

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

by Jeff Curry and Maureen Keenan Kahr

U.S. taxpayers living abroad reported approximately \$27.4 billion in foreign-earned income on 294,763 individual income tax returns filed for 2001, an increase in real percentage terms of 15.1 percent from 1996 (the last time this study was done). In addition, taking inflation into account, the total amount of foreign-earned income exclusion taken on this income grew just 3.1 percent, to \$14.1 billion, while the amount of housing exclusion decreased by almost 10 percent, falling from over \$2.1 billion for 1996 to just over \$1.9 billion for 2001. In contrast to the moderate growth in the foreign-earned income exclusion, foreign taxes paid and foreign tax credits have increased greatly since 1996. Between 1996 and 2001, foreign taxes paid grew 50.3 percent, mainly in the United Kingdom, and foreign tax credits grew 57.1 percent. For 2001, U.S. taxpayers claimed foreign tax credits totaling nearly \$6.3 billion; these credits were based on a reported \$56.5 billion in foreign-source gross income. The real growth in this foreign-source gross income between 1996 and 2001 was 72.0 percent.

Approximately 54 percent of all taxpayers reporting foreign-earned income had no U.S. income tax liability for 2001.

For 2001, European-based U.S. taxpayers reported \$10.6 billion of total foreign-earned income, a 26.1-percent increase in real growth from the \$8.4 billion reported for 1996. Returns with a tax home of the United Kingdom accounted for virtually

all of this growth, with an 80.7-percent increase in total foreign-earned income reported. With over \$5.5 billion in foreign-earned income reported for 2001, the United Kingdom accounted for over half of all foreign-earned income reported for European-based returns as a whole. In contrast to this, the second largest European-based tax home, Germany, saw an 11.9-percent decrease in total foreign-earned income reported, while France realized a 5.1-percent decrease and Switzerland a 12.7-percent decrease.

Total foreign-earned income reported for North American-based returns grew by 21.2 percent for 2001, while Asian-based returns grew by only 5.1 percent, a marked slowdown from the 50.5-percent growth witnessed during the previous 5-year period of 1991 to 1996. Approximately 54 percent of all taxpayers reporting foreign-earned income had no U.S. income tax liability for 2001. As with foreign-earned income, the United Kingdom also accounted for over half of all foreign-source gross income reported for European countries for 2001. In fact, the United Kingdom, with \$8.6 billion, was the largest source of foreign-source gross income, followed by Canada with \$5.8 billion, Germany with \$3.0 billion, and Japan with \$2.9 billion. Foreign-source income in both Canada and Germany reported for 2001 more than doubled in real terms from levels reported for 1996.

**Overview of Foreign-Earned Income Provisions**  
An exclusion for foreign-earned income was initially included in Federal income tax law in 1926. The goal of the provision was to provide an incentive for U.S. participation in foreign trade. For 2001, qualified U.S. citizens or resident aliens living and working abroad could elect to exclude a certain amount of foreign-earned income and an excess foreign housing cost amount under Section 911 of the Internal Revenue Code. The election was made separately for each of the exclusions. To qualify, an individual must have had a foreign tax home and satisfied either the bona fide residence or physical presence test. Only U.S. citizens could use the bona fide residence test. The bona fide residence test was generally satisfied if the individual had established and maintained residence in a foreign country for an uninterrupted period that included an entire taxable year. An individual would not be considered a resident if a statement was submitted to the taxing authorities of the foreign country indicating non-residency and the foreign country did not subject the individual to foreign income taxation. Under the physical presence test, an individual had to be present in a foreign country during at least 330 full days during any period of 12 consecutive months.

In general, earned income was compensation received for personal services. Thus, wages, salaries, and professional fees qualified as earned income for purposes of the exclusion. Taxpayers engaged in a trade or business that used both capital and ser-

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vices to produce income could treat as earned income any reasonable amount that did not exceed 30 percent of the taxpayer's share of the net profits of the trade or business. Earned income also included employer-provided allowances or reimbursements such as cost-of-living allowances, overseas compensation differentials, quarters, education allowances, and the full rental value of property or facilities provided by the employer. To qualify for the exclusions, the earned income had to be foreign-earned income. In general, it would be foreign-earned income if personal services were performed in a foreign country. The actual location of the employer and employee at the time compensation was received did not affect this determination. Not included in foreign-earned income were pensions, annuities, compensation by the U.S. Government, and income excluded by an employer to compensate for meals and lodging provided for the employer's convenience.

For 2001, the maximum amount of foreign-earned income that could be excluded was \$78,000, prorated on a daily basis for the qualifying period. (For 1996, the maximum amount of foreign-earned income that could be excluded was \$70,000.) If both the foreign-earned income and housing exclusion were elected, the foreign housing exclusion was calculated first. The foreign-earned income exclusion was then limited to the excess of foreign-earned income over the housing exclusion.

Qualified housing expenses were reasonable housing costs paid or incurred during the tax year. In general, they included such expenses as utilities, insurance, and rent. The excess housing cost amount was equal to the individual's qualified housing expenses for the tax year over a base-level amount (\$10,556 for 2001) prorated on a daily basis. To the extent these were employer-provided amounts, the excess housing cost amount was allowed as a foreign housing exclusion. Housing costs related to self-employment were allowed as a foreign housing deduction in computing adjusted gross income. The foreign housing deduction was limited to the excess of foreign-earned income over the sum of foreign-earned income and housing exclusions. Any excess housing amount that was not deductible could be carried over to the following tax year.

In addition to the exclusions (foreign-earned income and housing) and the housing deduction, individuals could also claim a foreign tax credit (dis-

cussed in more detail in the *Foreign Tax Credit Overview* section) for foreign income taxes paid or accrued on two types of foreign-source income: (1) foreign-earned income for which the foreign-earned income exclusion was not claimed, and (2) foreign-source income that did not qualify for the exclusions or deduction.

U.S. taxpayers filed Form 2555, *Foreign Earned Income*, with Form 1040, *U.S. Individual Income Tax Return*, to claim the exclusions and the housing deduction. For 2001, of the 130,255,237 individual income tax returns filed with the Internal Revenue Service, 294,763 had a Form 2555 attached, approximately 0.2 percent of the total [1]. Tables 1 and 2 present statistics for individual income tax returns reporting the foreign-earned income exclusion, foreign housing exclusion, and foreign housing deduction.

### Total Foreign-Earned Income

For 2001, the total amount of foreign-earned income reported by U.S. individuals was over \$27.4 billion, a real increase of 15.1 percent from the 1996 amount of \$23.8 billion, and a real annual growth rate of 2.8 percent from 1996 [2, 3]. This increase can be attributed to an increase in the number of returns filing for the exclusion, along with an increase in the average amount of foreign-earned income reported per return. From 1996 to 2001, there was a 5.4-percent increase in the number of returns filing for the exclusion. Also, during this same time period, the average amount of total foreign-earned income present per return increased approximately 9.2 percent in real terms, from an average of \$85,191 for 1996 to \$93,024 for 2001.

Of the 294,763 returns filed with a Form 2555 attached for 2001, returns with a tax home of United Kingdom, Canada, Japan, Germany, and Hong Kong represented slightly over 40 percent of the total number of returns filed. About 11.3 percent reported the United Kingdom; 8.4 percent, Canada; 8.3 percent, Japan; 7.9 percent, Germany; and 4.2 percent, Hong Kong as tax homes. The number of returns reporting the United Kingdom as a tax home increased by 42.3 percent from 1996, which, along with modest increases in the number of returns from other often represented European tax homes (France and Germany), led to an overall increase in European-based returns of 14.1 percent (Figure A).

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

Figure A

## Foreign-Earned Income, Exclusion, and Housing Deduction, by Selected Country or Region, Tax Years 1996<sup>1</sup> and 2001

[Money amounts are in thousands of dollars]

Selected country or region	Number of returns <sup>2</sup>			Total foreign-earned income			Foreign-earned income exclusion before deductions		
	1996	2001	Percentage change	1996	2001	Percentage change	1996	2001	Percentage change
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All geographic areas.....</b>	<b>279,758</b>	<b>294,763</b>	<b>5.4</b>	<b>23,832,995</b>	<b>27,420,096</b>	<b>15.1</b>	<b>13,646,538</b>	<b>14,073,789</b>	<b>3.1</b>
<b>North America .....</b>	<b>29,027</b>	<b>30,493</b>	<b>5.1</b>	<b>1,946,477</b>	<b>2,358,620</b>	<b>21.2</b>	<b>1,289,498</b>	<b>1,316,588</b>	<b>2.1</b>
Canada.....	23,333	24,790	6.2	1,473,345	1,785,456	21.2	1,005,590	1,016,150	1.1
Other North America.....	5,694	5,703	0.2	473,132	573,164	21.1	283,907	300,438	5.8
<b>Asia.....</b>	<b>94,764</b>	<b>98,037</b>	<b>3.5</b>	<b>9,495,533</b>	<b>9,981,613</b>	<b>5.1</b>	<b>5,198,929</b>	<b>5,092,499</b>	<b>-2.0</b>
China.....	4,561	5,103	11.9	598,025	715,684	19.7	265,719	279,075	5.0
Hong Kong <sup>3</sup> .....	12,564	12,476	-0.7	1,904,993	1,734,165	-9.0	794,029	716,145	-9.8
Israel.....	6,640	8,491	27.9	375,230	518,280	38.1	327,543	403,943	23.3
Japan.....	20,456	24,578	20.2	1,861,588	2,289,208	23.0	1,005,926	1,102,517	9.6
Saudi Arabia.....	11,033	7,449	-32.5	961,037	837,853	-12.8	703,323	489,703	-30.4
Singapore.....	5,049	4,624	-8.4	913,483	855,521	-6.3	339,179	327,720	-3.4
Other Asia.....	34,461	34,448	-0.0	2,881,176	2,731,832	-5.2	1,763,210	1,698,273	-3.7
<b>Europe.....</b>	<b>92,534</b>	<b>105,590</b>	<b>14.1</b>	<b>8,411,349</b>	<b>10,610,551</b>	<b>26.1</b>	<b>4,440,804</b>	<b>4,980,948</b>	<b>12.2</b>
France.....	8,553	8,975	4.9	782,032	742,355	-5.1	427,133	405,311	-5.1
Germany.....	22,802	23,432	2.8	1,395,687	1,229,262	-11.9	909,097	821,323	-9.7
Switzerland.....	6,674	6,370	-4.6	728,400	635,599	-12.7	416,328	354,732	-14.8
United Kingdom.....	23,426	33,344	42.3	3,053,649	5,516,725	80.7	1,244,352	1,864,962	49.9
Other Europe.....	31,079	33,469	7.7	2,451,581	2,486,610	1.4	1,443,893	1,534,620	6.3
<b>Latin/South America.....</b>	<b>13,761</b>	<b>15,307</b>	<b>11.2</b>	<b>1,037,957</b>	<b>1,227,983</b>	<b>18.3</b>	<b>637,493</b>	<b>694,333</b>	<b>8.9</b>
<b>Oceania.....</b>	<b>8,918</b>	<b>11,521</b>	<b>29.2</b>	<b>708,900</b>	<b>744,446</b>	<b>5.0</b>	<b>383,566</b>	<b>494,883</b>	<b>29.0</b>
Australia.....	5,833	7,864	34.8	528,464	590,165	11.7	258,213	352,038	36.3
Other Oceania.....	3,085	3,657	18.5	203,652	154,281	-24.2	125,353	142,845	14.0
<b>Other.....</b>	<b>40,754</b>	<b>33,815</b>	<b>-17.0</b>	<b>2,232,780</b>	<b>2,496,883</b>	<b>11.8</b>	<b>1,696,249</b>	<b>1,494,538</b>	<b>-11.9</b>

Selected country or region	Housing exclusion			Housing deduction		
	1996	2001	Percentage change	1996	2001	Percentage change
	(10)	(11)	(12)	(13)	(14)	(15)
<b>All geographic areas.....</b>	<b>2,122,585</b>	<b>1,915,344</b>	<b>-9.8</b>	<b>85,155</b>	<b>92,074</b>	<b>8.1</b>
<b>North America .....</b>	<b>55,947</b>	<b>62,715</b>	<b>12.1</b>	<b>2,770</b>	<b>333</b>	<b>-88.0</b>
Canada.....	18,447	16,133	-12.5	2,275	145	-93.6
Other North America.....	37,500	46,582	24.2	494	188	-62.0
<b>Asia.....</b>	<b>1,314,295</b>	<b>1,014,872</b>	<b>-22.8</b>	<b>44,059</b>	<b>46,717</b>	<b>6.0</b>
China.....	117,903	77,458	-34.3	3,796	3,874	2.1
Hong Kong <sup>3</sup> .....	461,735	297,594	-35.5	20,813	16,346	-21.5
Israel.....	3,194	4,106	28.5	--	168	N/A
Japan.....	274,686	311,756	13.5	6,020	17,046	183.1
Saudi Arabia.....	18,208	14,822	-18.6	1,576	425	-73.0
Singapore.....	205,939	130,103	-36.8	3,125	2,703	-13.5
Other Asia.....	232,630	143,907	-38.1	8,729	5,262	-39.7
<b>Europe.....</b>	<b>578,632</b>	<b>633,580</b>	<b>9.5</b>	<b>25,524</b>	<b>37,850</b>	<b>48.3</b>
France.....	57,307	35,368	-38.3	4,239	3,062	-27.8
Germany.....	69,115	31,123	-55.0	2,108	1,268	-39.9
Switzerland.....	55,544	36,784	-33.8	2,246	2,392	6.5
United Kingdom.....	231,020	424,059	83.6	8,093	23,948	195.9
Other Europe.....	165,646	106,246	-35.9	8,837	7,180	-18.8
<b>Latin/South America.....</b>	<b>78,407</b>	<b>94,958</b>	<b>21.1</b>	<b>2,455</b>	<b>2,204</b>	<b>-10.2</b>
<b>Oceania.....</b>	<b>26,340</b>	<b>23,808</b>	<b>-9.6</b>	<b>172</b>	<b>325</b>	<b>89.0</b>
Australia.....	24,769	23,501	-5.1	64	325	407.8
Other Oceania.....	1,571	307	-80.5	108	--	-100.0
<b>Other.....</b>	<b>68,964</b>	<b>85,411</b>	<b>23.8</b>	<b>10,176</b>	<b>4,645</b>	<b>-54.4</b>

N/A--Not applicable.

