

Taxes

1981

1980

1979

(Dollars in millions)

Earnings before U.S. Federal and non-U.S. income taxes:

U.S. operations	\$ 3,596	\$ 2,951	\$ 2,822
Non-U.S. operations	<u>2,392</u>	<u>2,946</u>	<u>2,731</u>
	<u>\$ 5,988</u>	<u>\$ 5,897</u>	<u>\$ 5,553</u>

Provision for U.S. Federal and non-U.S. income taxes:

U.S. operations	\$ 1,527	\$ 1,291	\$ 1,238
Non-U.S. operations	<u>1,153</u>	<u>1,044</u>	<u>1,304</u>
	<u>2,680</u>	<u>2,335</u>	<u>2,542</u>

Real estate, personal property, state and local franchise (including state income taxes of \$200 million in 1981, \$138 million in 1980, and \$127 million in 1979), social security and other taxes

	<u>1,587</u>	<u>1,480</u>	<u>1,315</u>
Total	<u>\$ 4,267</u>	<u>\$ 3,815</u>	<u>\$ 3,857</u>

The components of the provision for U.S. Federal and non-U.S. income taxes are as follows:

U.S.:

Current	\$ 994	\$ 776	\$ 914
Net tax effects of timing differences	49	(34)	86
Net deferred investment tax credits	<u>70</u>	<u>42</u>	<u>30</u>
	<u>1,113</u>	<u>784</u>	<u>1,030</u>

Non-U.S.:

Current	1,464	1,546	1,575
Net tax effects of timing differences	<u>103</u>	<u>5</u>	<u>(63)</u>
	<u>1,567</u>	<u>1,551</u>	<u>1,512</u>
Total provision	<u>\$ 2,680</u>	<u>\$ 2,335</u>	<u>\$ 2,542</u>

The consolidated effective U.S. Federal and non-U.S. income tax rate was 44.8% in 1981, 39.6% in 1980 and 45.8% in 1979. In 1980, the lower effective tax rate on earnings of non-U.S. operations accounts for 5.3 percentage points

of the difference between the effective rate and the U.S. statutory rate of 46.0%.

The consolidated tax provision for 1980 includes the effect of a reduction of prior periods income tax liabilities of \$224 million (\$84 per

share), resulting from changes in tax laws and other adjustments of prior years income tax expenses. Of this amount, \$207 million relates to non-U.S. operations.