	161,541	71,821	2,773,969	2,760,950	13,019
Jewelry, silverware, and plated ware.....	5	8,147	8,130	7,473	8,130	8,130	--
Musical instruments.....	7	3,202	--	407	92,898	92,898	--
Toys, amusement, sporting, and athletic goods.....	82	117,031	91,804	48,597	1,319,874	1,319,325	548
Pens, pencils, and other office and artists' materials.....	7	20,623	20,394	5,635	245,389	232,918	12,471
Other manufactured products.....	90	74,599	52,001	13,054	1,835,924	1,824,716	11,208
Product or service not allocable.....	11	157,220	151,630	37,333	2,170,370	2,170,370	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Cost of goods sold	Total income		Nonforeign trade income (less loss)	Foreign trade deductions			
		Adminis- trative foreign trade income	Nonadminis- trative foreign trade income		Administrative		Nonadministrative	
					Total	Foreign direct costs	Total	Foreign direct costs
		(8)	(9)		(10)	(11)	(12)	(13)
All products and industries.....	20,464,648	31,344,338	1,295,859	205,549	18,551,115	4,023,025	846,739	238,991
Nonmanufactured products and services.....	1,956,474	4,384,567	355,381	1,374	2,773,418	369,587	278,065	218,596
Grains and soybeans.....	89,611	182,563	303,414	10	37,996	21,223	250,980	216,196
Cotton.....	898,827	48,121	--	84	34,237	2,058	--	--
Crops, except cotton, grains, and soybeans.....	415,765	206,903	2,229	47	145,607	67,400	1,076	--
Livestock and livestock products.....	144,116	197,284	--	541	148,274	73,076	--	--
Agricultural services.....	12,017	9,415	--	9	670	353	--	--
Fishery products and services.....	--	56,864	--	(¹)	27,254	26,260	--	--
Metal mining, except iron ores.....	--	55,353	--	--	917	283	--	--
Coal mining products and services.....	--	29,984	1,177	239	11,894	3,049	499	3
Computer software.....	17,799	2,157,066	--	--	1,416,598	62,581	--	--
Motion picture distribution.....	11,613	1,160,703	11,234	2	908,486	99,724	1,506	--
Engineering and architectural services.....	348,120	84,830	--	(¹)	10,188	7,812	--	--
Leasing services, other than aircraft.....	--	26,682	17,651	29	4,008	2,937	11,277	5
Miscellaneous nonmanufactured products and services.....	18,606	168,800	19,678	412	27,288	2,832	12,727	2,392
Manufactured products.....	18,428,563	26,702,275	940,477	204,187	15,597,642	3,473,675	568,619	20,395
Food and kindred products.....	833,126	1,363,105	3,905	630	940,432	473,149	4,336	3,121
Meat products.....	601,987	506,751	--	--	395,839	238,438	--	--
Dairy products.....	--	2,246	--	--	118	77	--	--
Canned and preserved fruits, vegetables, and seafoods.....	52,561	33,435	3,905	5	19,988	12,290	4,336	3,121
Grain mill products.....	--	22,360	--	(¹)	777	404	--	--
Beverages.....	109,455	331,355	--	20	251,363	80,578	--	--
Miscellaneous food and kindred products.....	69,122	466,957	--	604	272,347	141,361	--	--
Tobacco products.....	--	884,363	--	1	447,047	257,785	--	--
Textile mill products.....	62,764	168,307	8,487	28,976	113,473	15,245	6,709	2,836
Broad woven fabric mills, cotton.....	26,867	4,154	--	62	2,699	1,880	--	--
Miscellaneous textile goods.....	35,897	164,153	8,487	28,914	110,774	13,364	6,709	2,836
Apparel and other finished goods.....	35,772	113,901	--	155	85,704	37,287	--	--
Men's, youths', and boys' furnishings.....	--	2,162	--	--	1,710	--	--	--
Women's, misses', and juniors' undergarments.....	--	271	--	--	10	--	--	--
Fur goods.....	--	29,380	--	--	23,414	21,016	--	--
Miscellaneous apparel and accessories.....	35,772	51,000	--	(¹)	43,751	9,579	--	--
Miscellaneous fabricated textile products.....	--	31,088	--	155	16,819	6,692	--	--
Lumber and wood products, except furniture.....	665,989	207,644	8,041	204	123,054	54,969	5,111	11
Logging camps and logging contractors.....	--	28,130	--	--	17,863	5,682	--	--
Sawmills and planing mills.....	144,694	34,005	--	204	27,607	18,899	--	--
Millwork, veneer, plywood, and prefabricated structural wood products.....	476,649	74,083	8,041	(¹)	34,119	20,260	5,111	11
Miscellaneous wood products.....	44,646	71,427	--	--	43,464	10,128	--	--
Furniture and fixtures.....	--	44,241	--	1	24,375	4,638	--	--
Household furniture.....	--	1,688	--	1	1,050	189	--	--
Office furniture.....	--	4,199	--	--	2,283	375	--	--
Miscellaneous furniture and fixtures.....	--	30,602	--	--	21,042	4,074	--	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Cost of goods sold	Total income		Nonforeign trade income (less loss)	Foreign trade deductions			
		Adminis- trative foreign trade income	Nonadminis- trative foreign trade income		Administrative		Nonadministrative	
					Total	Foreign direct costs	Total	Foreign direct costs
Manufactured products--continued								
Paper and allied products.....	655,765	720,211	--	3,052	508,212	329,523	--	--
Pulp mills.....	4,785	274,525	--	291	212,284	166,441	--	--
Paper mills.....	272,675	261,291	--	2,761	179,929	92,447	--	--
Paperboard mills.....	378,305	13,050	--	--	1,802	77	--	--
Converted paper and paperboard products.....	--	171,344	--	--	114,197	70,558	--	--
Printing, publishing, and allied products.....	117,915	127,202	8,634	510	71,209	40,702	7,551	6,271
Periodicals, publishing, and printing.....	64,033	7,089	8,634	510	1,021	850	7,551	6,271
Books.....	9,627	77,786	--	--	48,411	32,309	--	--
Commercial printing.....	--	19,649	--	--	14,162	6,775	--	--
Service industries for the printing trade.....	44,255	8,525	--	--	3,818	759	--	--
Miscellaneous printing and publishing products.....	--	14,153	--	--	3,797	9	--	--
Chemicals and allied products.....	1,059,777	4,560,853	7,805	15,785	2,486,116	823,317	5,586	3,390
Industrial inorganic and organic chemicals.....	--	383,396	--	927	214,271	65,378	--	--
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers.....	59,151	950,796	--	72	698,408	62,113	--	--
Drugs.....	2,460	685,790	--	5,009	145,324	78,128	--	--
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries.....	308,350	101,831	--	14	45,118	31,053	--	--
Paints, varnishes, lacquers, enamels, and allied products.....	26,804	93,635	--	--	55,371	30,720	--	--
Agricultural chemicals.....	171,322	206,176	--	--	107,062	15,058	--	--
Miscellaneous chemical products.....	491,688	2,139,229	7,805	9,762	1,220,563	540,868	5,586	3,390
Petroleum refining and related products.....	21,975	58,792	--	--	47,097	6,330	--	--
Paving and roofing materials.....	8,648	1,880	--	--	1,060	1	--	--
Miscellaneous products of petroleum and coal.....	13,327	56,912	--	--	46,037	6,329	--	--
Rubber and miscellaneous plastics products.....	--	154,397	--	36	84,916	21,097	--	--
Tires and inner tubes.....	--	54,444	--	1	25,620	9,584	--	--
Rubber footwear.....	--	22	--	--	22	--	--	--
Fabricated rubber products not elsewhere classified.....	--	6,023	--	5	1,700	871	--	--
Miscellaneous plastics products.....	--	93,908	--	30	57,574	10,642	--	--
Leather and leather products.....	--	75,207	--	--	51,680	25,619	--	--
Footwear, except rubber.....	--	7,652	--	--	3,131	2,359	--	--
Leather goods not elsewhere classified.....	--	67,556	--	--	48,548	23,260	--	--
Stone, clay, glass, and concrete products.....	--	92,440	--	--	50,245	23,674	--	--
Glass products, made or purchased glass.....	--	31,130	--	--	14,540	5,699	--	--
Structural clay products.....	--	4,442	--	--	49	--	--	--
Abrasive, asbestos, and miscellaneous nonmetallic mineral products.....	--	52,096	--	--	33,090	17,558	--	--
Miscellaneous stone, clay, glass, and concrete products.....	--	4,772	--	--	2,567	418	--	--
Primary metal products.....	55,604	270,903	6,489	1,442	147,421	73,408	2,802	--
Blast furnaces, steel works, and rolling and finishing mills.....	--	8,384	--	--	3,540	1,334	--	--
Iron and steel foundries.....	--	30,249	--	--	14,507	4,507	--	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Cost of goods sold	Total income		Nonforeign trade income (less loss)	Foreign trade deductions			
		Adminis- trative foreign trade income	Nonadminis- trative foreign trade income		Administrative		Nonadministrative	
					Total	Foreign direct costs	Total	Foreign direct costs
		(8)	(9)		(10)	(11)	(12)	(13)
Manufactured products--continued								
Primary metal products--continued								
Primary smelting and refining of nonferrous metals.....	--	19,703	--	--	14,491	14,468	--	--
Secondary smelting and refining of nonferrous metals.....	--	2,235	--	--	1,810	1,485	--	--
Nonferrous foundries.....	12	31,655	--	--	17,377	91	--	--
Miscellaneous primary metal products.....	55,592	178,678	6,489	1,442	95,697	51,523	2,802	--
Fabricated metal products, other than								
ordnance, machinery, and transportation.....	176,135	787,541	46,595	-21	632,673	30,475	13,537	198
Metal cans.....	6,971	9,292	836	35	6,096	5	--	--
Cutlery, hand tools, and general hardware.....	86,985	48,370	40,184	398	29,682	2,101	11,620	197
Heating apparatus (except electric) and plumbing fixtures.....	53,452	77,166	4,330	-472	56,264	2,984	1,856	1
Fabricated structural metal products.....	--	108,512	--	--	75,750	3,021	--	--
Metal stampings.....	--	31,045	--	9	16,276	4	--	--
Coating, engraving, and allied services.....	15,531	6,604	--	2	6,314	6,274	--	--
Miscellaneous fabricated metal products.....	13,197	506,533	1,246	8	442,291	16,086	61	--
Machinery, other than electrical.....								
Engines and turbines.....	7,123	993,379	--	85,880	248,245	108,028	--	--
Farm machinery and equipment.....	--	408,819	--	647	307,643	52,707	--	--
Construction, mining, and materials handling								
machinery and equipment.....	17,399	70,788	2,689	--	22,916	2,708	2,426	--
Metalworking machinery and equipment.....	16,653	63,591	--	98	38,676	2,596	--	--
Special industry machinery, except metal-working machinery.....	17,137	481,555	--	638	278,082	40,269	8	--
General industrial machinery and equipment.....	120,345	272,894	--	46	145,264	41,496	--	--
Office, computing, and accounting machines.....	3,684	1,854,615	6,928	783	1,145,919	189,168	1,492	95
Service industry machines.....	8,034	40,402	--	9,604	21,646	5,636	--	--
Miscellaneous machinery, except electrical.....	49,988	365,525	--	207	232,350	30,566	--	--
Electrical machinery, equipment, and supplies.....								
Electric transmission and distribution equipment.....	--	26,014	--	--	21,072	156	--	--
Electrical industrial apparatus.....	--	10,098	--	(1)	4,993	41	--	--
Household appliances.....	--	88,265	--	--	59,938	26,638	--	--
Electric lighting and wiring equipment.....	11,020	50,795	--	(1)	23,337	8,768	--	--
Radio and television receiving sets, except communication types.....	--	87,462	--	--	19,039	2,939	--	--
Communication equipment.....	34,354	990,952	--	(1)	645,568	50,932	--	--
Electronic components and accessories.....	214,321	4,727,707	18,316	23,640	3,061,331	97,448	9,593	--
Miscellaneous electrical machinery, equipment, and supplies.....	11,464	1,634,833	4,094	13,649	1,189,204	69,213	3,509	--
Transportation equipment.....								
Motor vehicles and motor vehicle equipment.....	13,892,440	2,718,185	808,417	17,473	1,027,057	328,064	499,903	337
Aircraft and parts.....	17,628	991,231	1,634	12,639	502,438	181,386	405	--
Ship and boat building and repairing.....	13,873,821	1,427,897	65,862	1,544	347,143	110,571	649	257
Ship and boat building and repairing.....	--	88,670	--	--	55,605	33,334	--	--
Railroad equipment.....	--	11,694	--	--	10,837	1	--	--
Motorcycles, bicycles, and parts.....	--	66,791	--	--	54,905	575	--	--
Leased aircraft.....	--	55,326	740,921	3,289	7,968	139	498,675	81
Miscellaneous transportation equipment.....	991	76,576	--	--	48,161	2,060	174	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Cost of goods sold	Total income		Nonforeign trade income (less loss)	Foreign trade deductions				
		Adminis- trative foreign trade income	Nonadminis- trative foreign trade income		Administrative		Nonadministrative		
					Total	Foreign direct costs	Total	Foreign direct costs	
									(8)
Manufactured products--continued									
Professional, scientific, and controlling instruments.....	280,176	1,812,329	10,076	742	1,089,651	151,440	6,054	4,136	
Engineering, laboratory, and scientific and research instruments and associated equipment.....	135,323	400,918	--	310	256,840	15,831	--	--	
Instruments for measuring, controlling, and indicating physical characteristics.....	36,155	276,066	--	251	193,378	14,550	--	--	
Optical instruments and lenses.....	11,337	126,784	--	--	60,163	1,480	--	--	
Surgical, medical, and dental instruments and supplies.....	72,230	697,043	10,076	97	464,387	72,353	6,054	4,136	
Ophthalmic goods.....	--	30,290	--	--	4,576	3,141	--	--	
Photographic equipment and supplies.....	25,131	281,229	--	84	110,308	44,085	--	--	
Miscellaneous manufactured products.....	53,850	344,916	2	10	193,759	45,970	2	--	
Jewelry, silverware, and plated ware.....	--	8,130	--	--	7,393	--	--	--	
Musical instruments.....	--	6,772	--	--	1,910	632	--	--	
Toys, amusement, sporting, and athletic goods.....	24,403	158,260	--	--	81,917	8,396	--	--	
Pens, pencils, and other office and artists' materials.....	--	32,290	--	--	17,810	13,620	--	--	
Other manufactured products.....	35,201	169,508	2	10	93,028	24,996	2	--	
Product or service not allocable.....	79,610	257,496	--	-12	180,056	179,762	55	--	