<sup>1</sup> For comparability, 1996 amounts have been adjusted for inflation to 2001 constant dollars.

<sup>2</sup> Forms 2555.

<sup>3</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.

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

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By geographic area, the largest increases in total earned income were seen in European-based countries, which reported over \$10.6 billion in foreign-earned income for 2001, an increase of 26.1 percent from 1996. Also showing significant increases from 1996 to 2001 were income from North American-based countries, which grew by 21.2 percent, and income from Latin/South American-based countries, which grew by 18.3 percent from 1996 to 2001. In contrast to these, total foreign-earned income grew by a modest 5.1 percent for Asian-based countries from 1996 to 2001. This is in sharp contrast to the 1996 data for Asian-based countries, at which time foreign-earned income for these countries had grown by 50.5 percent from the 1991 study [4].

Remarkable growth was seen in total foreign-earned income reported by United Kingdom-based individuals for 2001, with the total amount of foreign-

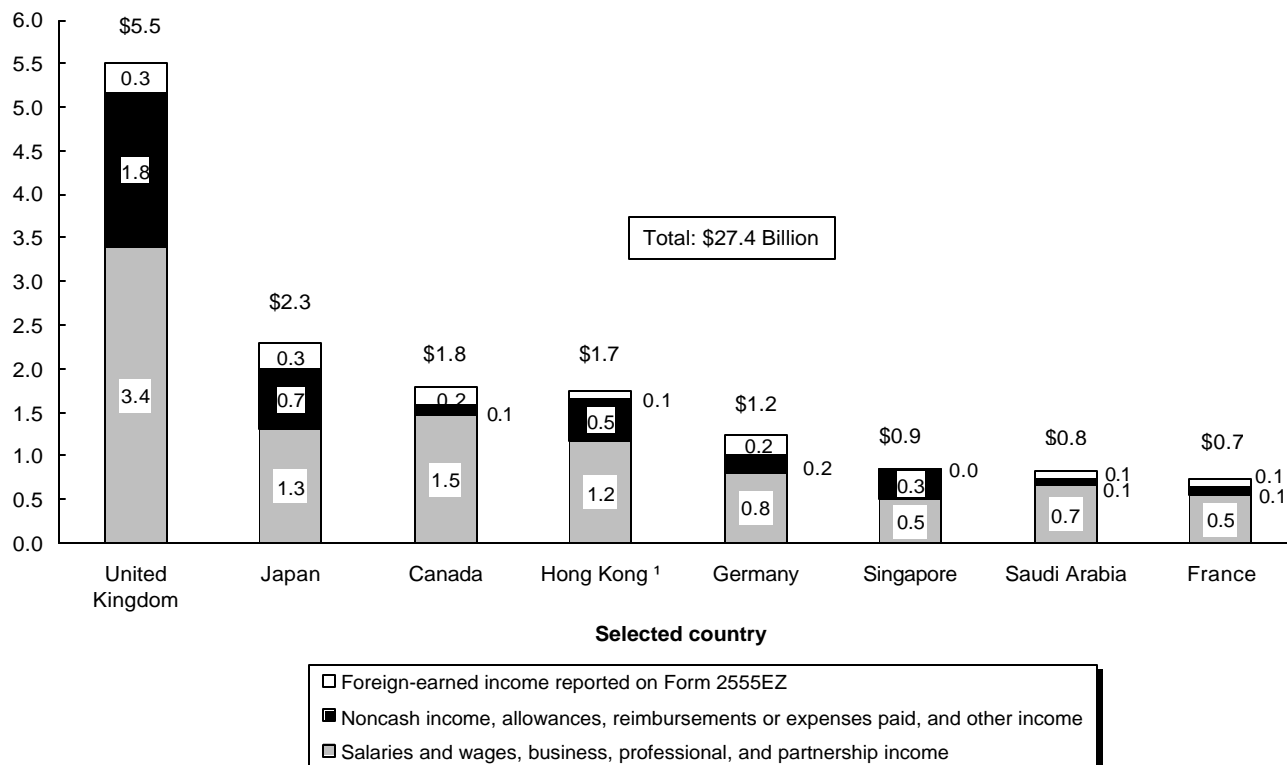
earned income growing by 80.7 percent in real terms, from approximately \$3.1 billion for 1996 to over \$5.5 billion for 2001. Along with this, United Kingdom-based individuals saw their percentage share of total foreign-earned income grow from 12.8 percent for 1996 to 20.1 percent for 2001. Furthermore, the difference in total foreign-earned income reported between United Kingdom-based returns and returns with the second largest source of foreign-earned income (in this case, Japan) was now over \$3.2 billion. For 1996, the gap in total foreign-earned income reported between the two most frequently reported tax homes (the United Kingdom-based returns and Hong Kong-based returns) was approximately \$1.1 billion.

Figure B shows the countries with the largest amounts of foreign-earned income reported on individual tax returns for 2001. Approximately 54.7

Figure B

### Foreign-Earned Income by Selected Country, Tax Year 2001

Billions of dollars



<sup>1</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.  
NOTE: Detail may not add to totals because of rounding.

## Individual Foreign-Earned Income and Foreign Tax Credit, 2001

percent of the total foreign-earned income reported on individual tax returns for 2001 was reported by individuals with tax homes in the United Kingdom (20.1 percent), Japan (8.3 percent), Canada (6.5 percent), Hong Kong (6.3 percent), Germany (4.5 percent), Singapore (3.1 percent), Saudi Arabia (3.1 percent), and France (2.7 percent). The eight countries shown in the figure represent the same eight countries with the largest amounts of income for the 1996 study. The order was mostly the same, with the biggest change being Japan and Canada moving ahead of Hong Kong. While the foreign-earned income increased in both Japan (23.0 percent) and Canada (21.2 percent), it decreased by 9.0 percent in Hong Kong. The decrease realized by Hong Kong may be partially attributed to the transfer of control of Hong Kong from the United Kingdom to China in 1997.

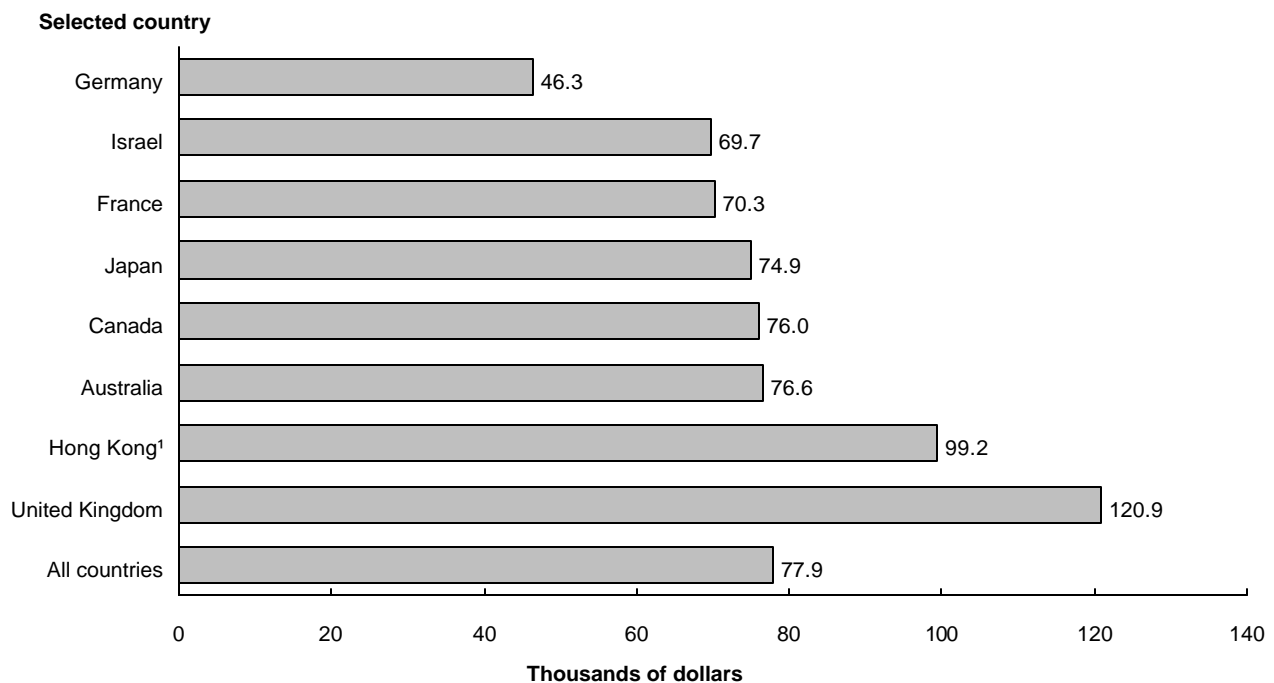
**Composition of Foreign-Earned Income**  
For 2001, of the \$27.4 billion in foreign-earned income (cited above), over \$24.4 billion were re-

ported on Form 2555. The remaining \$3.0 billion were reported on Form 2555-EZ. Data related to the composition of foreign-earned income are not available on Form 2555-EZ; therefore, analysis in the ensuing discussion includes only those amounts reported on Form 2555.

Salaries and wages comprised 69.3 percent of the total foreign-earned income reported in 2001. Along with this, allowances, reimbursements, or expenses paid by employers made up 18.9 percent, and business or professional, and partnership, non-cash and other income accounted for the remaining 11.8 percent. The average foreign-source salary for a taxpayer filing a Form 2555 was approximately \$82,804. This average, however, varied greatly among the various countries. Figure C shows that, of the top eight countries (those with the largest number of Forms 2555 attached), returns from the United Kingdom reported the highest average salary at \$120,872, while Germany reported the lowest with an average salary of \$46,285. The average salary for

Figure C

### Average Foreign Salaries and Wages Earned by U.S. Taxpayers Claiming the Foreign-Earned Income Exclusion on Form 2555, by Selected Country, Tax Year 2001



<sup>1</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.

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United Kingdom returns increased by over \$13,000 (in real dollars) from 1996. Also, for 2001, the difference in average salary between the United Kingdom and Hong Kong (which had the second highest average salary) was over \$20,000. For 1996, Hong Kong returns had the highest average salary, averaging \$400 more per return than returns with a United Kingdom tax home.

### Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction

For 2001, the amount of exclusion for foreign-earned income grew from 1996 by 3.1 percent (in real terms), to just under \$14.1 billion. This modest growth in the foreign-earned income exclusion occurred while the amount of foreign-earned income that could be excluded per taxpayer increased from \$70,000 to \$78,000 during this same time period. The amount of housing exclusion reported fell by approximately 9.8 percent, from \$2.1 billion for 1996 to \$1.9 billion for 2001, while the housing deduction grew by 8.1 percent, to a total of \$92.1 million reported for 2001.

For 2001, United Kingdom-based taxpayers reported about \$1.9 billion in exclusions for foreign-earned income, up almost 50 percent from 1996. Japanese-based taxpayers reported just over \$1.1 billion in exclusions for foreign-earned income, up 9.6 percent from 1996, while Canada-based taxpayers reported \$1.0 billion, up just 1.1 percent for 2001. The overall growth in exclusions for foreign-earned income can be greatly attributed to the substantial growth in the exclusion amount from United Kingdom-based taxpayers. Otherwise, if data for United Kingdom-based taxpayers were excluded from both the 1996 and 2001 data, the foreign-earned income exclusion would have declined by 1.6 percent.

Approximately \$1.9 billion in housing exclusions were reported by individual taxpayers for 2001, down about 9.8 percent from the \$2.1 billion reported for 1996. Of this \$1.9 billion reported for 2001, about 22.1 percent was reported by individuals with a tax home in the United Kingdom; 16.3 percent, in Japan; 15.5 percent, in Hong Kong; and 6.8 percent, in Singapore. Of all the countries represented in Figure A, only the United Kingdom (83.6 percent), Israel (28.5 percent), and Japan (13.5 percent) showed increases in the amount of housing exclusion claimed for 2001.

