Nonresident Alien Income and Tax Withheld, 1983

By Chris R. Carson*

U.S. source income paid to Netherlands Antilles recipients rose dramatically (33 percent) to more than $2 billion during 1983, the final year before implementation of the Deficit Reduction Act of 1984. (In contrast, U.S. source income paid in 1983 to all foreign recipients was slightly more than $11 billion.) This Act is expected to all but eliminate the use of the Antilles for future Eurobond financing.

U.S. interest payments to the Antilles increased by over $500 million to nearly $2 billion during 1983, with most of this interest paid to financial subsidiaries of the paying corporation. The Deficit Reduction Act, which exempts from tax withholding most interest payments to nonresident aliens on loans made after July 18, 1984, now allows U.S. borrowers to issue debt directly to the lender, without using Antilles finance subsidiaries as intermediaries to avoid withholding taxes.

The nature of new foreign investment in the United States has shifted markedly in recent years from corporate stock to interest-bearing bonds. Comparatively high U.S. interest rates in recent years have helped increase interest's share of U.S. income paid to foreigners from 22 percent in 1978 to 53 percent in 1983. Dividends' share during the same period fell from 64 percent to 38 percent. Interest payments rose at an average compound rate of 43 percent annually during this period (33 percent in real terms) as foreign investors, taking advantage of high U.S. interest rates, loaned large amounts of money, mainly to "blue-chip" U.S. corporations. In comparison, dividend payments increased by an annual average of about 8 percent from 1978 to 1983, approximately keeping pace with inflation.

Although total income paid to foreign individuals and organizations increased by 4 percent in 1983, income that was subject to tax withholding dropped by more than 6 percent from the 1982 level, causing a comparable decline in withholding tax revenues. As foreign investors shifted new investments toward interest-bearing bonds that were exempt from withholding (when paid to Netherlands Antilles recipients), the total tax withheld by U.S. withholding agents dropped by 8 percent from 1982 to about $698 million for 1983.

BACKGROUND INFORMATION

A U.S. individual or organization paying income to a nonresident alien (foreign individual, corporation, or other organization) reports this income and the U.S. tax withheld on Form 1042S. While the basic tax rate is 30 percent, certain types of income are taxed at different rates. Income paid to countries that have entered into tax treaty agreements with the United States is usually taxed at lower rates. The tax withheld represents final payment of the actual tax liability in almost all instances. Income connected with the recipient's U.S. trade or business is exempt from withholding. The United States taxes this income separately, as though it were received by a U.S. citizen or corporation. The responsibility for withholding tax belongs to the payer or the representative (usually a financial institution) of the payer rather than the recipient of the income.

The basic tax rate on nonresident alien income (30 percent) differs from the graduated tax rates for U.S. individuals and corporations because foreign individuals and corporations may receive income from an indefinite number of sources. Since most nonresident aliens are not required to file U.S. tax returns and consolidate all U.S. income, their total income cannot be taxed in graduated "brackets," as one payer would have no knowledge of the amount of income other individuals and organizations had paid to the same nonresident alien.

*Foreign Returns Analysis Section. Prepared under the direction of James Hobbs, Chief.

RECENT LEGISLATION AND ITS EXPECTED IMPACT

The Deficit Reduction Act of 1984 exempts certain interest payments from withholding. Interest on debt issued after the enactment of this legislation (July 18, 1984) that is not paid to a foreign individual, bank, or corporation owning 10 percent or more of the voting shares of the U.S. payer generally qualifies for this exemption.

The exemption from tax withholding on most interest payments is expected to increase U.S. borrowing from foreign countries. Smaller U.S. companies and the U.S. Treasury are now more able to issue debt to foreign lenders [1]. Smaller companies do not have to bear the cost of setting up and maintaining finance subsidiaries. These costs might have offset any interest savings derived by borrowing overseas. In addition, blue-chip U.S. corporations that have been borrowing money through the Netherlands Antilles will issue most new debt directly to lenders. Future statistics, especially after 1984, may show a sharp reduction in interest payments to the Netherlands Antilles [2]. Interest payments should increase to major Western European countries and Japan as new borrowings are likely to come mainly from these countries.

DATA ANALYSIS AND TRENDS

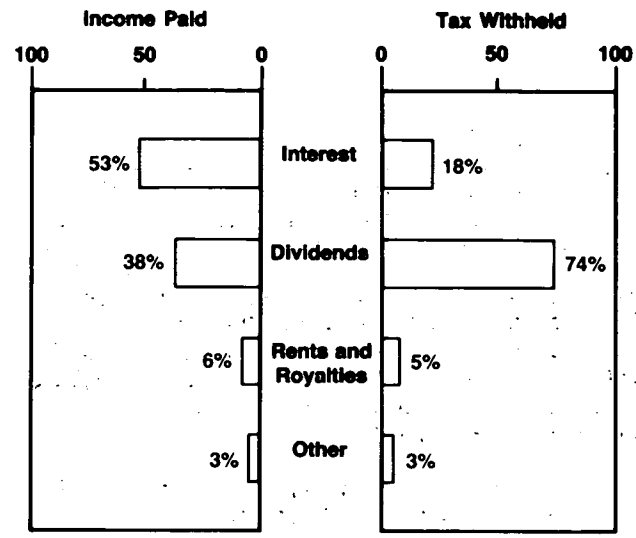
U.S. income payments to foreigners totalled $11.1 billion in 1983, increasing by only 4 percent, as compared to a 9 percent increase for 1982. The total increase was accounted for by the Netherlands Antilles, which received $514 million more in 1983 than in 1982. The total for all other countries actually decreased by about $82 million resulting in an overall net increase of about $432 million. As was mentioned earlier, tax withheld by U.S. withholding agents fell by 8 percent to $698 million.