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Total non-foreign trade deductions	Net income (less deficit) prior to adjustments			Net income (less deficit)	Net income	Deficit
		Adminis-trative	Nonadminis-trative	Non-foreign trade			
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
All products and industries.....	97,441	4,680,405	314,175	108,108	4,894,612	4,896,783	2,171
Nonmanufactured products and services.....	45	557,618	54,121	1,329	574,759	574,892	133
Grains and soybeans.....	--	49,703	36,703	10	49,713	49,713	--
Cotton.....	--	1,524	--	84	1,608	1,656	48
Crops, except cotton, grains, and soybeans.....	--	21,320	807	47	22,174	22,177	3
Livestock and livestock products.....	--	17,047	--	541	17,588	17,589	1
Agricultural services.....	1	3,042	--	8	3,049	3,050	1
Fishery products and services.....	--	10,300	--	(¹)	10,300	10,300	--
Metal mining, except iron ores.....	2	18,935	--	-2	18,932	18,935	2
Coal mining products and services.....	4	6,292	474	235	7,002	7,002	--
Computer software.....	7	257,557	--	-7	257,550	257,555	5
Motion picture distribution.....	13	87,729	6,810	-11	94,528	94,549	21
Engineering and architectural services.....	--	25,964	--	(¹)	25,964	25,965	1
Leasing services, other than aircraft.....	8	7,886	4,462	21	10,762	10,803	41
Miscellaneous nonmanufactured products and services.....	9	50,319	4,866	403	55,589	55,598	9
Manufactured products.....	97,380	4,063,167	260,092	106,808	4,260,300	4,262,269	1,969
Food and kindred products.....	629	138,786	-302	1	138,485	138,533	48
Meat products.....	--	38,578	--	--	38,578	38,578	--
Dairy products.....	--	740	--	--	740	740	--
Canned and preserved fruits, vegetables, and seafoods.....	--	2,140	-302	5	1,843	1,866	22
Grain mill products.....	--	7,465	--	(¹)	7,465	7,465	--
Beverages.....	2	27,824	--	18	27,842	27,842	--
Miscellaneous food and kindred products.....	627	62,038	--	-23	62,016	62,041	25
Tobacco products.....	--	152,112	--	1	152,113	152,113	--
Textile mill products.....	26,829	19,013	1,201	2,147	22,361	22,511	149
Broad woven fabric mills, cotton.....	--	446	--	62	508	508	--
Miscellaneous textile goods.....	26,829	18,568	1,201	2,085	21,854	22,003	149
Apparel and other finished goods.....	--	9,808	--	155	9,963	9,963	--
Men's, youths', and boys' furnishings.....	--	157	--	--	157	157	--
Women's, misses', and juniors' undergarments.....	--	91	--	--	91	91	--
Fur goods.....	--	2,075	--	--	2,075	2,075	--
Miscellaneous apparel and accessories.....	--	2,521	--	(¹)	2,521	2,521	--
Miscellaneous fabricated textile products.....	--	4,963	--	155	5,118	5,118	--
Lumber and wood products, except furniture.....	--	29,204	2,051	204	31,459	31,468	9
Logging camps and logging contractors.....	--	3,571	--	--	3,571	3,571	--
Sawmills and planing mills.....	--	2,088	--	204	2,292	2,292	--
Millwork, veneer, plywood, and prefabricated structural wood products.....	--	13,819	2,051	(¹)	15,870	15,870	--
Miscellaneous wood products.....	--	9,726	--	--	9,726	9,735	9
Furniture and fixtures.....	--	6,910	--	1	6,911	6,911	--
Household furniture.....	--	222	--	1	222	222	--
Office furniture.....	--	667	--	--	667	667	--
Miscellaneous furniture and fixtures.....	--	3,992	--	--	6,022	6,022	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Total non-foreign trade deductions	Net income (less deficit) prior to adjustments			Net income (less deficit)	Net income	Deficit
		Administrative	Nonadministrative	Non-foreign trade			
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Manufactured products--continued							
Paper and allied products.....	1	73,739	--	3,051	76,790	76,797	7
Pulp mills.....	1	21,649	--	290	21,939	21,945	6
Paper mills.....	--	28,300	--	2,761	31,061	31,062	1
Paperboard mills.....	--	3,913	--	--	3,913	3,913	--
Converted paper and paperboard products.....	--	19,877	--	--	19,877	19,877	--
Printing, publishing, and allied products.....	391	19,390	758	119	19,670	19,677	7
Periodicals, publishing and printing.....	391	2,111	758	119	2,390	2,390	--
Books.....	--	10,218	--	--	10,218	10,225	7
Commercial printing.....	--	1,822	--	--	1,822	1,822	--
Service industries for the printing trade.....	--	1,637	--	--	1,637	1,637	--
Miscellaneous printing and publishing products.....	--	3,602	--	--	3,602	3,602	--
Chemicals and allied products.....	15,751	720,452	1,553	34	722,023	722,105	83
Industrial inorganic and organic chemicals.....	--	57,387	--	927	58,314	58,314	--
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers.....	--	87,904	--	72	87,976	87,976	--
Drugs.....	4,924	187,990	--	86	188,060	188,065	6
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries.....	--	19,726	--	14	19,740	19,740	--
Paints, varnishes, lacquers, enamels, and allied products.....	(¹)	13,309	--	(¹)	13,309	13,309	--
Agricultural chemicals.....	--	34,475	--	--	34,475	34,475	--
Miscellaneous chemical products.....	10,828	319,660	1,553	-1,065	320,148	320,225	77
Petroleum refining and related products.....	--	4,048	--	--	4,048	4,048	--
Paving and roofing materials.....	--	285	--	--	285	285	--
Miscellaneous products of petroleum and coal.....	--	3,763	--	--	3,763	3,763	--
Rubber and miscellaneous plastics products.....	28	24,167	--	8	24,176	24,176	--
Tires and inner tubes.....	--	10,026	--	1	10,027	10,027	--
Rubber footwear.....	--	--	--	--	--	--	--
Fabricated rubber products not elsewhere classified.....	--	1,504	--	5	1,509	1,509	--
Miscellaneous plastics products.....	28	12,638	--	2	12,640	12,640	--
Leather and leather products.....	--	8,123	--	--	8,123	8,123	--
Footwear, except rubber.....	--	1,511	--	--	1,511	1,511	--
Leather goods not elsewhere classified.....	--	6,611	--	--	6,611	6,611	--
Stone, clay, glass, and concrete products.....	--	14,677	--	--	14,677	14,681	5
Glass products, made or purchased glass.....	--	5,770	--	--	5,770	5,770	--
Structural clay products.....	--	1,528	--	--	1,528	1,531	3
Abrasive, asbestos, and miscellaneous nonmetallic mineral products.....	--	6,611	--	--	6,611	6,611	--
Miscellaneous stone, clay, glass, and concrete products.....	--	767	--	--	767	769	2
Primary metal products.....	--	42,925	2,507	1,442	46,873	46,901	28
Blast furnaces, steel works, and rolling and finishing mills.....	--	1,685	--	--	1,685	1,685	--
Iron and steel foundries.....	--	5,231	--	--	5,231	5,231	--