The housing deduction is used by taxpayers with foreign-earned income to increase their total statutory adjustments, thus decreasing their adjusted gross incomes. For 2001, just over \$92.0 million were reported by all taxpayers for the housing deduction, up from \$85.2 million claimed for 1996, an increase of 8.1 percent. The average housing deduction for those taxpayers claiming the deduction was \$21,996 for 2001.

Individual taxpayers claiming both the foreign-earned income and housing exclusions, along with the housing deduction, reported worldwide income of over \$42.1 billion for 2001. These taxpayers used the aforementioned exclusions and deduction to reduce their worldwide incomes by over \$16 billion, or about 38 percent. Approximately 54.6 percent of all taxpayers, after claiming the foreign-earned income and housing exclusion, housing deduction, and any foreign tax credit to which they were entitled, had no U.S. income tax liability. This is up from 52.6 percent for 1996.

### Overview of Foreign Tax Credit Provisions

For 2001, U.S. taxpayers with income from sources outside the United States, regardless of their residency, could claim a credit against their U.S. income tax liability for most foreign taxes they paid or accrued (except for taxes paid on income excluded under the foreign-earned income provisions). The purpose of the credit, originally created in 1918, is to avoid double taxation on foreign-source income, since the United States taxes its citizens and resident aliens based on their worldwide incomes.

The foreign tax credit is subject to a limitation based on the taxpayer's total U.S. income tax liability. These limitations prevent taxpayers from using the foreign taxes paid in relatively high tax rate countries to offset taxes paid on their U.S.-source incomes. The limitation is computed separately for the following categories of foreign-source income: passive income, high withholding tax interest, financial services income, shipping income, dividends from an Interest-Charge Domestic International Sales Corporation (IC-DISC), distributions from a Foreign Sales Corporation (FSC), lump-sum distributions from certain retirement plans, Section 901(j) income, certain income resourced by a treaty, and other (general limitation) income [5]. The allowable credits for each type of foreign-source income are then added together.

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Passive income generally includes dividends, interest, rents, royalties, and annuities. High withholding tax interest is foreign interest income that is subject to a gross withholding tax of at least 5 percent. Financial services income includes income derived by a financial services entity engaged in banking, financing, or insurance. Shipping income is income from the use of any aircraft or vessel in foreign commerce or income derived from space and ocean activities. IC-DISC dividends are dividend income from domestic international sales corporations dealing with exports, to the extent these dividends are treated as foreign. FSC distributions are derived from earnings and profits attributable to foreign trade income. Lump-sum distributions are distributions from a retirement plan that are subject to U.S. tax using income averaging. Section 901(j) income is income earned from activities conducted in a sanctioned country; no credit is allowed for taxes paid or accrued to sanctioned countries [6]. Certain income resourced by treaty allows specific types of income to be treated as foreign-source income if there is a tax treaty that treats it as such and the treaty is applied. General limitation income is all other income from sources outside the United States.

In general, for taxpayers who file Form 1116, *Foreign Tax Credit*, with Form 1040, the limitation on the foreign tax credit for each different type of income is calculated by multiplying the total U.S. income tax liability before credits by the ratio of the foreign-source taxable income for that type of income to total U.S. taxable income [7]. However, not all taxpayers who claim the foreign tax credit file Form 1116. (See Data Sources and Limitations.) Foreign taxes paid in excess of the limitation can be carried back 2 years and then forward up to 5 years. Taxes carried to another year are added to the taxes available for credit for that year for the same limitation income. Tables 3 through 5 present statistics on the foreign tax credit and related foreign-source income reported on individual income tax returns.

### Foreign-Source Gross Income

Foreign-source gross income is all income earned outside the United States, except for income used to claim the foreign-earned income exclusion. For 2001, taxpayers reported approximately \$56.5 billion in foreign-source gross income. This represents about 9.3 percent of total worldwide income for those

taxpayers who reported foreign-source income and 0.9 percent of the total worldwide income for all U.S. taxpayers. (These statistics only include the foreign-source gross income reported on Form 1116, because some taxpayers with foreign-source income do not file a Form 1116 [8].) From 1996 to 2001, foreign-source income grew 72.0 percent in real percentage terms, contrasting with worldwide income reported on all individual U.S. tax returns that grew 20.5 percent in real terms (Figure D).

Figure D

### Selected Income, Exclusion, and Credit Items, Tax Years 1996 and 2001

[Money amounts are in thousands of dollars]

Item	1996 <sup>1</sup>	2001	Percentage change
	(1)	(2)	(3)
<b>Worldwide income</b> <sup>2</sup> .....	<b>5,181,268,626</b>	<b>6,245,121,475</b>	<b>20.5</b>
<b>Form 2555</b>			
Total foreign-earned income.....	23,832,995	27,420,096	15.1
Foreign-earned income exclusion			
before deductions.....	13,646,538	14,073,789	3.1
Housing exclusion.....	2,122,585	1,915,344	-9.8
Housing deduction.....	85,155	92,074	8.1
<b>Form 1116</b>			
Foreign-source gross income.....	32,818,989	56,463,191	72.0
Foreign tax credit .....	3,980,900	6,254,559	57.1

<sup>1</sup> For comparability, 1996 amounts have been adjusted for inflation to 2001 constant dollars.

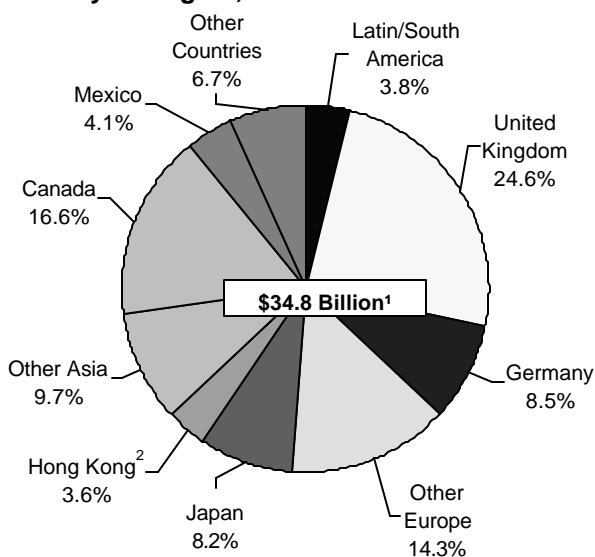
<sup>2</sup> Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.

Slightly over \$21.6 billion, representing 38.3 percent, of total foreign-source gross income were reported without a specific country being stated [9]. A small number of countries accounted for a large portion of the remaining \$34.8 billion in foreign-source gross income that had a stated country. Combined, the United Kingdom, Canada, Germany, and Japan accounted for 57.9 percent of foreign-source gross income with a stated country. Separately, 24.6 percent was earned in the United Kingdom, 16.6 percent in Canada, 8.5 percent in Germany, and 8.2 percent in Japan (Figure E). The average foreign-source gross income reported for these countries was \$29,225, \$38,271, \$71,698, and \$55,631, respectively. The overall average foreign-source gross income reported by U.S. taxpayers was \$25,380.

## Individual Foreign-Earned Income and Foreign Tax Credit, 2001

Figure E

### Foreign-Source Gross Income, by Selected Country or Region, Tax Year 2001



<sup>1</sup>Foreign-source gross income reported on the Form 1116 with stated country or region.

<sup>2</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.

The two regions with the highest growth in foreign-source gross income between 1996 and 2001 were Latin/South America and North America (Figure F). Foreign-source gross income reported for Latin/South American countries grew the most, 124.6 percent, followed by 114.7 percent for North American countries. While the growth rate for North American countries was smaller, the foreign-source gross income reported was much higher. For 2001, nearly \$7.2 billion in foreign-source gross income were reported for North American countries, compared to just \$1.3 billion for Latin/South American countries. Europe had the largest foreign-source gross income (\$16.5 billion), representing 47.4 percent of all income with a stated country. Asia was second with \$7.5 billion, representing 21.5 percent of all foreign-source gross income with a stated country. For additional data on foreign-source gross income by region or country, see Table 4.

**Foreign Taxes and Foreign Tax Credit**  
U.S. taxpayers paid (or accrued) nearly \$9.2 billion in foreign taxes for 2001. This was before carrybacks,

carryovers, and reductions. The United Kingdom, Canada, Japan, and Germany continued to be the top four countries in terms of foreign taxes paid or accrued. For 2001, as well as for 1996 [4], it is to these four countries that U.S. taxpayers paid or accrued the most foreign taxes. As with foreign-source gross income, the United Kingdom accounted for more of the foreign taxes paid than any other country with over \$2.6 billion, or 32.5 percent of the total amount (excluding credits not attributable to any country). The next largest recipient of foreign taxes paid or accrued was Canada with \$1.0 billion (12.8 percent), followed by \$0.7 billion to Japan (8.6 percent), and \$0.5 billion to Germany (6.2 percent). The three countries with the next largest amounts of foreign taxes were Australia, Mexico, and Switzerland (Figure G). Of the \$9.2 billion in foreign taxes paid or accrued, over \$1.1 billion, representing 12.2 percent of the total amount, were reported without a stated country [10].

As shown in Figure F, foreign taxes paid or accrued grew 50.3 percent between 1996 and 2001. Not surprisingly, there was notable growth, 85.4 percent, in foreign taxes paid or accrued to the United Kingdom during this time period. As for regions, Latin/South America showed the most real growth in foreign taxes paid or accrued (56.9 percent), followed by Europe (48.2 percent) and Asia (45.4 percent). As stated above, Latin/South American countries also showed the most real growth in foreign-source gross income, but, again, in comparison to other regions, the total amount of foreign taxes paid (\$0.2 billion) was small.

The income type for which most of the nearly \$9.2 billion in foreign taxes were paid or accrued was general limitation income. Almost \$8.0 billion in foreign taxes were reported for general limitation income, representing 87.4 percent of the total. The next largest income type, passive income, had approximately \$1.0 billion (10.5 percent of the total) in foreign taxes. Total foreign taxes available for credit after carrybacks, carryovers, and reductions were \$10.5 billion, and the foreign tax credit before adjustments was \$6.1 billion. (See Explanation of Selected Terms.) Table 5 presents additional data on foreign taxes, by income type.

For 2001, a foreign tax credit was reported on 3.9 million individual tax returns and reduced the average U.S. income tax liabilities of these taxpayers



# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

Figure F

## Foreign-Source Gross Income and Foreign Taxes, by Selected Country or Region, Tax Years 1996 and 2001

[Money amounts are in thousands of dollars]

Item, selected country or region	1996 <sup>1</sup>	2001	Percentage change
	(1)	(2)	(3)
<b>Foreign-source gross income, total.....</b>	<b>32,818,989</b>	<b>56,463,191</b>	<b>72.0</b>
<b>North America .....</b>	<b>3,341,410</b>	<b>7,173,941</b>	<b>114.7</b>
Canada.....	2,786,137	5,762,193	106.8
Other North America <sup>2</sup> .....	555,273	1,411,749	154.2
<b>Asia.....</b>	<b>6,084,222</b>	<b>7,479,056</b>	<b>22.9</b>
Japan.....	2,079,313	2,866,684	37.9
Hong Kong <sup>3</sup> .....	1,387,702	1,245,935	-10.2
Other Asia.....	2,617,207	3,366,437	28.6
<b>Europe.....</b>	<b>10,223,981</b>	<b>16,504,079</b>	<b>61.4</b>
United Kingdom.....	5,338,763	8,576,330	60.6
Germany.....	1,284,343	2,962,852	130.7
Other Europe.....	3,600,875	4,964,897	37.9
<b>Latin/South America.....</b>	<b>590,895</b>	<b>1,327,271</b>	<b>124.6</b>
<b>Other.....</b>	<b>12,578,481</b>	<b>23,978,844</b>	<b>90.6</b>
<b>Foreign taxes paid or accrued, total.....</b>	<b>6,091,661</b>	<b>9,153,006</b>	<b>50.3</b>
<b>North America .....</b>	<b>943,998</b>	<b>1,309,506</b>	<b>38.7</b>
Canada.....	763,688	1,027,201	34.5
Other North America <sup>2</sup> .....	180,310	282,305	56.6
<b>Asia.....</b>	<b>1,241,762</b>	<b>1,805,403</b>	<b>45.4</b>
Japan.....	437,711	693,679	58.5
Hong Kong <sup>3</sup> .....	167,659	198,022	18.1
Other Asia.....	636,392	913,702	43.6
<b>Europe.....</b>	<b>2,835,830</b>	<b>4,203,495</b>	<b>48.2</b>
United Kingdom.....	1,407,438	2,609,612	85.4
Germany.....	478,604	499,173	4.3
Other Europe.....	949,788	1,094,710	15.3
<b>Latin/South America.....</b>	<b>123,742</b>	<b>194,148</b>	<b>56.9</b>
<b>Other.....</b>	<b>946,331</b>	<b>1,640,454</b>	<b>73.3</b>

<sup>1</sup> For comparability, 1996 amounts have been adjusted for inflation to 2001 constant dollars.

<sup>2</sup> For 2001, all the data for Other North America are from Mexico.

<sup>3</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.

