

# Foreign Controlled Domestic Corporations, Tax Year 2020



Foreign Controlled Domestic Corporations (FCDCs) are U.S. corporations that have a single foreign entity that owns, directly or indirectly, at least 50% of the total voting power of all classes of the corporation's stock entitled to vote or the total value of all classes of the corporation's stock. These corporations file tax returns primarily on Form 1120, U.S. Corporation Income Tax Return. Answers to Question 7 on Schedule K of that tax form are used to identify the FCDCs. A small number of FCDCs file tax returns on Forms 1120-L (life insurance companies), 1120-PC (property and casualty insurance companies), 1120-REIT (real estate investment trusts), or 1120-RIC (regulated investment companies). FCDCs cannot file Forms 1120-F (foreign corporations with U.S. effectively connected income of a trade or business) or 1120S (electing S corporations).

Data for TY 2020 are based on returns with accounting periods that ended between July 2020 and June 2021. The data are for returns of "active" corporations, i.e., those that reported any income or deductions. The data are estimates based on a probability sample stratified by form type, size of total assets, and size of "proceeds" (a measure of income). For 2020, there were nearly 15,500 unaudited tax returns selected from 137,000 returns of active domestic corporations controlled by a foreign entity.

## Foreign Controlled Domestic Corporations (FCDCs) as a Percentage of All Corporations: Selected Items for Tax Year 2020

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

Item	All corporation returns	Forms 1120S	All other corporation forms			
			Total	FCDCs		
				Total	FCDCs as a percentage of all corporation returns	FCDCs as a percentage of all non-Forms 1120S
	(1)	(2)	(3)	(4)	(5)	(6)
Number of returns, total	6,402,130	4,892,722	1,509,408	137,037	2.1	9.1
Number with net income [1]	3,647,531	2,987,969	659,562	51,740	1.4	7.8
Total assets	124,513,094	5,036,863	119,476,231	14,935,538	12.0	12.5
Total receipts	33,404,342	8,294,847	25,109,495	5,470,263	16.4	21.8
Net income (less deficit) [1]	2,673,484	553,564	2,119,920	165,799	6.2	7.8
Net income [1]	3,568,297	700,859	2,867,438	325,166	9.1	11.3
Deficit [1]	-894,813	-147,295	-747,518	-159,367	17.8	21.3
Income subject to tax	1,780,305	N/A	N/A	243,256	13.7	N/A
Total income tax after credits	276,611	116	276,495	42,087	15.2	15.2

N/A--Not applicable.

[1] For Forms 1120S, net income or loss from a trade or business.

SOURCE: IRS, Statistics of Income Division, Foreign Controlled Domestic Corporations Study, September 2023.

## FCDC Highlights for TY 2020

- The 137,000 FCDC returns reported \$14.9 trillion of assets and \$5.5 trillion of receipts. FCDCs comprised just 2.1% of all corporate returns, but accounted for 12.0% of the total corporate assets and 16.4% of all corporate receipts.
- Some 51,700 FCDCs reported amounts of net income (profits), totaling \$325 billion. Conversely, 85,300 FCDCs reported losses totaling \$159 billion.
- The profitable companies reported \$243.3 billion of taxable income (after statutory special deductions) and \$42.1 billion of total income tax after credits.
- Manufacturers accounted for the most receipts, \$2.4 trillion. Wholesalers produced \$1.3 trillion of receipts.
- FCDCs with Japanese owners accounted for the most receipts, \$0.8 trillion. FCDCs with owners from the Netherlands and the United Kingdom each produced \$0.7 trillion of receipts.
- Established companies (those with dates of incorporation before 2018) accounted for 75.3% of all FCDC returns and 95.5% of all FCDC receipts.



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