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Total non-foreign trade deductions	Net income (less deficit) prior to adjustments			Net income (less deficit)	Net income	Deficit
		Administrative	Nonadministrative	Non-foreign trade			
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Manufactured products--continued							
Primary metal products--continued							
Primary smelting and refining of nonferrous metals.....	--	1,813	--	--	1,813	1,813	--
Secondary smelting and refining of nonferrous metals.....	--	148	--	--	148	148	--
Nonferrous foundries.....	--	5,101	--	--	5,101	5,101	--
Miscellaneous primary metal products.....	--	28,947	2,507	1,442	32,896	32,924	28
Fabricated metal products, other than							
ordnance, machinery, and transportation.....	435	53,726	23,141	-457	76,410	76,420	10
Metal cans.....	--	1,112	585	35	1,732	1,732	--
Cutlery, hand tools, and general hardware.....	114	6,500	19,995	284	26,780	26,780	--
Heating apparatus (except electric) and plumbing fixtures.....	322	7,270	1,732	-794	8,208	8,218	10
Fabricated structural metal products.....	--	11,398	--	--	11,398	11,398	--
Metal stampings.....	--	5,038	--	9	5,047	5,047	--
Coating, engraving, and allied services.....	--	101	--	2	102	102	--
Miscellaneous fabricated metal products.....	--	22,307	829	8	23,144	23,144	--
Machinery, other than electrical.....	10,008	751,027	3,984	87,895	842,906	844,276	1,370
Engines and turbines.....	22	275,554	--	85,858	361,412	361,412	--
Farm machinery and equipment.....	--	35,192	--	647	35,839	35,839	--
Construction, mining, and materials handling machinery and equipment.....	--	16,651	184	--	16,835	16,836	1
Metalworking machinery and equipment.....	--	8,578	--	98	8,677	8,677	--
Special industry machinery, except metalworking machinery.....	--	70,563	-6	638	71,195	71,202	8
General industrial machinery and equipment.....	--	44,776	--	46	44,822	44,830	8
Office, computing, and accounting machines.....	1,693	247,077	3,805	-910	249,973	251,327	1,354
Service industry machines.....	8,289	6,524	--	1,315	7,839	7,839	--
Miscellaneous machinery, except electrical.....	4	46,111	--	203	46,314	46,314	(1)
Electrical machinery, equipment, and supplies.....	34,143	957,302	6,504	3,145	966,951	966,977	26
Electric transmission and distribution equipment.....	--	1,719	--	--	1,719	1,719	--
Electrical industrial apparatus.....	1	1,776	--	-1	1,775	1,776	1
Household appliances.....	--	9,853	--	--	9,853	9,853	--
Electric lighting and wiring equipment.....	--	9,605	--	--	9,605	9,605	--
Radio and television receiving sets, except communication types.....	--	23,799	--	--	23,799	23,799	--
Communication equipment.....	7	122,609	--	-7	122,603	122,603	1
Electronic components and accessories.....	23,217	632,501	6,106	422	639,029	639,037	8
Miscellaneous electrical machinery, equipment, and supplies.....	10,918	155,440	398	2,730	158,568	158,585	17
Transportation equipment.....	9,034	707,932	215,880	8,440	763,098	763,283	185
Motor vehicles and motor vehicle equipment.....	8,945	169,703	855	3,694	174,252	174,256	4
Aircraft and parts.....	29	491,101	45,649	1,515	538,265	538,273	7
Ship and boat building and repairing.....	--	11,501	--	--	11,501	11,505	4
Railroad equipment.....	--	303	--	--	303	303	--
Motorcycles, bicycles, and parts.....	--	4,135	--	--	4,135	4,135	--
Leased aircraft.....	59	16,466	169,497	3,231	20,042	20,089	47
Miscellaneous transportation equipment.....	--	14,723	-122	--	14,601	14,723	122