NOTES: Detail may not add to totals because of rounding. Data are from Forms 1116.

by 3.0 percent. Between 1996 and 2001, the number of U.S. taxpayers who claimed the foreign tax credit grew 87.6 percent, and the total foreign tax credit increased 57.1 percent in real terms, representing an annual average growth rate of 12.1 percent. The foreign tax credit grew from \$4.0 billion (in 2001 constant dollars) to \$6.3 billion for 2001, an increase of \$2.3 billion (Figure D). The average foreign tax credit for 2001 was \$1,586, down from \$1,895 (in 2001 constant dollars) for 1996.

### Summary

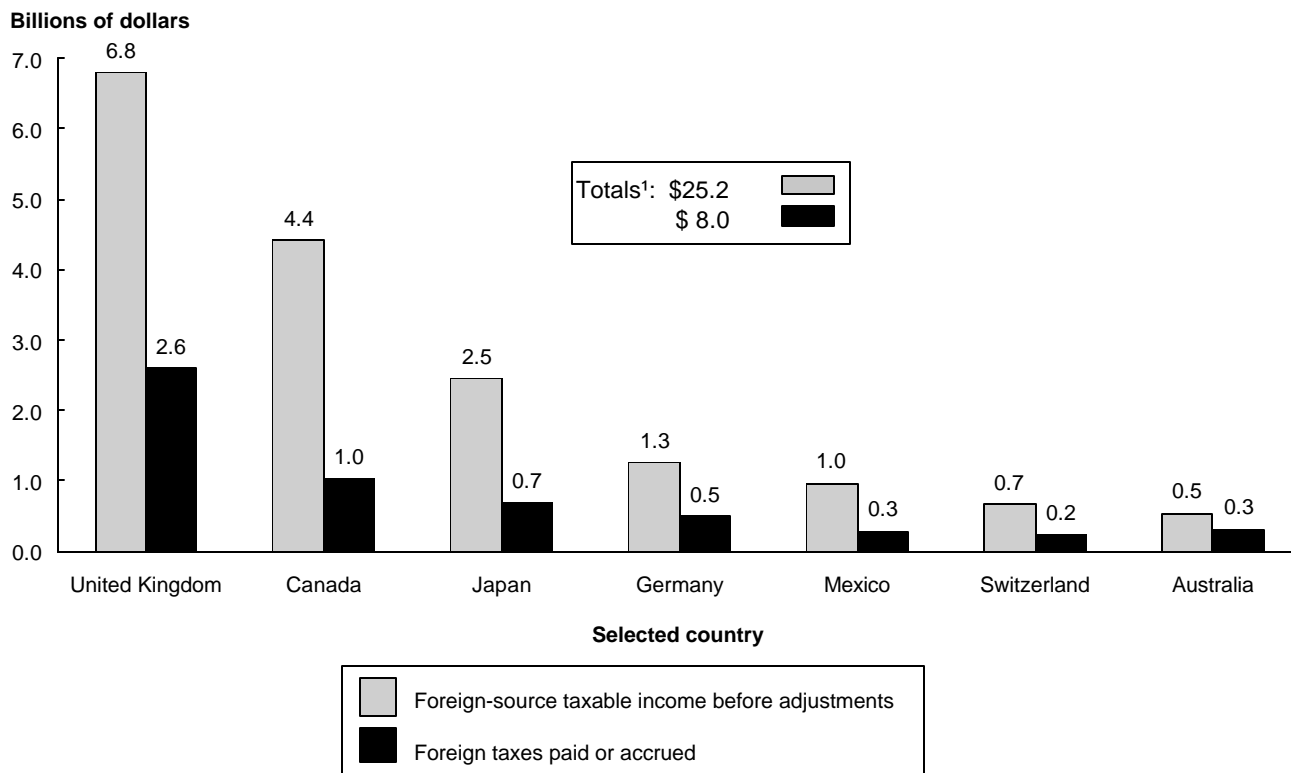
For 2001, the total amount of foreign-earned income reported by U.S. taxpayers grew in real terms by

15.1 percent, to over \$27.4 billion. The largest percentage increase was realized by returns from European-based countries, which grew by 26.1 percent, while North American-based countries (21.2 percent) and Latin/South American-based countries (18.3 percent) grew substantially as well. Asian-based countries, the largest growing segment of the 1996 study, saw their foreign-earned incomes grow by a more modest 5.1 percent. Taxpayers with a tax home in the United Kingdom saw, by far, the largest overall growth in foreign-earned income reported, growing by 80.7 percent, to over \$5.5 billion. Also showing substantial growth were Japan (23.0 percent) and Canada (21.2 percent). Along with the

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

Figure G

## Foreign-Source Taxable Income and Foreign Taxes, by Selected Country, Tax Year 2001



<sup>1</sup> Totals represent amounts reported on Form 1116 with stated country or region.  
 NOTE: Data are from Forms 1116.

growth in total foreign-earned income for 2001, the total amount of housing deduction reported grew as well, by 8.1 percent, to over \$92.0 million. The amount of housing exclusion claimed, however, fell by 9.8 percent, from \$2.1 billion reported for 1996 to \$1.9 billion for 2001.

Foreign-source gross income reported by U.S. taxpayers reached approximately \$56.5 billion, and the total foreign tax credit claimed was just under \$6.3 billion for 2001. Between 1996 and 2001, there was a marked increase in both foreign-source gross income and the foreign tax credit. Foreign-source gross income grew, in real terms, by 72.0 percent, and the foreign tax credit grew 57.1 percent. Additionally, a foreign tax credit was claimed on slightly over 3.9 million returns, an increase of 87.6 percent from 1996. As with the foreign-earned income exclusion, the United Kingdom was the largest

source of both foreign-source gross income and the foreign tax credit for 2001.

### Data Sources and Limitations

The 2001 data presented in this article are based on a sample of individual income tax returns, Forms 1040, processed during Calendar Year 2002, with either a foreign tax credit, an attached Form 1116, a foreign-earned income exclusion, housing exclusion or housing deduction, or an attached Form 2555 or Form 2555-EZ. Foreign-source income and taxes are understated in this article to the extent that they either were not or did not have to be reported on Form 1116 to support the foreign tax credit claimed on Form 1040. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also met certain other conditions were not required to file Form 1116 to claim the foreign tax

## Individual Foreign-Earned Income and Foreign Tax Credit, 2001

credit. Therefore, about 52.0 percent of Forms 1040 (as originally filed) with a foreign tax credit did not include the supporting Form 1116. The average foreign tax credit reported on these returns was \$75. For 1996, the last time this study was done, all taxpayers were required to attach Form 1116 to claim the foreign tax credit. Foreign-source income and losses are also understated to the extent that taxpayers who were not eligible for a credit did not file Form 1116. Taxpayers who had foreign-source income but paid no taxes or had no U.S. tax liability before credits could not claim a foreign tax credit.

About 1.7 percent of the sampled returns with a foreign tax credit or an attached Form 1116 and 14.5 percent of the sampled returns with an attached Form 2555 or Form 2555-EZ were for tax years prior to 2001, reported on delinquent returns processed during the 2001 filing period. These prior-year returns were included as a representation of 2001 returns filed after December 31, 2002. The sampled returns used for the statistics do not reflect adjustments made during audit examination, which determines the acceptability of the reported data.

The sample was stratified based on: (1) the presence or absence of Form 2555, *Foreign Earned Income*, Form 2555-EZ, *Foreign Earned Income Exclusion*, and Form 1116, *Foreign Tax Credit*; (2) presence or absence of other specific forms or schedules; (3) the larger of positive income or negative income; (4) the size of business and farm receipts; and (5) the usefulness of returns for tax policy modeling purposes. The data from Form 2555, *Foreign Earned Income*, and Form 1116, *Foreign Tax Credit*, for 2001 are based on a sample of 46,853 returns and a population of 2,931,861 returns. For a general description of the sampling procedures and data limitations of Statistics of Income tabulations, see *Statistics of Income, Individual Income Tax Returns 2001* and the appendix to this issue of the *Bulletin*.

### Explanation of Selected Terms

*Foreign Tax Credit Adjustments.*--These include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

*Statutory Adjustments.*--Certain adjustments to total income were allowed as deductions in the calcu-

lation of adjusted gross income. These included payments to an IRA, moving expenses, the deduction for one-half of self-employment tax, the self-employed health insurance deduction, payments to a self-employed Keogh retirement plan or a simplified employee pension (SEP), forfeited interest penalty, alimony paid, and the foreign housing deduction.

*Foreign-Source Taxable Income.*--This is foreign-source gross income less deductions and losses. The deductions include any expenses directly related to foreign-source income, a prorated share of the taxpayer's itemized or standard deductions, and a prorated share of interest expenses.

*Worldwide Income.*--This is the total income or loss reported on Form 1040 before the foreign-earned income and foreign housing exclusions have been taken. It includes salaries and wages; taxable interest; dividends; taxable refunds of State and local income taxes; alimony received; business income or loss; capital gains or losses; taxable distributions from an IRA; taxable pensions and annuities; income or loss from rents, royalties, partnerships, S corporations, and estates and trusts; farm income or loss; unemployment compensation; taxable Social Security benefits; and other income or losses.

### Notes and References

- [1] Data for all taxpayers who filed a Form 1040 for 2001 cited in this article are from *Statistics of Income, Individual Income Tax Returns 2001*, Publication 1304.
- [2] Data in this article are compared to 1996 data because this is the last year for which comparable statistics are available.
- [3] For comparability, 1996 amounts presented in this article are adjusted for U.S. inflation to 2001 constant dollars. However, these adjustments do not necessarily adjust for country-specific inflation in the various foreign countries for which income was reported. The inflation-adjusted constant dollars are based on the Consumer Price Index (CPI-U) computed and reported by the U.S. Department of Labor, Bureau of Labor Statistics, *Monthly Labor Review*. The consumer price index represents annual averages of monthly indices and approximates buying patterns of typical urban consumers.

## Individual Foreign-Earned Income and Foreign Tax Credit, 2001

<u>Year</u>	<u>CPI-U</u>
2001	177.1
1996	156.9

- [4] See Curry, Jeff; Kahr, Maureen Keenan; and Nutter, Sarah E., "Individual Foreign-Earned Income and Foreign Tax Credit, 1996," *Statistics of Income Bulletin*, Summer 1999, Volume 19, Number 1.
- [5] Foreign income reported in the IC-DISC (Interest-Charge Domestic International Sales Corporation) category may include dividends from a former DISC (Domestic International Sales Corporation). The IC-DISC entity was created by the Deficit Reduction Act of 1984 and replaced the DISC.
- [6] A foreign tax credit is not allowed for foreign taxes paid or accrued to countries sanctioned by the U.S. Government. Nevertheless, a foreign tax credit limitation is computed for each sanctioned country. For 2001, the countries are Cuba, Iran, Iraq, Libya, North Korea, Sudan, and Syria.
- [7] For income from the certain income resourced by treaty category, a separate foreign tax credit

limitation has to be computed for each amount resourced from a treaty country.

- [8] Beginning for 1998, taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes that also met certain other conditions, mainly that the foreign-source gross income was from the passive income category and all of the income and any foreign taxes paid on it was reported on a qualified payee statement, did not have to file Form 1116 to claim the foreign tax credit on Form 1040. Also, some taxpayers deduct their foreign taxes on Schedule A rather than taking a credit by filing Form 1116. Therefore, foreign-source income for these taxpayers would not be reported.
- [9] The \$21.6 billion of total foreign-source gross income reported without a specific country being stated include \$21.3 billion where the country is not stated, as well as nearly \$0.3 billion for IC-DISC dividends and \$18.2 million for FSC dividends.
- [10] The \$1.1 billion of total foreign taxes paid or accrued without a specific country being stated include amounts from the IC-DISC dividends and FSC dividends income categories.

