

15. Income, excise and other taxes

	1983			1984			1985		
	United States	Foreign	Total	United States	Foreign	Total	United States	Foreign	Total
(millions of dollars)									
Income taxes									
Federal or foreign—current	\$1,030	\$ 2,676	\$ 3,706	\$ 992	\$ 3,353	\$ 4,345	\$ 609	\$ 2,857	\$ 3,466
—deferred—net	165	777	942	457	271	728	534	597	1,131
U.S. tax on foreign operations	31		31	(118)		(118)	62		62
	1,226	3,453	4,679	1,331	3,624	4,955	1,205	3,454	4,659
State	92		92	115		115	29		29
Total income tax expense	1,318	3,453	4,771	1,446	3,624	5,070	1,234	3,454	4,688
Excise taxes	1,047	3,839	4,886	1,205	3,814	5,019	1,264	3,683	4,947
Other taxes and duties*	2,117	10,032	12,149	1,843	9,947	11,790	1,713	10,006	11,719
Total	\$4,482	\$17,324	\$21,806	\$4,494	\$17,385	\$21,879	\$4,211	\$17,143	\$21,354

Reconciliation between income tax expense and a theoretical U.S. tax computed by applying a rate of 46 percent to earnings before income taxes:

	1983	1984	1985
(millions of dollars)			
Earnings before Federal and foreign income taxes			
United States	\$3,046	\$ 3,402	\$ 2,627
Foreign	6,611	7,081	6,902
Total	\$9,657	\$10,483	\$ 9,529
Theoretical tax	\$4,442	\$ 4,822	\$ 4,383
Adjustments for foreign taxes in excess of theoretical			
U.S. tax	412	367	279
U.S. deferred tax on undistributed earnings		(149)	
U.S. investment tax credit	(173)	(149)	(229)
U.S. tax on foreign operations	31	31	62
U.S. research credit	(19)	(7)	(4)
Other U.S.	(14)	40	168
Federal or foreign income tax expense			
United States	1,226	1,331	1,205
Foreign	3,453	3,624	3,454
Total	\$4,679	\$ 4,955	\$ 4,659

Effective income tax rate, including income taxes of equity companies and state income taxes—percent.

	1983	1984	1985
United States	41.3	44.7	44.4
Foreign	57.4	53.3	54.8
Total	52.5	50.6	52.1

Exxon share of income taxes of equity companies included above totaled \$740 million in 1983, \$593 million in 1984 and \$604 million in 1985, essentially all in the foreign area.

Net deferred income tax expense, above, represents the sum of tax effects related to timing differences, generally between amounts reportable currently for tax purposes and related amounts included in earnings for financial reporting, as follows:

Tax effects of timing differences for:	1983	1984	1985
(millions of dollars)			
Depreciation	\$865	\$627	\$ 684
Inventories	166	(24)	253
Intangible development costs	303	285	95
Hawkins provision	—	—	(353)
Other	(392)	(160)	452
Net deferred income taxes	\$942	\$728	\$1,131
1985			
Tax effects of timing differences for:	United States	Foreign	Total
Depreciation	\$629	\$ 55	\$ 684
Inventories	1	252	253
Intangible development costs	65	30	95
Hawkins provision	(353)	—	(353)
Other	192	260	452
Net deferred income taxes	\$534	\$597	\$1,131

Income taxes do not include \$122 million, \$52 million and \$44 million in 1983, 1984 and 1985, respectively, of state franchise taxes which are based on income.

Possible taxes, beyond those provided, on remittances of undistributed earnings of subsidiary companies, after giving consideration to amounts which are reinvested indefinitely, are not expected to be material.

*Includes U.S. "windfall profit" tax of \$853 million, \$692 million and \$540 million in 1983, 1984 and 1985, respectively.