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Total non-foreign trade deductions	Net income (less deficit) prior to adjustments			Net income (less deficit)	Net income	Deficit
		Administrative	Nonadministrative	Non-foreign trade			
	(16)	(17)	(18)	(19)	(20)	(21)	(22)
Manufactured products--continued							
Professional, scientific, and controlling instruments.....	131	252,914	2,815	611	256,340	256,370	30
Engineering, laboratory, and scientific and research instruments and associated equipment.....	22	51,660	--	288	51,948	51,950	3
Instruments for measuring, controlling, and indicating physical characteristics.....	--	28,761	--	251	29,012	29,012	--
Optical instruments and lenses.....	--	23,173	--	--	23,173	23,173	--
Surgical, medical, and dental instruments and supplies.....	26	80,925	2,815	71	83,811	83,838	27
Ophthalmic goods.....	--	8,944	--	--	8,944	8,944	--
Photographic equipment and supplies.....	83	59,452	--	1	59,453	59,453	--
Miscellaneous manufactured products.....	--	52,386	(¹)	10	52,396	52,408	12
Jewelry, silverware, and plated ware.....	--	256	--	--	256	256	--
Musical instruments.....	--	1,691	--	--	1,691	1,691	--
Toys, amusement, sporting, and athletic goods.....	--	26,415	--	--	26,415	26,420	5
Pens, pencils, and other office and artists' materials.....	--	5,037	--	--	5,037	5,037	--
Other manufactured products.....	--	43,514	(¹)	10	43,524	43,531	7
Product or service not allocable.....	17	59,620	-38	-29	59,553	59,622	69

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Taxable income	Income tax		Net exempt income		Total distributions
		Total	Regular	Administrative	Nonadministrative	
	(23)	(24)	(25)	(26)	(27)	(28)
All products and industries.....	4,894,266	1,715,237	1,715,145	8,360,784	135,496	10,185,606
Nonmanufactured products and services.....	573,997	199,824	199,641	1,054,839	23,200	1,064,377
Grains and soybeans.....	49,713	17,347	17,347	94,864	15,730	118,554
Cotton.....	1,656	563	563	12,450	--	3,805
Crops, except cotton, grains, and soybeans.....	22,177	7,505	7,500	39,981	346	40,582
Livestock and livestock products.....	16,838	5,847	5,847	31,965	--	33,581
Agricultural services.....	3,050	1,067	1,067	5,703	--	3,620
Fishery products and services.....	10,295	3,545	3,540	19,311	--	21,525
Metal mining, except iron ores.....	18,935	6,546	6,546	35,502	--	10,828
Coal mining products and services.....	6,928	2,380	2,380	11,798	203	35,735
Computer software.....	257,555	89,850	89,823	482,913	--	499,863
Motion picture distribution.....	94,486	32,999	32,908	164,507	2,918	175,856
Engineering and architectural services.....	25,965	9,009	8,993	48,680	--	26,319
Leasing services, other than aircraft.....	10,803	3,781	3,781	14,873	1,915	14,454
Miscellaneous nonmanufactured products and services.....	55,598	19,385	19,345	92,293	2,087	79,655
Manufactured products.....	4,260,647	1,494,557	1,494,648	7,255,437	112,296	9,030,234
Food and kindred products.....	138,528	48,312	48,333	284,647	--	336,289
Meat products.....	38,574	13,484	13,478	72,333	--	76,417
Dairy products.....	740	256	256	1,388	--	85
Canned and preserved fruits, vegetables, and seafoods.....	1,866	641	635	11,308	--	15,089
Grain mill products.....	7,465	2,595	2,595	14,118	--	17,775
Beverages.....	27,842	9,730	9,730	52,169	--	59,422
Miscellaneous food and kindred products.....	62,041	21,606	21,641	133,331	--	167,500
Tobacco products.....	152,113	53,226	53,226	285,205	--	389,950
Textile mill products.....	22,511	7,721	7,718	35,826	886	37,271
Broad woven fabric mills, cotton.....	508	173	173	1,008	--	--
Miscellaneous textile goods.....	22,003	7,547	7,544	34,817	886	37,272
Apparel and other finished goods.....	9,963	3,330	3,330	18,389	--	27,199
Men's, youths', and boys' furnishings.....	157	53	53	295	--	364
Women's, misses', and juniors' undergarments.....	91	32	32	171	--	--
Fur goods.....	2,075	596	596	3,891	--	5,524
Miscellaneous apparel and accessories.....	2,521	862	862	4,727	--	5,580
Miscellaneous fabricated textile products.....	5,118	1,787	1,787	9,305	--	15,731
Lumber and wood products, except furniture.....	31,468	10,679	10,679	55,403	879	92,563
Logging camps and logging contractors.....	3,571	1,223	1,223	6,695	--	12,681
Sawmills and planing mills.....	2,292	776	776	4,310	--	2,015
Millwork, veneer, plywood, and prefabricated structural wood products.....	15,870	5,428	5,428	26,144	879	44,944
Miscellaneous wood products.....	9,735	3,252	3,252	18,253	--	32,923
Furniture and fixtures.....	6,911	2,317	2,317	12,956	--	15,704
Household furniture.....	222	59	59	416	--	85
Office furniture.....	667	233	233	1,250	--	434
Miscellaneous furniture and fixtures.....	6,022	2,025	2,025	11,291	--	15,186