Source: IRS, Statistics of Income Spring Bulletin, Publication 1136, July 2004.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 1.--Individual Income Tax Returns With Form 2555: Source of Income, Deduction, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income**

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

Size of adjusted gross income	Total number of returns <sup>1</sup>	Selected income, exclusion, deduction, and credit items reported on Form 1040					
		Adjusted gross income or deficit	Worldwide income <sup>2</sup>	Salaries and wages		Foreign-earned income exclusion <sup>3</sup>	
				Number of returns	Amount	Number of returns	Amount
(1)	(2)	(3)	(4)	(5)	(6)	(7)	
<b>All returns.....</b>	<b>294,763</b>	<b>25,914,988</b>	<b>42,138,751</b>	<b>282,494</b>	<b>35,337,890</b>	<b>292,006</b>	<b>13,944,765</b>
No adjusted gross income.....	59,932	-332,082	1,978,719	55,518	2,177,660	59,089	2,260,390
\$1 under \$10,000.....	75,535	218,240	3,264,024	72,197	3,003,532	74,897	2,970,729
\$10,000 under \$25,000.....	33,487	552,969	2,088,344	32,669	1,793,162	33,260	1,444,755
\$25,000 under \$50,000.....	35,862	1,310,723	3,290,011	34,617	2,790,305	35,238	1,816,119
\$50,000 under \$75,000.....	22,132	1,372,778	2,627,838	21,703	2,331,256	22,069	1,126,380
\$75,000 under \$100,000.....	12,039	1,048,574	1,883,751	11,724	1,659,458	11,913	704,304
\$100,000 under \$200,000.....	29,400	4,188,575	6,508,111	28,834	5,858,913	29,291	1,785,881
\$200,000 under \$500,000.....	18,340	5,494,260	7,374,850	17,700	6,409,121	18,254	1,266,953
\$500,000 under \$1,000,000.....	4,814	3,274,317	3,876,866	4,504	3,073,239	4,801	340,710
\$1,000,000 under \$1,500,000.....	1,423	1,725,264	1,919,640	1,331	1,483,142	1,412	102,156
\$1,500,000 under \$2,000,000.....	641	1,102,361	1,189,682	576	845,866	636	44,414
\$2,000,000 under \$5,000,000.....	858	2,534,853	2,665,229	826	1,927,980	851	61,358
\$5,000,000 under \$10,000,000.....	198	1,346,063	1,377,366	194	973,775	195	13,843
\$10,000,000 or more.....	102	2,078,092	2,094,322	100	1,010,481	100	6,772

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040--continued							
	Total adjustments		Taxable income		Foreign tax credit		Total income tax	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	
<b>All returns.....</b>	<b>53,947</b>	<b>363,654</b>	<b>148,382</b>	<b>22,906,809</b>	<b>87,137</b>	<b>3,339,178</b>	<b>133,956</b>	<b>3,497,007</b>
No adjusted gross income.....	7,238	27,778	--	--	--	--	*3	*5
\$1 under \$10,000.....	10,654	23,729	2,966	3,610	919	107	2,436	324
\$10,000 under \$25,000.....	8,162	35,524	21,014	135,533	5,134	3,593	16,019	12,943
\$25,000 under \$50,000.....	9,809	38,192	34,632	773,532	15,023	36,267	27,857	75,113
\$50,000 under \$75,000.....	4,138	22,501	22,015	984,007	10,779	61,552	20,584	102,285
\$75,000 under \$100,000.....	2,606	18,246	12,025	803,762	7,871	61,915	11,700	99,205
\$100,000 under \$200,000.....	6,170	46,345	29,382	3,510,044	22,901	371,000	29,124	468,842
\$200,000 under \$500,000.....	3,068	64,639	18,318	5,091,446	16,895	888,346	18,228	641,529
\$500,000 under \$1,000,000.....	1,264	48,453	4,810	3,130,720	4,532	585,474	4,796	493,980
\$1,000,000 under \$1,500,000.....	374	13,727	1,423	1,652,879	1,354	306,868	1,414	281,044
\$1,500,000 under \$2,000,000.....	192	13,484	641	1,065,101	618	189,681	640	192,056
\$2,000,000 under \$5,000,000.....	188	8,494	857	2,456,439	820	415,286	856	466,680
\$5,000,000 under \$10,000,000.....	57	1,812	197	1,295,576	192	182,491	197	276,385
\$10,000,000 or more.....	28	732	102	2,004,159	100	236,599	102	386,614

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555							
	Number of Forms 2555 filed by primary taxpayer	Number of Forms 2555 filed by secondary taxpayer	Total foreign-earned income		Foreign-earned income reported on Form 2555 only		Salaries and wages	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	
<b>All returns.....</b>	<b>288,773</b>	<b>37,045</b>	<b>294,408</b>	<b>27,420,096</b>	<b>217,525</b>	<b>24,436,670</b>	<b>204,585</b>	<b>16,940,634</b>
No adjusted gross income.....	59,932	4,684	59,822	2,376,865	29,901	1,295,483	27,333	1,145,401
\$1 under \$10,000.....	75,343	8,294	75,438	3,114,397	47,203	2,003,030	43,908	1,811,379
\$10,000 under \$25,000.....	31,584	5,733	33,645	1,669,531	25,728	1,388,559	24,388	1,200,439
\$25,000 under \$50,000.....	33,582	6,053	35,467	2,460,966	29,712	2,291,018	27,936	1,911,110
\$50,000 under \$75,000.....	21,120	3,259	22,177	1,821,512	19,466	1,654,654	18,669	1,331,137
\$75,000 under \$100,000.....	11,776	1,622	12,035	1,328,747	11,601	1,311,088	11,087	975,472
\$100,000 under \$200,000.....	29,117	4,138	29,459	4,434,736	27,777	4,390,223	26,958	2,888,186
\$200,000 under \$500,000.....	18,304	2,332	18,318	5,001,056	18,187	4,913,732	17,067	2,918,487
\$500,000 under \$1,000,000.....	4,806	522	4,822	2,111,851	4,741	2,105,694	4,327	1,142,896
\$1,000,000 under \$1,500,000.....	1,420	215	1,425	855,438	1,420	855,228	1,283	431,232
\$1,500,000 under \$2,000,000.....	640	60	641	498,368	638	498,326	554	273,115
\$2,000,000 under \$5,000,000.....	852	103	860	947,017	853	930,119	793	498,695
\$5,000,000 under \$10,000,000.....	196	21	198	398,752	197	398,730	189	229,120
\$10,000,000 or more.....	101	*9	101	400,859	100	400,788	93	183,965

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 1.--Individual Income Tax Returns With Form 2555: Source of Income, Deduction, Tax Items, and Foreign-Earned Income and Exclusions, by Size of Adjusted Gross Income--Continued**

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

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555--continued							
	Business or professional income (less loss)		Partnership income (less loss)		Noncash income		Allowances, reimbursements, or expenses paid by employers	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(24)	(25)	(26)	(27)	(28)	(29)	(30)	(31)
<b>All returns.....</b>	<b>15,605</b>	<b>702,252</b>	<b>3,402</b>	<b>606,042</b>	<b>10,653</b>	<b>127,908</b>	<b>58,879</b>	<b>4,624,513</b>
No adjusted gross Income.....	2,762	80,942	*261	*15,198	1,338	10,997	2,439	32,434
\$1 under \$10,000.....	4,299	94,303	*216	*4,387	1,624	11,340	4,494	76,073
\$10,000 under \$25,000.....	1,889	58,813	*1,028	*5,492	1,165	15,022	4,020	81,547
\$25,000 under \$50,000.....	2,820	100,369	*314	*23,605	1,201	15,112	8,232	172,033
\$50,000 under \$75,000.....	1,313	61,203	*63	*12,626	1,144	9,905	5,367	212,006
\$75,000 under \$100,000.....	553	50,638	*134	*9,152	630	5,856	5,123	229,656
\$100,000 under \$200,000.....	1,053	90,043	182	26,467	1,480	20,592	14,070	1,116,807
\$200,000 under \$500,000.....	631	82,922	572	172,851	1,561	23,680	10,493	1,363,321
\$500,000 under \$1,000,000.....	177	52,434	380	167,678	308	8,884	2,802	512,518
\$1,000,000 under \$1,500,000.....	61	17,603	119	61,219	108	3,177	866	235,563
\$1,500,000 under \$2,000,000.....	*10	*1,349	81	55,688	33	328	335	119,236
\$2,000,000 under \$5,000,000.....	27	7,548	44	38,535	50	2,536	463	227,217
\$5,000,000 under \$10,000,000.....	**9	**4,086	**9	**13,144	25	2,246	117	105,283
\$10,000,000 or more.....	**	**	**	**	10	477	59	140,820

Size of adjusted gross income	Selected income, exclusions, and deductions reported on Form 2555--continued									
	Less: meals and lodging excluded		Other foreign-earned income (less loss)		Foreign-earned income exclusion before deductions		Housing exclusion		Housing deduction	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(32)	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)
<b>All returns.....</b>	<b>1,890</b>	<b>21,137</b>	<b>21,333</b>	<b>1,456,458</b>	<b>292,615</b>	<b>14,073,789</b>	<b>64,349</b>	<b>1,915,344</b>	<b>4,186</b>	<b>92,074</b>
No adjusted gross Income.....	*325	*1,942	992	12,453	59,092	2,270,843	2,150	22,632	*253	*2,690
\$1 under \$10,000.....	*542	*8,192	1,514	13,740	75,002	3,001,021	4,495	51,326	*144	*1,570
\$10,000 under \$25,000.....	*365	*2,870	1,407	30,116	33,417	1,461,262	3,969	55,096	*240	*2,055
\$25,000 under \$50,000.....	281	3,921	3,658	72,710	35,263	1,837,025	8,882	124,977	928	8,268
\$50,000 under \$75,000.....	176	1,069	1,349	28,846	22,165	1,140,174	6,454	106,178	583	8,004
\$75,000 under \$100,000.....	*62	*966	1,284	41,280	11,961	713,389	5,501	112,627	196	3,050
\$100,000 under \$200,000.....	77	966	4,668	249,094	29,412	1,798,089	15,749	487,310	540	6,790
\$200,000 under \$500,000.....	*,**62	*,**1,210	4,226	355,750	18,283	1,276,391	11,880	548,998	671	22,140
\$500,000 under \$1,000,000.....	--	--	1,350	221,284	4,816	344,588	3,198	213,386	395	21,047
\$1,000,000 under \$1,500,000.....	--	--	426	106,434	1,414	103,316	975	78,493	111	6,011
\$1,500,000 under \$2,000,000.....	--	--	148	48,610	638	44,960	369	29,423	67	6,168
\$2,000,000 under \$5,000,000.....	--	--	239	155,588	854	62,064	530	60,524	41	3,495
\$5,000,000 under \$10,000,000.....	**	**	48	57,091	196	13,855	135	15,647	13	693
\$10,000,000 or more.....	--	--	23	63,463	101	6,811	61	8,727	4	92

\*Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\*Data combined to avoid disclosure of information for specific taxpayers. However, data are included in the appropriate totals.

<sup>1</sup> Includes returns with no foreign-earned income filed to claim an exclusion for a prior year or for reporting purposes.

<sup>2</sup> Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.

<sup>3</sup> Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.

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

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 2.--Individual Income Tax Returns With Form 2555: Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction, by Country or Region**

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

Country or region	Number of returns <sup>1</sup>	Total foreign-earned income	Foreign-earned income			
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Noncash income
	(1)	(2)	(3)	(4)	(5)	(6)
<b>All geographic areas.....</b>	<b>294,763</b>	<b>27,420,096</b>	<b>16,940,634</b>	<b>702,252</b>	<b>606,042</b>	<b>127,908</b>
<b>North America, total.....</b>	<b>30,493</b>	<b>2,358,620</b>	<b>1,706,887</b>	<b>113,544</b>	<b>20,143</b>	<b>2,700</b>
Canada.....	24,790	1,785,456	1,355,266	102,871	13,213	962
Greenland.....	*131	*151	--	--	--	--
Mexico.....	5,571	573,013	351,621	10,673	*6,930	1,737
<b>Latin/South America, total.....</b>	<b>15,307</b>	<b>1,227,983</b>	<b>817,833</b>	<b>25,116</b>	<b>3,127</b>	<b>4,102</b>
Argentina.....	1,378	131,426	73,533	*775	*1,155	*1,490
Brazil.....	4,466	396,212	233,191	*4,864	*654	1,488
Chile.....	1,074	91,167	61,390	*392	*1,318	*3
Colombia.....	930	49,816	40,909	*1,285	--	--
Panama.....	759	45,066	35,008	*4,677	--	*732
Peru.....	870	60,948	51,141	*1,370	--	*290
Venezuela.....	2,281	194,471	134,035	*5,870	--	*4
Other Latin and South American countries.....	3,549	258,877	188,626	5,883	--	*95
<b>Caribbean, total.....</b>	<b>5,525</b>	<b>476,273</b>	<b>285,602</b>	<b>13,202</b>	<b>*2,816</b>	<b>*5,482</b>
Bermuda.....	1,040	182,755	110,754	*6,017	--	*2,861
Cayman Islands.....	634	41,135	17,311	--	--	*533
Netherlands Antilles.....	35	*3,912	*3,912	--	--	--
Other Caribbean countries.....	3,816	248,471	153,625	*7,185	*2,816	*2,088
<b>Europe, total.....</b>	<b>105,590</b>	<b>10,610,551</b>	<b>6,252,095</b>	<b>298,347</b>	<b>315,222</b>	<b>34,444</b>
Austria.....	1,164	78,728	50,690	*3,021	--	*44
Belgium.....	3,121	295,478	176,982	8,543	12,125	1,189
Czech Republic.....	872	88,225	58,687	*1,964	*5,789	*118
Denmark.....	1,499	70,112	30,595	*684	--	*5
Finland.....	500	26,763	*18,161	--	--	--
France.....	8,975	742,355	448,932	47,114	47,521	2,293
Germany.....	23,432	1,229,262	730,742	63,709	14,794	1,910
Greece.....	1,077	71,313	45,872	*2,252	--	*103
Hungary.....	540	47,776	36,399	*644	--	*39
Ireland.....	1,309	87,775	60,420	*1,287	*1,374	*603
Italy.....	4,301	291,305	184,337	19,698	*2,517	*651
Luxembourg.....	101	19,537	11,451	--	--	*77
Netherlands.....	3,926	353,563	207,837	*3,060	*8,399	3,076
Norway.....	1,345	83,949	35,536	*355	*3,581	*170
Poland.....	1,382	84,990	58,681	--	*2,012	*121
Portugal.....	*125	*8,402	*7,586	--	--	*41
Russia.....	1,816	224,615	159,671	*8,025	*5,947	*1,589
Spain.....	2,874	171,134	90,782	*3,820	*13,197	*19
Sweden.....	907	66,673	49,376	*301	*329	--
Switzerland.....	6,370	635,599	461,805	11,816	*5,389	*1,201
Turkey.....	1,330	72,221	55,731	*376	--	*440
United Kingdom.....	33,344	5,516,725	3,082,486	117,576	190,427	20,177
Other European countries.....	5,280	344,051	189,336	4,102	*1,821	*578
<b>Africa, total.....</b>	<b>10,661</b>	<b>679,432</b>	<b>470,048</b>	<b>25,445</b>	<b>*6,452</b>	<b>5,137</b>
Algeria.....	*72	*13,550	*11,383	--	--	--
Angola.....	290	39,584	18,051	--	--	--
Egypt.....	2,403	193,838	144,380	*5,939	*4,458	2,441
Kenya.....	1,035	35,360	30,782	*3,060	--	*306
Nigeria.....	776	56,223	44,642	*1,480	--	*875
South Africa.....	1,626	120,389	71,439	*1,646	*658	*29
Other African countries.....	4,459	220,488	149,371	13,320	*1,336	*1,486

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 2.--Individual Income Tax Returns With Form 2555: Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction, by Country or Region--Continued**

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

Country or region	Number of returns <sup>1</sup>	Total foreign-earned income	Foreign-earned income			
			Salaries and wages	Business or professional income (less loss)	Partnership income (less loss)	Noncash income
	(1)	(2)	(3)	(4)	(5)	(6)
<b>Asia. total.....</b>	<b>98,037</b>	<b>9,981,613</b>	<b>6,010,822</b>	<b>141,792</b>	<b>234,975</b>	<b>66,674</b>
China.....	5,103	715,684	377,886	13,702	*10,423	5,967
Hona Kona <sup>2</sup> .....	12,476	1,734,165	1,101,230	12,458	47,843	13,531
India.....	1,906	133,800	90,124	*2,655	*1,157	*1,986
Indonesia.....	2,519	323,258	162,259	*7,508	*7,255	*352
Israel.....	8,491	518,280	324,749	17,636	*10,397	*209
Japan.....	24,578	2,289,208	1,168,248	12,510	116,287	6,633
Malaysia.....	1,455	140,919	87,516	*3,060	--	1,452
Philippines.....	3,266	184,284	109,837	*8,863	--	*1,006
Saudi Arabia.....	7,449	837,853	658,052	*620	*4,006	11,235
Singapore.....	4,624	855,521	473,203	9,006	*22,739	5,123
South Korea.....	4,885	452,530	259,980	*5,194	*3,071	*3,666
Taiwan.....	6,840	494,092	302,670	*27,665	*2,866	*2,178
Thailand	3,368	372,038	273,359	*3,863	*3,682	901
United Arab Emirates.....	4,100	370,369	238,043	*4,308	--	4,082
Other Asian countries.....	6,977	559,612	383,666	12,744	5,249	8,353
<b>Oceania. total.....</b>	<b>11,521</b>	<b>744,446</b>	<b>410,897</b>	<b>14,651</b>	<b>*1,136</b>	<b>3,161</b>
Australia.....	7,864	590,165	341,207	*3,847	*1,136	2,161
New Zealand.....	2,569	107,776	43,184	*8,586	--	--
Other Oceania countries.....	1,088	46,505	26,506	*2,218	--	*1,000
<b>All other countries.....</b>	<b>17,796</b>	<b>1,359,479</b>	<b>1,004,177</b>	<b>70,155</b>	<b>22,171</b>	<b>6,209</b>

Footnotes at end of table.



# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 2.--Individual Income Tax Returns With Form 2555: Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction, by Country or Region--Continued**

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

Country or region	Foreign-earned income--continued			Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Allowances, reimbursements, or expenses paid by employers	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(7)	(8)	(9)	(10)	(11)	(12)
<b>All geographic areas.....</b>	<b>4,624,513</b>	<b>21,137</b>	<b>1,456,458</b>	<b>14,073,789</b>	<b>1,915,344</b>	<b>92,074</b>
<b>North America. total.....</b>	<b>189,833</b>	<b>*27</b>	<b>76,227</b>	<b>1,316,588</b>	<b>62,715</b>	<b>*333</b>
Canada.....	45,343	--	57,506	1,016,150	16,133	*145
Greenland.....	--	--	--	*151	--	--
Mexico.....	144,489	*27	18,721	300,287	46,582	*188
<b>Latin/South America. total.....</b>	<b>221,856</b>	<b>--</b>	<b>53,180</b>	<b>694,333</b>	<b>94,958</b>	<b>2,204</b>
Argentina.....	40,644	--	*3,445	54,496	13,771	*225
Brazil.....	95,412	--	21,309	208,908	49,804	*572
Chile.....	12,309	--	*2,376	58,661	4,504	*367
Colombia.....	*3,718	--	*3,905	38,676	*1,521	--
Panama.....	*635	--	--	36,342	*1,114	--
Peru.....	*6,489	--	*1,658	39,924	*540	*389
Venezuela.....	38,194	--	*7,773	113,110	14,487	*447
Other Latin and South American countries.....	24,455	--	12,714	144,216	9,217	*204
<b>Caribbean. total.....</b>	<b>66,175</b>	<b>*2,089</b>	<b>15,386</b>	<b>272,207</b>	<b>27,624</b>	<b>*1,603</b>
Bermuda.....	40,811	--	*623	69,459	17,299	*1,317
Cayman Islands.....	*1,975	--	*1,093	32,086	*1,628	*286
Netherlands Antilles.....	--	--	--	*2,606	--	--
Other Caribbean countries.....	23,389	*2,089	13,670	168,056	8,697	--
<b>Europe. total.....</b>	<b>1,744,200</b>	<b>*7,278</b>	<b>818,929</b>	<b>4,980,948</b>	<b>633,580</b>	<b>37,850</b>
Austria.....	10,875	--	*4,427	48,447	3,771	*17
Belgium.....	57,329	*21	10,447	158,023	16,048	1,704
Czech Republic.....	11,294	--	*1,178	52,430	2,707	*382
Denmark.....	*1,275	--	*1,644	59,558	*1,000	--
Finland.....	*3,343	--	*42	22,035	*509	--
France.....	104,587	*5,987	11,168	405,311	35,368	3,062
Germany.....	146,328	--	46,405	821,323	31,123	1,268
Greece.....	9,230	--	*4,644	48,025	3,857	*533
Hungary.....	5,992	--	*4,701	25,676	4,515	*135
Ireland.....	9,032	--	7,767	53,973	5,571	--
Italy.....	36,777	--	10,527	174,314	11,021	*751
Luxembourg.....	*5,740	--	*2,269	6,441	*1,196	--
Netherlands.....	56,700	--	28,430	192,984	18,268	*590
Norway.....	*7,797	--	*8,378	57,976	*1,320	--
Poland.....	8,459	--	*2,495	46,728	3,155	*444
Portugal.....	*860	--	*-909	*4,698	*695	--
Russia.....	22,280	--	15,482	95,494	15,892	*2,239
Spain.....	15,505	--	5,505	107,257	5,927	*71
Sweden.....	9,589	--	*518	43,919	1,445	*80
Switzerland.....	58,274	*59	15,693	354,732	36,784	2,392
Turkey.....	8,425	--	*615	51,463	3,090	--
United Kingdom.....	1,132,568	*737	624,386	1,864,962	424,059	23,948
Other European countries.....	21,941	*474	13,117	285,179	6,259	*234
<b>Africa. total.....</b>	<b>85,190</b>	<b>*2,000</b>	<b>40,326</b>	<b>459,033</b>	<b>26,918</b>	<b>*307</b>
Algeria.....	*2,166	--	--	*5,257	*640	--
Anaola.....	17,287	--	*4,246	12,358	6,785	--
Egypt.....	18,541	*844	11,876	122,679	8,058	*272
Kenya.....	*897	--	--	34,115	*200	--
Nigeria.....	*7,127	*875	--	38,193	*1,071	--
South Africa.....	13,492	--	22,911	66,456	6,603	*34
Other African countries.....	25,680	*281	*1,293	179,975	3,561	--

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 2.--Individual Income Tax Returns With Form 2555: Foreign-Earned Income Exclusion, Housing Exclusion, and Housing Deduction, by Country or Region--Continued**

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

Country or region	Foreign-earned income--continued			Foreign-earned income exclusion before deductions	Housing exclusion	Housing deduction
	Allowances, reimbursements, or expenses paid by employers	Less: meals and lodging excluded	Other foreign-earned income (less loss)			
	(7)	(8)	(9)	(10)	(11)	(12)
<b>Asia, total</b> .....	<b>2,152,675</b>	<b>8,717</b>	<b>366,139</b>	<b>5,092,499</b>	<b>1,014,872</b>	<b>46,717</b>
China.....	214,545	*443	46,982	279,075	77,458	3,874
Hong Kong <sup>2</sup> .....	401,942	*287	80,213	716,145	297,594	16,346
India.....	33,316	*159	*512	69,539	5,826	*171
Indonesia.....	116,206	--	11,527	146,774	18,888	*695
Israel.....	7,001	--	7,219	403,943	4,106	*168
Japan.....	576,262	*659	109,015	1,102,517	311,756	17,046
Malaysia.....	25,031	--	9,851	79,426	7,502	*129
Philippines.....	45,816	--	7,727	113,282	13,196	*530
Saudi Arabia.....	53,704	5,642	*4,242	489,703	14,822	*425
Singapore.....	303,451	*177	31,140	327,720	130,103	2,703
South Korea.....	131,167	*245	7,742	230,499	48,178	*409
Taiwan.....	35,469	--	12,909	332,292	20,344	*366
Thailand.....	72,412	--	9,355	199,669	13,741	*684
United Arab Emirates.....	59,581	*974	7,179	229,613	30,532	*2,212
Other Asian countries.....	76,772	*131	20,526	372,302	20,826	*959
<b>Oceania, total</b> .....	<b>79,378</b>	<b>*244</b>	<b>55,717</b>	<b>494,883</b>	<b>23,808</b>	<b>*325</b>
Australia.....	75,137	--	55,719	352,038	23,501	*325
New Zealand.....	*3,705	--	*-1	100,031	*306	--
Other Oceania countries.....	*536	*244	--	42,814	--	--
<b>All other countries</b> .....	<b>85,781</b>	<b>782</b>	<b>30,554</b>	<b>775,711</b>	<b>31,016</b>	<b>2,735</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Includes returns with no foreign-earned income filed to claim an exclusion for a prior year or for reporting purposes.

<sup>2</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.

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

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 3.--Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116:<sup>1</sup> Sources of Income, Deductions and Tax Items and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income**

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

Size of adjusted gross income	Number of returns	Selected income, exclusion, deduction, and credit items reported on Form 1040						
		Adjusted gross income or deficit	Salaries and wages		Foreign-earned income exclusion <sup>2</sup>		Foreign housing deduction	
			Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<b>All returns.....</b>	<b>4,275,645</b>	<b>871,728,482</b>	<b>2,926,525</b>	<b>413,640,083</b>	<b>105,513</b>	<b>6,653,942</b>	<b>2,340</b>	<b>74,347</b>
No adjusted gross income.....	49,900	-14,457,038	17,653	1,267,424	2,891	145,087	*34	*938
\$1 under \$10,000.....	210,033	1,029,607	96,066	889,766	8,005	426,527	*12	*22
\$10,000 under \$25,000.....	376,244	6,569,879	156,336	2,508,358	7,947	442,627	*72	*776
\$25,000 under \$50,000.....	658,509	25,187,249	365,466	11,259,311	17,377	1,053,972	*131	*3,704
\$50,000 under \$75,000.....	693,583	42,832,640	481,193	22,071,510	11,871	771,336	307	4,524
\$75,000 under \$100,000.....	553,276	47,719,246	424,686	27,544,595	8,753	551,223	97	2,429
\$100,000 under \$200,000.....	964,020	133,511,718	748,205	78,652,586	23,884	1,517,228	493	6,462
\$200,000 under \$500,000.....	513,709	155,116,470	425,627	88,681,280	17,108	1,197,318	624	21,222
\$500,000 under \$1,000,000.....	150,075	102,976,262	123,742	51,785,851	4,583	326,924	341	18,074
\$1,000,000 under \$1,500,000.....	42,554	51,572,559	34,509	22,065,615	1,363	98,806	108	5,892
\$1,500,000 under \$2,000,000.....	19,864	34,174,979	16,197	14,189,556	618	43,229	67	6,168
\$2,000,000 under \$5,000,000.....	30,701	92,067,030	25,619	37,020,380	823	59,363	40	3,400
\$5,000,000 under \$10,000,000.....	8,056	55,131,786	6,871	20,350,769	191	13,531	11	645
\$10,000,000 or more.....	5,120	138,296,095	4,356	35,353,081	100	6,772	*4	*92