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Taxable income	Income tax		Net exempt income		Total distributions
		Total	Regular	Adminis- trative	Nonadminis- trative	
	(23)	(24)	(25)	(26)	(27)	(28)
Manufactured products--continued						
Paper and allied products.....	76,797	26,764	26,761	138,272	--	324,807
Pulp mills.....	21,945	7,641	7,641	40,603	--	137,514
Paper mills.....	31,062	10,845	10,844	53,064	--	75,537
Paperboard mills.....	3,913	1,349	1,349	7,336	--	36,212
Converted paper and paperboard products.....	19,877	6,929	6,927	37,269	--	75,543
Printing, publishing, and allied products.....	18,852	6,513	6,513	36,618	325	38,811
Periodicals, publishing, and printing.....	2,390	794	794	3,957	325	5,450
Books.....	9,400	3,312	3,312	19,172	--	22,635
Commercial printing.....	1,822	603	603	3,665	--	2,766
Service industries for the printing trade.....	1,637	562	562	3,070	--	2,581
Miscellaneous printing and publishing products.....	3,602	1,242	1,242	6,753	--	5,379
Chemicals and allied products.....	722,105	267,157	267,142	1,354,662	667	1,684,221
Industrial inorganic and organic chemicals.....	58,314	20,280	20,272	111,737	--	302,032
Plastics materials, synthetic resins, synthetic rubber, and synthetic fibers.....	87,976	30,665	30,665	164,601	--	202,975
Drugs.....	188,065	65,740	65,740	352,483	--	372,790
Soap, detergents, and cleaning preparations, perfumes, cosmetics, and toiletries.....	19,740	6,869	6,869	36,986	--	32,085
Paints, varnishes, lacquers, enamels, and allied products.....	13,309	4,550	4,548	24,955	--	29,810
Agricultural chemicals.....	34,475	11,931	11,929	64,639	--	54,141
Miscellaneous chemical products.....	320,225	127,123	127,119	599,262	667	690,389
Petroleum refining and related products.....	4,048	1,396	1,396	7,647	--	5,135
Paving and roofing materials.....	285	97	97	535	--	--
Miscellaneous products of petroleum and coal.....	3,763	1,299	1,299	7,113	--	5,135
Rubber and miscellaneous plastics products.....	24,176	8,206	8,175	45,313	--	63,373
Tires and inner tubes.....	10,027	3,504	3,504	18,798	--	26,132
Rubber footwear.....	--	--	--	--	--	506
Fabricated rubber products not elsewhere classified.....	1,509	527	527	2,819	--	2,784
Miscellaneous plastics products.....	12,640	4,176	4,144	23,696	--	33,951
Leather and leather products.....	8,120	2,734	2,733	15,405	--	25,506
Footwear, except rubber.....	1,511	486	486	3,009	--	1,072
Leather goods not elsewhere classified.....	6,609	2,248	2,246	12,396	--	24,434
Stone, clay, glass, and concrete products.....	14,681	4,783	4,783	27,527	--	14,326
Glass products, made or purchased glass.....	5,770	1,985	1,985	10,819	--	6,306
Structural clay products.....	1,531	278	278	2,870	--	--
Abrasive, asbestos, and miscellaneous nonmetallic mineral products.....	6,611	2,252	2,252	12,395	--	7,409
Miscellaneous stone, clay, glass, and concrete products.....	769	268	268	1,442	--	611
Primary metal products.....	46,901	16,136	16,133	80,828	1,180	64,252
Blast furnaces, steel works, and rolling and finishing mills.....	1,685	580	580	3,159	--	2,103
Iron and steel foundries.....	5,231	1,808	1,808	10,511	--	9,543