Size of adjusted gross income	Selected income, exclusion, deduction, and credit items reported on Form 1040--continued						Returns with a Form 1116	
	Taxable income		Foreign tax credit		Total income tax		Worldwide income <sup>3</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
<b>All returns.....</b>	<b>4,074,158</b>	<b>725,880,674</b>	<b>3,942,604</b>	<b>6,254,559</b>	<b>3,990,121</b>	<b>201,679,601</b>	<b>2,223,746</b>	<b>605,683,292</b>
No adjusted gross income.....	--	--	*12	*1	1,379	40,994	48,929	-14,246,201
\$1 under \$10,000.....	143,503	268,667	132,480	2,466	127,754	31,824	124,794	1,104,532
\$10,000 under \$25,000.....	327,177	2,524,138	318,319	31,845	301,218	318,898	187,810	3,782,449
\$25,000 under \$50,000.....	644,118	15,085,261	620,042	113,714	611,458	2,122,720	315,699	13,595,182
\$50,000 under \$75,000.....	683,236	28,856,947	664,591	139,919	671,708	4,634,960	285,823	18,634,123
\$75,000 under \$100,000.....	549,204	33,841,576	541,407	187,977	545,881	6,154,946	247,575	22,394,778
\$100,000 under \$200,000.....	960,207	102,190,364	929,553	698,651	962,010	22,511,195	503,997	73,392,390
\$200,000 under \$500,000.....	511,502	128,512,759	490,886	1,275,011	512,763	35,457,846	318,738	101,840,246
\$500,000 under \$1,000,000.....	149,410	89,161,821	143,759	923,741	149,848	28,269,308	107,389	75,702,183
\$1,000,000 under \$1,500,000.....	42,351	45,004,464	40,971	563,558	42,475	14,646,834	32,210	39,535,993
\$1,500,000 under \$2,000,000.....	19,764	30,075,144	18,935	343,736	19,833	9,840,135	15,317	26,601,372
\$2,000,000 under \$5,000,000.....	30,569	81,280,338	29,260	806,143	30,642	26,639,631	24,289	73,567,552
\$5,000,000 under \$10,000,000.....	8,014	48,693,460	7,601	404,292	8,037	15,706,680	6,624	45,537,025
\$10,000,000 or more.....	5,104	120,385,736	4,789	763,504	5,116	35,303,629	4,552	124,241,669

Size of adjusted gross income	Returns with a Form 1116--continued							
	Foreign income, taxes and credit reported on Form 1116							
	Foreign-source gross income		Foreign-source deductions and losses		Foreign-source taxable income before adjustments <sup>4</sup>		Foreign taxes paid or accrued on:	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)
<b>All returns.....</b>	<b>2,116,679</b>	<b>56,463,191</b>	<b>1,894,470</b>	<b>19,789,867</b>	<b>2,122,561</b>	<b>36,673,323</b>	<b>2,093,637</b>	<b>9,153,006</b>
No adjusted gross income.....	38,213	1,313,605	35,674	35,674	38,878	370,276	39,198	68,881
\$1 under \$10,000.....	113,370	249,035	102,062	112,005	114,530	137,030	107,925	79,761
\$10,000 under \$25,000.....	176,249	663,879	155,732	203,612	176,683	460,267	172,805	134,877
\$25,000 under \$50,000.....	293,355	1,675,718	251,840	226,626	294,502	1,449,092	293,205	359,361
\$50,000 under \$75,000.....	269,928	1,474,472	239,302	240,707	270,485	1,233,765	271,091	362,993
\$75,000 under \$100,000.....	241,186	1,940,969	211,127	408,100	241,503	1,532,869	237,877	453,037
\$100,000 under \$200,000.....	487,325	5,619,660	430,302	782,391	488,527	4,837,269	482,512	1,331,557
\$200,000 under \$500,000.....	310,546	9,782,227	291,669	1,893,721	310,723	7,888,506	304,043	2,017,711
\$500,000 under \$1,000,000.....	104,956	6,443,843	99,600	2,005,583	105,085	4,438,260	103,861	1,149,130
\$1,000,000 under \$1,500,000.....	31,699	3,691,850	30,145	1,117,424	31,735	2,574,426	31,423	661,976
\$1,500,000 under \$2,000,000.....	14,989	2,754,025	14,177	1,106,615	15,008	1,647,409	14,935	391,508
\$2,000,000 under \$5,000,000.....	23,875	6,698,518	22,467	2,839,697	23,899	3,858,822	23,784	902,610
\$5,000,000 under \$10,000,000.....	6,496	5,195,950	6,114	3,182,429	6,507	2,013,521	6,492	433,001
\$10,000,000 or more.....	4,491	8,959,439	4,258	4,727,628	4,496	4,231,811	4,485	806,604

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 3.--Individual Income Tax Returns With a Foreign Tax Credit or a Form 1116:<sup>1</sup> Sources of Income, Deductions and Tax Items and Foreign Income, Taxes, and Credit, by Size of Adjusted Gross Income--Continued**

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

Size of adjusted gross income	Returns with a Form 1116--continued									
	Foreign income, taxes and credit reported on Form 1116--continued									
	Foreign taxes paid or accrued on--continued:									
	Dividends		Rents and royalties		Interest		Other income			
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
(25)	(26)	(27)	(28)	(29)	(30)	(31)	(32)			
<b>All returns.....</b>	<b>1,759,812</b>	<b>670,151</b>	<b>17,911</b>	<b>129,448</b>	<b>50,687</b>	<b>52,773</b>	<b>365,536</b>	<b>8,300,634</b>		
No adjusted gross income.....	33,398	11,947	89	1,938	850	876	6,219	54,119		
\$1 under \$10,000.....	87,078	3,717	*1,001	*4,478	4,078	2,598	17,091	68,968		
\$10,000 under \$25,000.....	137,181	24,571	*944	*56	2,551	1,927	35,478	108,323		
\$25,000 under \$50,000.....	253,891	22,892	*2,257	*644	5,527	3,492	41,611	332,332		
\$50,000 under \$75,000.....	239,206	26,662	*530	*163	3,437	757	34,505	335,412		
\$75,000 under \$100,000.....	206,824	29,409	*1,898	*47,363	3,233	570	33,307	375,695		
\$100,000 under \$200,000.....	401,671	94,386	4,607	17,069	11,845	4,015	85,961	1,216,086		
\$200,000 under \$500,000.....	247,277	102,215	4,552	12,240	12,116	15,068	63,769	1,888,187		
\$500,000 under \$1,000,000.....	86,227	82,726	697	7,438	3,420	6,476	24,433	1,052,490		
\$1,000,000 under \$1,500,000.....	26,162	44,112	499	8,241	1,297	3,177	8,178	606,446		
\$1,500,000 under \$2,000,000.....	12,309	30,328	213	1,896	764	3,168	4,153	356,116		
\$2,000,000 under \$5,000,000.....	19,603	78,247	388	8,862	1,045	4,240	7,098	811,262		
\$5,000,000 under \$10,000,000.....	5,373	35,989	134	5,929	292	2,361	2,021	388,721		
\$10,000,000 or more.....	3,612	82,950	102	13,130	233	4,046	1,712	706,477		

Size of adjusted gross income	Returns with a Form 1116--continued									
	Foreign income, taxes and credit reported on Form 1116--continued									
	Foreign taxes available for credit		Foreign tax carryover or carryback		Reduction in foreign taxes		Gross foreign tax credit		Foreign tax credit after adjustments <sup>5</sup>	
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(33)	(34)	(35)	(36)	(37)	(38)	(39)	(40)	(41)	(42)
<b>All returns.....</b>	<b>2,182,078</b>	<b>10,492,304</b>	<b>380,595</b>	<b>3,005,792</b>	<b>75,958</b>	<b>1,683,060</b>	<b>1,892,030</b>	<b>6,096,573</b>	<b>1,891,667</b>	<b>6,100,228</b>
No adjusted gross income.....	48,758	135,588	21,929	84,828	1,038	18,167	*3	*1	*3	*1
\$1 under \$10,000.....	119,032	80,822	30,116	48,877	3,656	47,816	47,241	1,067	47,241	1,067
\$10,000 under \$25,000.....	183,489	155,450	55,361	81,490	4,128	60,917	130,017	24,000	129,886	23,960
\$25,000 under \$50,000.....	311,513	310,657	70,168	147,339	10,622	196,058	277,231	83,296	277,231	83,114
\$50,000 under \$75,000.....	282,129	322,779	42,481	115,971	8,091	156,185	256,831	114,208	256,831	114,188
\$75,000 under \$100,000.....	245,783	665,438	36,661	330,194	6,344	117,793	235,705	175,585	235,705	175,423
\$100,000 under \$200,000.....	492,643	1,548,915	61,943	612,207	19,143	394,851	469,549	665,941	469,529	666,506
\$200,000 under \$500,000.....	310,960	2,238,837	40,160	639,221	15,726	418,107	296,064	1,259,626	295,915	1,259,830
\$500,000 under \$1,000,000.....	105,691	1,345,709	12,138	336,327	4,285	139,844	101,148	914,969	101,073	915,113
\$1,000,000 under \$1,500,000.....	31,815	788,661	3,427	177,031	1,289	57,711	30,624	555,908	30,627	555,922
\$1,500,000 under \$2,000,000.....	15,140	480,317	1,811	109,212	562	20,406	14,369	340,833	14,389	341,598
\$2,000,000 under \$5,000,000.....	24,034	1,022,703	2,833	152,391	798	37,687	22,856	803,829	22,848	804,141
\$5,000,000 under \$10,000,000.....	6,566	500,316	850	75,979	164	8,667	6,169	397,296	6,168	396,701
\$10,000,000 or more.....	4,525	896,113	716	94,724	111	8,850	4,222	760,013	4,221	762,663

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Not all taxpayers with a foreign tax credit file the Form 1116. Taxpayers with \$300 (\$600 if married filing a joint return) or less in creditable foreign taxes who also meet certain other conditions are not required to file Form 1116 to claim the foreign tax credit.

<sup>2</sup> Amount reported on Form 1040 is the total amount of foreign-earned income exclusion after subtracting deductions allocable to excluded income.

<sup>3</sup> Worldwide income is total income or loss reported on Form 1040 before the foreign-earned income and housing exclusions have been taken.

<sup>4</sup> Adjustments include allocation of foreign losses, recapture of prior-year foreign losses, and recharacterization of income.

<sup>5</sup> Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

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

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 4.--Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region**