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Taxable income	Income tax		Net exempt income		Total distributions
		Total	Regular	Adminis- trative	Nonadminis- trative	
	(23)	(24)	(25)	(26)	(27)	(28)
Manufactured products--continued						
Primary metal products--continued						
Primary smelting and refining of nonferrous metals.....	1,813	635	635	3,399	--	3,955
Secondary smelting and refining of nonferrous metals.....	148	50	50	278	--	693
Nonferrous foundries.....	5,101	1,781	1,781	9,312	--	4,471
Miscellaneous primary metal products.....	32,924	11,282	11,279	54,170	1,180	43,487
Fabricated metal products, other than						
ordnance, machinery, and transportation.....	76,310	25,895	25,892	101,257	9,917	133,543
Metal cans.....	1,732	569	569	2,084	251	1,218
Cutlery, hand tools, and general hardware.....	26,669	9,273	9,273	12,188	8,569	36,225
Heating apparatus (except electric) and plumbing fixtures.....	8,218	2,667	2,667	13,746	742	21,329
Fabricated structural metal products.....	11,398	3,958	3,958	21,364	--	10,372
Metal stampings.....	5,047	1,730	1,730	9,730	--	16,492
Coating, engraving, and allied services.....	102	35	35	189	--	341
Miscellaneous fabricated metal products.....	23,144	7,662	7,659	41,955	355	47,567
Machinery, other than electrical.....	844,246	292,631	292,846	1,377,157	1,710	1,315,478
Engines and turbines.....	361,412	126,484	126,484	485,955	--	361,280
Farm machinery and equipment.....	35,839	12,557	12,540	65,984	--	52,388
Construction, mining, and materials handling machinery and equipment.....	16,836	5,715	5,715	31,223	79	12,997
Metalworking machinery and equipment.....	8,677	2,676	2,675	16,336	--	6,475
Special industry machinery, except metal-working machinery.....	71,173	24,065	24,043	132,914	--	152,811
General industrial machinery and equipment.....	44,829	15,410	15,409	83,253	--	78,689
Office, computing, and accounting machines.....	251,327	87,638	87,478	462,197	1,631	525,657
Service industry machines.....	7,839	2,307	2,725	12,232	--	19,039
Miscellaneous machinery, except electrical.....	46,314	15,780	15,776	87,063	--	106,140
Electrical machinery, equipment, and supplies.....	966,957	335,992	335,765	1,690,295	2,804	2,001,696
Electric transmission and distribution equipment.....	1,719	340	340	3,223	--	6,738
Electrical industrial apparatus.....	1,776	622	622	3,329	--	--
Household appliances.....	9,853	3,393	3,393	18,474	--	31,845
Electric lighting and wiring equipment.....	9,605	3,352	3,348	17,908	--	26,885
Radio and television receiving sets, except communication types.....	23,799	8,101	8,101	44,623	--	19,453
Communication equipment.....	122,602	42,618	42,597	225,283	--	178,987
Electronic components and accessories.....	639,037	222,825	222,666	1,086,793	2,617	1,423,550
Miscellaneous electrical machinery, equipment, and supplies.....	158,566	54,742	54,699	290,662	187	314,239
Transportation equipment.....	762,654	265,973	265,915	1,103,747	92,722	1,822,779
Motor vehicles and motor vehicle equipment.....	174,250	60,564	60,565	319,103	374	554,172
Aircraft and parts.....	537,879	187,854	187,796	705,227	19,564	568,796
Ship and boat building and repairing.....	11,505	4,011	4,011	21,572	--	14,187
Railroad equipment.....	303	106	106	554	--	342
Motorcycles, bicycles, and parts.....	4,135	1,446	1,446	7,752	--	8,089
Leased aircraft.....	19,860	6,862	6,862	31,005	72,784	640,359
Miscellaneous transportation equipment.....	14,723	5,130	5,130	18,533	--	36,834

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 1.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Major Product or Service--Continued

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

Major product or service	Taxable income	Income tax		Net exempt income		Total distributions
		Total	Regular	Adminis- trative	Nonadminis- trative	
	(23)	(24)	(25)	(26)	(27)	(28)
Manufactured products--continued						
Professional, scientific, and controlling instruments.....	256,370	88,391	88,593	471,326	1,207	539,935
Engineering, laboratory, and scientific and research instruments and associated equipment.....	51,950	17,980	17,980	93,963	--	92,488
Instruments for measuring, controlling, and indicating physical characteristics.....	29,012	9,684	9,681	53,926	--	55,603
Optical instruments and lenses.....	23,173	8,042	8,042	43,448	--	47,472
Surgical, medical, and dental instruments and supplies.....	83,838	28,839	29,045	151,749	1,207	162,635
Ophthalmic goods.....	8,944	3,130	3,130	16,770	--	20,932
Photographic equipment and supplies.....	59,453	20,715	20,715	111,470	--	160,804
Miscellaneous manufactured products.....	52,408	17,816	17,813	98,775	--	93,792
Jewelry, silverware, and plated ware.....	256	87	87	481	--	982
Musical instruments.....	1,691	533	533	3,171	--	3,179
Toys, amusement, sporting, and athletic goods.....	26,420	8,913	8,911	49,937	--	48,587
Pens, pencils, and other office and artists' materials.....	5,037	1,739	1,739	9,444	--	6,736
Other manufactured products.....	43,531	15,129	15,128	49,925	--	37,911
Product or service not allocable.....	59,622	20,856	20,856	50,508	--	90,995

¹ Denotes a value between -\$500 and \$500, excluding zero.

NOTES: Some products and services have been omitted because of disclosure. However, the data are included in the appropriate totals. Detail may not add to totals because of rounding.

Foreign Sales Corporations, 1996

Table 2.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Size of Parent Total Assets

[All figures are estimates based on samples--money amounts are in thousands of dollars, and size of parent total assets is in whole dollars]

Size of parent total assets	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers			Cost of goods sold	Total income	
					Total	Full costing	Marginal costing		Administrative foreign trade income	Nonadministrative foreign trade income
All returns.....	4,363	26,798,911	21,019,450	7,698,542	285,902,491	236,199,601	49,702,889	20,464,648	31,344,338	1,295,859
Zero under \$25,000.....	618	1,068,679	666,843	117,463	4,102,996	3,925,305	177,692	448,231	367,970	85,422
\$50,000 under \$100,000.....	21	1,651	1,107	1,630	302,407	302,407	--	--	5,614	--
\$100,000 under \$250,000.....	35	16,494	6,688	2,885	108,618	108,618	--	45,160	1,021	7,663
\$250,000 under \$500,000.....	57	24,615	9,851	150	1,236,684	1,183,480	53,204	45,733	338,999	--
\$500,000 under \$1,000,000.....	23	17,196	1,154	519	74,161	74,161	--	9,786	15,539	--
\$1,000,000 under \$5,000,000.....	290	107,927	64,715	53,081	1,021,315	905,776	115,540	150,594	176,979	2,502
\$5,000,000 under \$10,000,000.....	363	134,395	111,839	48,667	1,446,323	1,446,323	--	78,977	233,049	--
\$10,000,000 under \$50,000,000.....	882	541,206	438,316	291,260	7,824,272	7,579,841	244,431	820,441	1,066,431	16,125
\$50,000,000 under \$100,000,000.....	415	454,337	367,436	222,401	7,499,445	7,224,554	274,890	234,340	729,300	11,320
\$100,000,000 under \$250,000,000.....	497	1,250,755	1,143,710	653,887	16,974,893	15,724,878	1,250,015	1,427,754	1,987,965	16,611
\$250,000,000 under \$500,000,000.....	243	1,228,871	1,150,802	635,751	12,160,405	11,058,803	1,101,601	207,851	1,846,274	21,474
\$500,000,000 under \$1,000,000,000.....	210	1,368,187	1,264,899	727,254	20,853,109	18,539,855	2,313,254	292,963	2,322,052	30,930
\$1,000,000,000 and over.....	709	20,584,598	15,792,092	4,943,594	212,297,864	168,125,602	44,172,262	16,702,819	22,253,145	1,103,812

Size of parent total assets	Non-foreign trade income (less loss)	Foreign trade deductions				Total non-foreign trade deductions	Net income (less deficit) prior to adjustments			Net income (less deficit)
		Administrative		Nonadministrative			Administrative	Nonadministrative	Non-foreign trade	
		Total	Foreign direct costs	Total	Foreign direct costs					
All returns.....	205,549	18,551,115	4,023,025	846,739	238,991	97,441	4,680,405	314,175	108,108	4,894,612
Zero under \$25,000.....	42,153	241,400	51,394	50,384	2,843	37,992	41,138	24,398	4,161	51,245
\$50,000 under \$100,000.....	--	80	5	--	--	--	1,925	--	--	1,925
\$100,000 under \$250,000.....	88	55	--	6,900	--	--	336	534	88	958
\$250,000 under \$500,000.....	922	319,498	--	--	--	610	6,737	--	314	7,051
\$500,000 under \$1,000,000.....	--	14,499	--	--	--	--	362	--	--	362
\$1,000,000 under \$5,000,000.....	23,698	134,221	3,750	397	--	23,209	14,793	1,473	490	16,756
\$5,000,000 under \$10,000,000.....	85	166,908	47,832	64	--	83	23,006	-45	1	22,962
\$10,000,000 under \$50,000,000.....	9,830	771,376	280,475	7,709	3,396	9,335	104,301	5,886	495	110,084
\$50,000,000 under \$100,000,000.....	378	452,027	64,258	2,699	--	1,676	96,444	6,035	-1,298	101,180
\$100,000,000 under \$250,000,000.....	2,426	1,336,839	235,906	11,458	3,401	1,155	215,607	3,608	1,271	220,485
\$250,000,000 under \$500,000,000.....	6,571	1,290,590	149,819	14,315	6,094	4,988	195,072	5,011	1,583	196,960
\$500,000,000 under \$1,000,000,000.....	790	1,546,544	207,489	19,282	6,531	32	271,447	8,154	758	280,358
\$1,000,000,000 and over.....	118,606	12,277,077	2,982,096	733,530	216,727	18,360	3,709,239	259,123	100,246	3,884,287

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 2.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Size of Parent Total Assets--Continued

[All figures are estimates based on samples--money amounts are in thousands of dollars, and size of parent total assets is in whole dollars]

Size of parent total assets	Net income	Deficit	Taxable income	Income tax		Net exempt income		Total distributions
				Total	Regular	Adminis- trative	Nonadminis- trative	
	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)
All returns.....	4,896,783	2,171	4,894,266	1,715,237	1,715,145	8,360,784	135,496	10,185,606
Zero under \$25,000.....	51,532	287	51,512	15,356	15,328	85,538	10,982	134,387
\$50,000 under \$100,000.....	1,925	--	1,925	674	674	3,609	--	7,723
\$100,000 under \$250,000.....	958	--	958	155	155	630	229	--
\$250,000 under \$500,000.....	7,069	18	7,069	2,252	2,287	12,843	--	16,977
\$500,000 under \$1,000,000.....	362	--	362	123	123	678	--	895
\$1,000,000 under \$5,000,000.....	16,759	3	16,255	5,203	5,203	28,389	631	22,514
\$5,000,000 under \$10,000,000.....	23,007	45	23,007	6,801	6,801	43,135	--	42,026
\$10,000,000 under \$50,000,000.....	110,115	31	110,115	35,803	35,782	192,656	2,659	211,841
\$50,000,000 under \$100,000,000.....	102,539	1,359	101,714	34,454	34,447	180,846	2,586	164,254
\$100,000,000 under \$250,000,000.....	220,522	37	220,522	75,686	75,651	436,018	1,546	484,338
\$250,000,000 under \$500,000,000.....	197,012	52	197,009	68,400	68,339	362,460	2,148	384,905
\$500,000,000 under \$1,000,000,000.....	280,387	29	279,622	97,015	97,211	507,291	3,497	570,058
\$1,000,000,000 and over.....	3,884,596	310	3,884,196	1,373,316	1,373,145	6,506,691	111,217	8,145,689

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

Foreign Sales Corporations, 1996

Table 3.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Intercompany Pricing Method

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

Intercompany pricing method	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers			Cost of goods sold
					Total	Full costing	Marginal costing	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All returns.....	4,363	26,798,911	21,019,450	7,698,542	285,902,491	236,199,601	49,702,889	20,464,648
1.83 percent of gross receipts method only. 23 percent of combined taxable income method only.....	577	871,812	763,596	583,371	17,559,973	17,141,695	418,278	2,550,108
Marginal costing method only.....	2,634	6,268,097	5,664,261	3,268,496	67,731,439	66,396,120	1,335,319	1,269,699
Section 482 method only.....	19	54,591	53,119	28,458	1,095,578	724,946	370,632	--
Transactions at arm's-length method only.....	218	8,711,424	5,936,052	139,270	1,402,739	1,402,739	--	269,217
1.83 and 23 percent methods.....	44	101,045	43,485	55,854	226,823	226,823	--	193,570
1.83 and section 482 methods.....	428	1,532,958	1,414,041	530,720	54,814,170	53,066,132	1,748,038	1,450,759
1.83, 23 percent, and marginal costing methods.....	9	8,396	5,704	4,810	37,208	37,208	--	31,929
1.83, 23 percent, marginal costing, and section 482 methods.....	298	7,855,588	6,536,973	2,604,913	115,401,349	74,908,613	40,492,737	1,165,470
23 percent and marginal costing methods.....	3	47,778	14,967	10,291	849,268	513,303	335,965	--
23 percent and section 482 methods.....	117	583,732	526,631	275,881	7,009,861	3,579,674	3,430,186	29,353
23 percent, section 482, and transactions at arm's-length methods.....	5	9,921	8,476	7,709	64,626	64,626	--	52,561
Returns showing other combinations of pricing methods.....	3	31,220	8,878	7,144	41,977	41,977	--	29,266
	7	722,347	43,269	181,623	19,667,479	18,095,745	1,571,734	13,422,717

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 3.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Intercompany Pricing Method--Continued

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

Intercompany pricing method	Total income			Foreign trade deductions				Total non-foreign trade deductions
	Adminis- trative foreign trade income	Nonadminis- trative foreign trade income	Nonforeign trade income (less loss)	Administrative		Nonadministrative		
				Total	Foreign direct costs	Total	Foreign direct costs	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
All returns.....	31,344,338	1,295,859	205,549	18,551,115	4,023,025	846,739	238,991	97,441
1.83 percent of gross receipts method only... 23 percent of combined taxable income method only.....	1,225,472	--	27,810	974,044	366,052	--	--	24,501
Marginal costing method only.....	10,100,435	--	21,016	6,232,641	1,013,408	--	--	14,147
Section 482 method only.....	64,376	--	(¹)	25,068	11,906	--	--	4
Transactions at arm's-length method only.....	--	1,133,523	14,051	--	--	765,240	183,331	10,889
1.83 and 23 percent methods.....	--	33,862	29,216	--	--	23,090	3,027	27,542
1.83 and section 482 methods.....	3,929,149	--	927	2,300,605	720,132	--	--	1,728
1.83, 23 percent, and marginal costing methods.....	4,022	1,257	--	4,607	--	336	--	--
1.83, 23 percent, marginal costing, and section 482 methods.....	14,346,900	--	102,913	8,226,333	1,761,581	--	--	9,686
23 percent and marginal costing methods.....	89,500	2,229	--	44,759	18,477	1,076	--	--
23 percent and section 482 methods.....	1,070,018	--	507	692,081	113,749	--	--	--
23 percent, section 482, and transactions at arm's-length methods.....	8,160	3,905	5	7,373	5,230	4,336	3,121	--
Returns showing other combinations of pricing methods.....	3,273	9,439	9,093	1,876	225	5,986	3,390	8,941
	503,033	111,645	11	41,728	12,266	46,675	46,123	3

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 3.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Intercompany Pricing Method--Continued