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

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments <sup>1</sup>	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>All geographic areas.....</b>	<b>2,224,707</b>	<b>56,463,191</b>	<b>19,789,867</b>	<b>36,673,323</b>	<b>9,153,006</b>	<b>670,151</b>	<b>129,448</b>	<b>52,773</b>	<b>8,300,634</b>
<b>North America. total.....</b>	<b>180,128</b>	<b>7,173,941</b>	<b>1,785,396</b>	<b>5,388,546</b>	<b>1,309,506</b>	<b>77,295</b>	<b>24,787</b>	<b>13,495</b>	<b>1,193,929</b>
Canada.....	150,562	5,762,193	1,329,774	4,432,419	1,027,201	58,392	22,590	12,501	933,718
Greenland.....	--	--	--	--	--	--	--	--	--
Mexico.....	29,566	1,411,749	455,622	956,127	282,305	18,903	2,197	994	260,211
<b>Latin/South America. total.....</b>	<b>16,673</b>	<b>1,327,271</b>	<b>661,429</b>	<b>665,843</b>	<b>194,148</b>	<b>4,452</b>	<b>759</b>	<b>1,630</b>	<b>187,306</b>
Argentina.....	1,305	97,672	13,087	84,585	33,698	47	*16	*4	33,631
Brazil.....	7,230	282,778	37,700	245,078	74,200	2,154	*73	1,587	70,385
Chile.....	798	46,087	6,444	39,644	14,925	1,213	*1	*28	13,682
Colombia.....	1,049	559,008	491,583	67,425	18,695	*8	*39	--	18,648
Panama.....	293	10,838	2,617	8,221	2,792	*322	--	--	*2,470
Peru.....	1,271	78,854	48,204	30,650	7,428	*1	*351	*3	7,073
Venezuela.....	2,873	124,455	17,496	106,959	24,321	*224	*275	--	23,823
Other Latin/South America countries.....	1,852	127,579	44,299	83,284	18,091	484	*3	*9	17,595
<b>Caribbean. total.....</b>	<b>3,873</b>	<b>163,201</b>	<b>24,475</b>	<b>138,727</b>	<b>25,759</b>	<b>1,232</b>	<b>*13</b>	<b>*(<sup>2</sup>)</b>	<b>24,513</b>
Bermuda.....	656	40,422	2,378	38,044	978	3	--	*( <sup>2</sup> )	975
Cayman Islands.....	202	42,309	9,219	33,091	*229	*228	--	--	*1
Netherlands Antilles.....	2,369	3,910	529	3,382	764	81	--	*( <sup>2</sup> )	*683
Other Caribbean countries.....	648	76,560	12,349	64,212	23,788	920	*13	*( <sup>2</sup> )	22,856
<b>Europe. total.....</b>	<b>551,223</b>	<b>16,504,079</b>	<b>5,090,347</b>	<b>11,413,732</b>	<b>4,203,495</b>	<b>208,545</b>	<b>65,936</b>	<b>22,143</b>	<b>3,906,871</b>
Austria.....	1,378	43,722	7,291	36,431	16,384	16	*14	*8	16,346
Belgium.....	5,236	570,774	263,768	307,006	98,881	1,498	*41	120	97,222
Czech Republic.....	374	32,177	6,751	25,426	11,654	*6	*10	*( <sup>2</sup> )	11,637
Denmark.....	3,234	33,507	5,584	27,923	13,166	1,371	*12	*25	11,758
Finland.....	32,632	116,413	10,680	105,733	13,507	4,323	*724	*74	8,384
France.....	44,501	995,775	301,712	694,062	240,037	17,625	1,051	3,038	218,323
Germany.....	41,324	2,962,852	1,716,135	1,246,718	499,173	18,274	1,675	1,295	477,929
Greece.....	3,301	62,415	12,645	49,770	16,513	*615	*4	*9	15,884
Hungary.....	327	50,816	13,391	37,425	7,620	*774	*20	*( <sup>2</sup> )	6,825
Ireland.....	2,749	181,726	78,922	102,804	16,841	32	*55	*2,522	14,233
Italy.....	4,904	319,098	80,092	239,005	111,912	5,951	3,290	366	102,305
Luxembourg.....	227	30,910	3,750	27,159	7,578	*( <sup>2</sup> )	*( <sup>2</sup> )	*21	7,556
Netherlands.....	63,265	544,352	182,920	361,432	111,490	16,923	*54	2,085	92,429
Norway.....	4,113	37,570	3,494	34,076	19,328	48	*4	*174	19,102
Poland.....	1,461	67,171	25,153	42,018	17,017	23	*11	*( <sup>2</sup> )	16,983
Portugal.....	58	17,017	996	16,021	2,865	*5	*11	*1	*2,849
Russia.....	1,184	183,413	33,058	150,355	26,106	2,331	*1	--	23,774
Spain.....	3,634	129,271	21,883	107,388	40,790	1,399	417	41	38,933
Sweden.....	12,576	119,934	25,676	94,258	32,784	756	*21	114	31,893
Switzerland.....	15,500	776,195	109,714	666,481	241,405	14,819	*50,435	4,866	171,285
Turkey.....	436	73,002	11,602	61,400	16,385	*9,731	*3	*85	6,566
United Kingdom.....	293,463	8,576,330	1,772,012	6,804,319	2,609,612	101,974	8,052	7,255	2,492,331
Other European countries.....	15,345	579,637	403,117	176,520	32,447	10,052	*33	*41	22,323
<b>Africa. total.....</b>	<b>5,433</b>	<b>288,787</b>	<b>50,183</b>	<b>238,604</b>	<b>74,667</b>	<b>827</b>	<b>*158</b>	<b>--</b>	<b>73,683</b>
Algeria.....	*62	*9,916	*159	*9,757	*1,473	*( <sup>2</sup> )	--	--	*1,473
Anaola.....	358	37,498	15,246	22,252	3,874	--	--	--	3,874
Egypt.....	308	34,027	2,094	31,933	10,460	*673	--	--	9,786
Kenya.....	*13	*306	*96	*210	*7	--	--	--	*7
Nigeria.....	577	85,727	15,276	70,451	14,558	*82	--	--	14,476
South Africa.....	1,008	71,388	8,862	62,526	31,809	49	*2	--	31,758
Other African countries.....	3,107	49,926	8,452	41,475	12,487	22	*156	--	12,309

Footnotes at end of table.

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 4.--Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Country or Region--Continued**

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

Country or region	Number of returns	Foreign-source gross income	Foreign-source deductions and losses	Foreign-source taxable income before adjustments <sup>1</sup>	Foreign taxes paid or accrued on:				
					Total	Dividends	Rents and royalties	Interest	Other income
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
<b>Asia, total.....</b>	<b>104,845</b>	<b>7,479,056</b>	<b>1,221,687</b>	<b>6,257,369</b>	<b>1,805,403</b>	<b>36,752</b>	<b>11,269</b>	<b>6,019</b>	<b>1,751,362</b>
China.....	4,542	414,033	63,814	350,219	121,786	80	*94	*55	121,557
Hong Kong <sup>3</sup> .....	8,755	1,245,935	158,596	1,087,339	198,022	3,713	546	*42	193,722
India.....	1,620	138,886	14,853	124,033	29,769	*1,063	*242	*5	28,459
Indonesia.....	4,911	215,581	19,132	196,449	82,050	452	*1	*6	81,591
Israel.....	8,879	310,063	71,501	238,562	125,515	6,611	1,255	2,923	114,726
Japan.....	51,530	2,866,684	408,266	2,458,418	693,679	10,525	7,288	1,233	674,632
Malaysia.....	3,407	243,994	83,267	160,727	65,574	21	*122	*( <sup>2</sup> )	65,431
Philippines.....	1,430	179,372	125,383	53,988	25,443	149	*6	*20	25,268
Saudi Arabia.....	315	18,539	2,331	16,208	1,530	*6	--	--	*1,524
Singapore.....	6,675	837,761	78,801	758,960	193,184	2,865	735	416	189,167
South Korea.....	3,231	416,296	99,565	316,731	107,043	300	*50	*25	106,667
Taiwan.....	5,243	261,445	62,112	199,334	63,248	10,400	930	1,276	50,642
Thailand.....	1,371	161,428	13,299	148,128	63,550	176	*1	5	63,368
United Arab Emirates.....	301	10,769	2,016	8,753	*( <sup>2</sup> )	--	--	--	*( <sup>2</sup> )
Vietnam.....	100	15,479	888	14,591	6,692	--	--	--	6,692
Other Asian countries.....	2,538	142,791	17,863	124,927	28,319	391	*( <sup>2</sup> )	*14	27,914
<b>Oceania, total.....</b>	<b>24,915</b>	<b>1,076,056</b>	<b>466,558</b>	<b>609,498</b>	<b>326,964</b>	<b>9,313</b>	<b>3,620</b>	<b>1,696</b>	<b>312,336</b>
Australia.....	21,419	989,320	448,579	540,741	313,039	7,214	3,172	1,088	301,565
New Zealand.....	3,373	80,965	15,625	65,340	13,536	2,061	*449	608	10,419
Other Oceania countries.....	124	5,770	2,354	3,418	389	*38	--	--	*350
<b>U.S. Possessions, total.....</b>	<b>23,030</b>	<b>802,502</b>	<b>291,884</b>	<b>510,618</b>	<b>96,557</b>	<b>3,074</b>	<b>624</b>	<b>*5</b>	<b>92,854</b>
Puerto Rico.....	22,447	737,024	233,907	503,117	93,522	3,063	*595	*1	89,863
Other U.S. Possessions.....	583	65,478	57,978	7,501	3,034	*11	*29	*4	2,990
<b>Country not stated.....</b>	<b>1,709,749</b>	<b>21,349,508</b>	<b>10,162,920</b>	<b>11,186,588</b>	<b>1,111,451</b>	<b>324,527</b>	<b>22,260</b>	<b>7,784</b>	<b>756,880</b>
<b>FSC dividends <sup>4</sup>.....</b>	<b>798</b>	<b>18,161</b>	<b>3,513</b>	<b>14,648</b>	<b>220</b>	<b>23</b>	<b>--</b>	<b>--</b>	<b>*197</b>
<b>IC-DISC dividends <sup>5</sup>.....</b>	<b>52,162</b>	<b>280,627</b>	<b>31,477</b>	<b>249,150</b>	<b>4,835</b>	<b>4,111</b>	<b>*21</b>	<b>*(<sup>2</sup>)</b>	<b>704</b>

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

<sup>1</sup> Adjustments include allocation of foreign losses, recapture of prior-year foreign losses, and recharacterization of income.

<sup>2</sup> Less than \$500.

<sup>3</sup> Hong Kong became the Hong Kong Special Administrative Region (SAR) of China in July, 1997.

<sup>4</sup> FSC's are Foreign Sales Corporations.

<sup>5</sup> IC-DISC's are Interest-Charge Domestic International Sales Corporations.

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

# Individual Foreign-Earned Income and Foreign Tax Credit, 2001

**Table 5.--Individual Income Tax Returns With Form 1116: Foreign-Source Income, Deductions, and Taxes, by Type of Income**

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

Type of income	Number of returns <sup>1</sup>	Foreign-source gross income		Foreign-source deductions and losses		Foreign-source taxable income before adjustments <sup>2</sup>	
		Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
<b>All returns.....</b>	<b>2,224,707</b>	<b>2,116,689</b>	<b>56,463,191</b>	<b>1,894,470</b>	<b>19,789,867</b>	<b>2,122,561</b>	<b>36,673,323</b>
Passive income.....	1,247,089	1,192,562	12,621,254	1,035,727	2,688,619	1,194,035	9,932,635
High withholding tax interest.....	27,616	26,637	354,000	23,804	83,169	26,681	270,830
Financial services income.....	59,321	58,486	1,807,089	51,721	1,067,749	58,483	739,340
Shipping income.....	219	212	111,546	208	126,803	212	-15,257
Dividends from an IC-DISC <sup>3</sup> .....	52,162	49,937	280,627	39,674	31,477	49,937	249,150
Distributions from a FSC <sup>4</sup> .....	798	787	18,161	774	3,513	787	14,648
Lump-sum distributions.....	2,777	*52	*3,381	*52	*91	*52	*3,290
Section 901(i) income.....	*54	*54	*498	*54	*120	*54	*378
Certain income re-sourced by treaty.....	2,529	2,365	54,043	2,362	3,722	2,376	50,321
General limitation income.....	932,882	864,625	41,212,592	816,247	15,784,603	871,342	25,427,989
Foreign taxes paid or accrued on:							
Type of income	Total		Dividends		Rents and royalties		Interest
	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns
	(8)	(9)	(10)	(11)	(12)	(13)	(14)
<b>All returns.....</b>	<b>2,093,638</b>	<b>9,153,006</b>	<b>1,759,813</b>	<b>670,151</b>	<b>17,911</b>	<b>129,448</b>	<b>50,687</b>
Passive income.....	1,176,284	962,249	1,066,424	395,992	12,146	71,055	31,830
High withholding tax interest.....	24,828	56,655	10,519	2,365	*15	*190	11,539
Financial services income.....	56,954	117,881	53,936	15,129	*,**907	*,**81	**92
Shipping income.....	*177	*975	*157	*11	--	--	--
Dividends from an IC-DISC <sup>3</sup> .....	47,847	4,835	44,517	4,111	**	**	**
Distributions from a FSC <sup>4</sup> .....	431	220	417	23	--	--	--
Lump-sum distributions.....	*2,696	*233	*2,683	*82	--	--	--
Section 901(i) income.....	*54	*4	*54	*4	--	--	--
Certain income re-sourced by treaty.....	1,705	14,275	400	2,722	*6	*141	*116
General limitation income.....	853,581	7,995,680	589,811	249,712	5,844	57,982	7,871
Foreign taxes paid or accrued on--continued:							
Type of income	Interest --continued	Other income		Foreign taxes available for credit		Foreign tax credit before adjustments <sup>5</sup>	
	Amount	Number of returns	Amount	Number of returns	Amount	Number of returns	Amount
	(15)	(16)	(17)	(18)	(19)	(20)	(21)
<b>All returns.....</b>	<b>52,773</b>	<b>365,536</b>	<b>8,300,634</b>	<b>2,182,078</b>	<b>10,492,304</b>	<b>1,892,030</b>	<b>6,096,573</b>
Passive income.....	26,120	100,543	469,082	1,216,463	1,586,345	1,053,876	731,976
High withholding tax interest.....	10,554	3,041	43,546	25,787	64,538	23,407	44,697
Financial services income.....	**178	3,019	102,513	58,206	125,210	49,753	111,276
Shipping income.....	--	*21	*963	183	1,459	*169	*422
Dividends from an IC-DISC <sup>3</sup> .....	**	2,605	704	50,744	10,325	44,492	3,670
Distributions from a FSC <sup>4</sup> .....	--	*171	*197	434	356	417	232
Lump-sum distributions.....	--	*13	*151	2,695	272	*2,694	*240
Section 901(i) income.....	--	--	--	*54	*4	--	--
Certain income re-sourced by treaty.....	*149	1,311	11,262	1,805	24,716	1,640	9,685
General limitation income.....	15,772	270,363	7,672,214	907,091	8,679,078	779,110	5,194,376

\* Estimate should be used with caution because of the small number of sample returns on which it is based.

\*\* Data combined to prevent disclosure of specific taxpayer information.

<sup>1</sup> Taxpayers may report more than one type of foreign-source income on a return. Consequently, the number of returns by type of income do not add to total.

<sup>2</sup> Adjustments include allocation of foreign losses, recapture of prior-year foreign losses, and recharacterization of income.

<sup>3</sup> IC-DISC's are Interest-Charge Domestic International Sales Corporations.

<sup>4</sup> FSC's are Foreign Sales Corporations.

<sup>5</sup> Adjustments include reductions for participation in unsanctioned international boycotts and increases permitted by tax treaties between the United States and certain foreign countries.

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