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

Intercompany pricing method	Net income (less deficit) prior to adjustments			Net income (less deficit)	Net income	Deficit
	Adminis- trative	Nonadminis- trative	Non- foreign trade			
	(17)	(18)	(19)			
All returns.....	4,680,405	314,175	108,108	4,894,612	4,896,783	2,171
1.83 percent of gross receipts method only.....	83,084	--	3,309	86,393	86,444	51
23 percent of combined taxable income method only.....	1,339,255	--	6,870	1,346,133	1,346,433	300
Marginal costing method only.....	13,672	--	-4	13,669	13,669	--
Section 482 method only.....	--	257,712	3,162	53,387	53,586	199
Transactions at arm's-length method only.....	--	7,423	1,674	8,500	8,655	155
1.83 and 23 percent methods.....	719,664	--	-802	718,863	720,240	1,377
1.83 and section 482 methods.....	-203	644	--	441	441	--
1.83, 23 percent, and marginal costing methods.....	2,203,294	--	93,226	2,296,520	2,296,585	65
1.83, 23 percent, marginal costing, and section 482 methods.....	15,562	807	--	16,369	16,369	--
23 percent and marginal costing methods.....	131,458	--	507	131,965	131,965	--
23 percent and section 482 methods.....	274	-302	5	-22	--	22
23 percent, section 482, and transactions at arm's-length methods.....	477	2,412	152	3,040	3,040	--
Returns showing other combinations of pricing methods.....	173,868	45,479	8	219,355	219,357	2

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 3.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Intercompany Pricing Method--Continued

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

Intercompany pricing method	Taxable income	Income tax		Net exempt income		Total distributions
		Total	Regular	Adminis- trative	Nonadminis- trative	
	(23)	(24)	(25)	(26)	(27)	(28)
All returns.....	4,894,266	1,715,237	1,715,145	8,360,784	135,496	10,185,606
1.83 percent of gross receipts method only.....	86,329	28,843	28,838	168,518	--	176,046
23 percent of combined taxable income method only.....	1,344,701	462,680	462,800	2,533,070	--	2,678,606
Marginal costing method only.....	13,669	4,770	4,770	25,635	--	24,966
Section 482 method only.....	53,337	18,013	18,219	--	110,685	622,782
Transactions at arm's-length method only.....	8,655	2,881	2,881	--	3,658	--
1.83 and 23 percent methods.....	720,240	250,290	250,192	1,062,407	--	1,561,439
1.83 and section 482 methods.....	47	7	7	--	276	--
1.83, 23 percent, and marginal costing methods.....	2,296,558	818,405	818,101	3,993,214	--	4,547,900
1.83, 23 percent, marginal costing, and section 482 methods.....	16,369	5,707	5,707	29,178	346	159,867
23 percent and marginal costing methods.....	131,965	45,964	45,953	246,480	--	278,211
23 percent and section 482 methods.....	--	--	--	514	--	--
23 percent, section 482, and transactions at arm's-length methods.....	3,040	1,034	1,034	920	1,041	--
Returns showing other combinations of pricing methods.....	219,357	76,644	76,644	300,851	19,491	135,791

¹ Denotes a value between -\$500 and \$500, excluding zero.

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

Foreign Sales Corporations, 1996

Table 4.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Country of Incorporation

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

Country of incorporation	Number of returns	Total assets	Commissions and accounts receivable	Total current and long-term liabilities	Foreign trading gross receipts of FSC's and related suppliers			Cost of goods sold
					Total	Full costing	Marginal costing	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
All countries.....	4,363	26,798,911	21,019,450	7,698,542	285,902,491	236,199,601	49,702,889	20,464,648
Barbados.....	1,276	6,294,657	4,470,212	2,276,921	87,241,385	74,480,959	12,760,426	2,033,123
Bermuda.....	118	5,465,113	4,189,066	91,054	3,356,670	2,222,748	1,133,922	22,174
Guam.....	194	2,145,984	1,169,324	989,151	42,044,955	38,181,093	3,863,861	14,919,853
Jamaica.....	122	1,394,219	1,348,843	980,344	9,091,648	7,506,050	1,585,598	274,028
Netherlands.....	23	774,803	737,263	264,761	25,275,348	17,542,978	7,732,370	6,977
Northern Marianas.....	9	7,442	5,459	1,832	43,858	43,858	--	36,867
United States Virgin Islands.....	2,531	7,672,954	6,855,344	2,193,743	108,941,313	90,051,980	18,889,333	2,918,706
All other, including country not stated.....	90	3,043,740	2,243,939	900,735	9,907,313	6,169,934	3,737,379	252,921

Country of incorporation	Total income			Foreign trade deductions				Total non-foreign trade deductions
	Administrative foreign trade income	Nonadministrative foreign trade income	Nonforeign trade income (less loss)	Administrative		Nonadministrative		
				Total	Foreign direct costs	Total	Foreign direct costs	
(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)	
All countries.....	31,344,338	1,295,859	205,549	18,551,115	4,023,025	846,739	238,991	97,441
Barbados.....	11,261,586	440,882	4,414	7,126,328	890,665	315,884	176,564	105
Bermuda.....	250,271	450,075	3,331	54,129	25,356	309,634	39	65
Guam.....	2,584,517	120,535	10,833	1,318,521	618,660	52,466	46,310	8,680
Jamaica.....	1,690,694	--	-48	1,196,450	167,507	--	--	4
Netherlands.....	1,907,503	--	2,126	1,075,367	326,728	--	--	9,666
Northern Marianas.....	--	6,991	28	--	--	6,724	--	--
United States Virgin Islands.....	12,693,725	275,459	98,879	7,462,884	1,867,851	161,793	16,078	78,845
All other, including country not stated.....	956,042	1,917	85,985	317,437	126,258	237	--	77

Footnotes at end of table.

Foreign Sales Corporations, 1996

Table 4.--Assets, Receipts, Deductions, Net Income, Exempt Income, Taxes, and Distributions of All Active FSC's, by Country of Incorporation--Continued

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

Country of incorporation	Net income (less deficit) prior to adjustments			Net income (less deficit)	Net income	Deficit
	Adminis- trative	Nonadminis- trative	Non- foreign trade			
	(17)	(18)	(19)			
All countries.....	4,680,405	314,175	108,108	4,894,612	4,896,783	2,171
Barbados.....	1,442,786	87,498	4,309	1,451,064	1,451,131	68
Bermuda.....	68,215	98,235	3,267	74,284	74,366	83
Guam.....	461,901	47,648	2,153	511,105	511,124	19
Jamaica.....	175,948	--	-52	175,896	175,901	5
Netherlands.....	290,298	--	-7,539	282,758	282,777	19
Northern Marianas.....	--	187	28	215	215	--
United States Virgin Islands.....	2,002,955	79,431	20,035	2,073,903	2,075,877	1,973
All other, including country not stated.....	238,303	1,176	85,908	325,387	325,392	4

Country of incorporation	Taxable income	Income tax		Net exempt income		Total distributions
		Total	Regular	Adminis- trative	Nonadminis- trative	
		(23)	(24)	(25)	(26)	
All countries.....	4,894,266	1,715,237	1,715,145	8,360,784	135,496	10,185,606
Barbados.....	1,450,276	503,269	503,090	2,703,729	37,536	3,136,473
Bermuda.....	74,347	25,933	25,933	127,968	42,220	417,232
Guam.....	510,372	177,335	177,774	832,899	20,423	761,167
Jamaica.....	175,901	61,094	60,935	322,374	--	352,949
Netherlands.....	282,777	99,007	98,869	542,712	--	575,586
Northern Marianas.....	215	32	32	--	80	--
United States Virgin Islands.....	2,074,986	734,984	734,929	3,414,572	34,733	4,705,037
All other, including country not stated.....	325,392	113,583	113,583	416,529	504	237,162

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