The average income payment fell by 3 percent to about $18,200 for 1983. This was due to an increase of more than 40,000 in the number of Forms 1042S filed. About two-thirds of these additional payments were less than $100. Foreign government organizations and corporations received the largest average payments ($159,000 and $150,000, respectively), while individuals averaged only $1,600. The average amount of tax withheld per payment decreased more noticeably (14 percent) than income.

Type of Income

Interest continued to be the most common type of income payment. In 1982, 48 percent of income paid represented interest while 43 percent represented dividends. This 5 percentage point difference increased to 15 in 1983 as 53 percent of all income was interest, as is shown in Figure A.

Figure A
Percent of Total Income Paid and Percent of Total Tax Withheld, by Income Type, 1983



Since 1978, interest's share of all income has increased 31 percentage points, from 22 to 53 percent. The corresponding share for dividends fell by 26 percentage points, from 64 to 38 percent. The following table shows both total and average annual increases for dividends and interest in both constant and current dollars [3].

Gross Income Paid

[Thousands of dollars]

	Interest	Dividends
1978.....	$ 990,949	$2,867,596
1983.....	5,905,658	4,168,145
Percent increase:		
Current dollars:		
Total.....	496.0%	45.4%
Average per year.. (Compounded)	42.9	7.8
Constant dollars:		
Total.....	316.3	1.5
Average per year.. (Compounded)	33.0	0.3

After making allowances for inflation, interest rose at a compound rate of 33 percent per year between 1978 and 1983. Although dividends rose by about 8 percent per year,

this increase barely kept pace with the rate of inflation. The real increase in dividends after inflation was less than 1 percent annually.

As interest payments are often exempt from withholding or taxed at low rates established by treaties (see "Tax Treaty Countries" section below), only $122 million of tax was withheld on interest payments during 1983. This represented only 18 percent of all tax withheld, although interest represented 53 percent of all income. Dividends, which are rarely exempt from withholding, represented only 38 percent of all income, while tax withheld on dividends comprised 74 percent of the total tax withheld. Figure A shows the percent of income paid and the percent of tax withheld for several income types.

The type of income paid varied considerably by the country of the recipient. As is shown in Figure B, almost all U.S. source income paid to the Netherlands Antilles was interest income. Of the eight countries shown, however, dividends made up a larger percentage of all income than interest for five countries. The disparity was smaller on average (16 percentage points) for these five countries, than for the three countries (Netherlands Antilles, Japan, and West Germany) that received more interest (65 percentage points) than dividends. Non-tax-haven countries received a greater portion of rents and royalties (9 percent average) than the Netherlands Antilles, the Netherlands, and Switzerland (2 percent average), all of which can be considered tax havens to some degree. (See the discussion on tax haven countries later in this article).

Country of Recipient

The same eight countries continued to receive the majority of U.S. source income. The countries shown in Figure C received 89 percent of the total income. The Netherlands Antilles surpassed the United Kingdom as the country receiving the most U.S. income. Other than the Antilles' 1982-83 increase, there were no dramatic changes from 1982 in the amount of income paid to the countries shown.

Tax withheld on payments to six of the eight countries shown in Figure C fell from 1982 levels. In particular, tax withheld on payments to the Netherlands Antilles fell by 30 percent even though income rose by 33 percent. Increases were registered by Japan (23 percent) and West Germany (19 percent), as income also rose for these countries.

Effective Tax Rate by Country

Although the basic U.S. withholding tax rate is 30 percent, the actual rate can differ for a variety of reasons. Tax treaties allow for lower tax rates on certain types of payments to certain countries. Income paid to tax exempt or government organizations is generally not taxed. Most U.S. income paid to foreign private foundations is taxed at 4 percent. Finally, income that is connected with the recipient's U.S. trade or business is taxed as though it were received by a U.S. individual or organization, and is therefore not subject to withholding tax. Because of these factors, the effective U.S. withholding tax rate (tax withheld as a percent of gross income) varies by country.

The following table shows the income paid, tax withheld by U.S. withholding agents, and the effective withholding tax rates for the twelve countries having the lowest effective tax rates. Only countries receiving at least 100 payments and $1 million or more were considered.

Ranking of Effective Tax Rates by Country, 1983

[Thousands of dollars]

Country	Gross income	Tax withheld	Effective tax rate
	(1)	(2)	(3)
Antigua.....	$ 1,826	$ 3	0.18%
Egypt.....	32,903	61	0.19
Netherlands Antilles.....	2,094,680	9,174	0.44
Argentina.....	235,469	1,250	0.53
Trinidad and Tobago.....	9,429	61	0.65
Saudi Arabia...	123,209	1,525	1.24
Taiwan.....	13,090	346	2.64
South Korea....	1,343	50	3.74
Poland.....	1,608	61	3.80
Netherlands....	1,392,091	61,552	4.42
Singapore.....	14,245	652	4.57
West Germany...	704,012	35,081	4.98
Other countries	6,432,096	588,574	9.15
All countries.	11,056,001	698,390	6.32

Eight of the twelve countries shown also were among those with the lowest effective tax rates for 1982. Egypt, Argentina, South Korea, and Singapore were newcomers to this list. Antigua had the lowest effective rate for the second year in a row. All but Argentina, Taiwan, Saudi Arabia, and Singapore are tax treaty countries receiving the benefit of reduced withholding rates. Although Saudi Arabia is not a treaty country, a substantial portion (42 percent) of its U.S. source income ($123 million) was paid to Saudi Government organizations and therefore not subject to withholding. A substantial portion (62 per-

Figure B

Percent of Income Paid by Income Type, by Country of Recipient, 1983

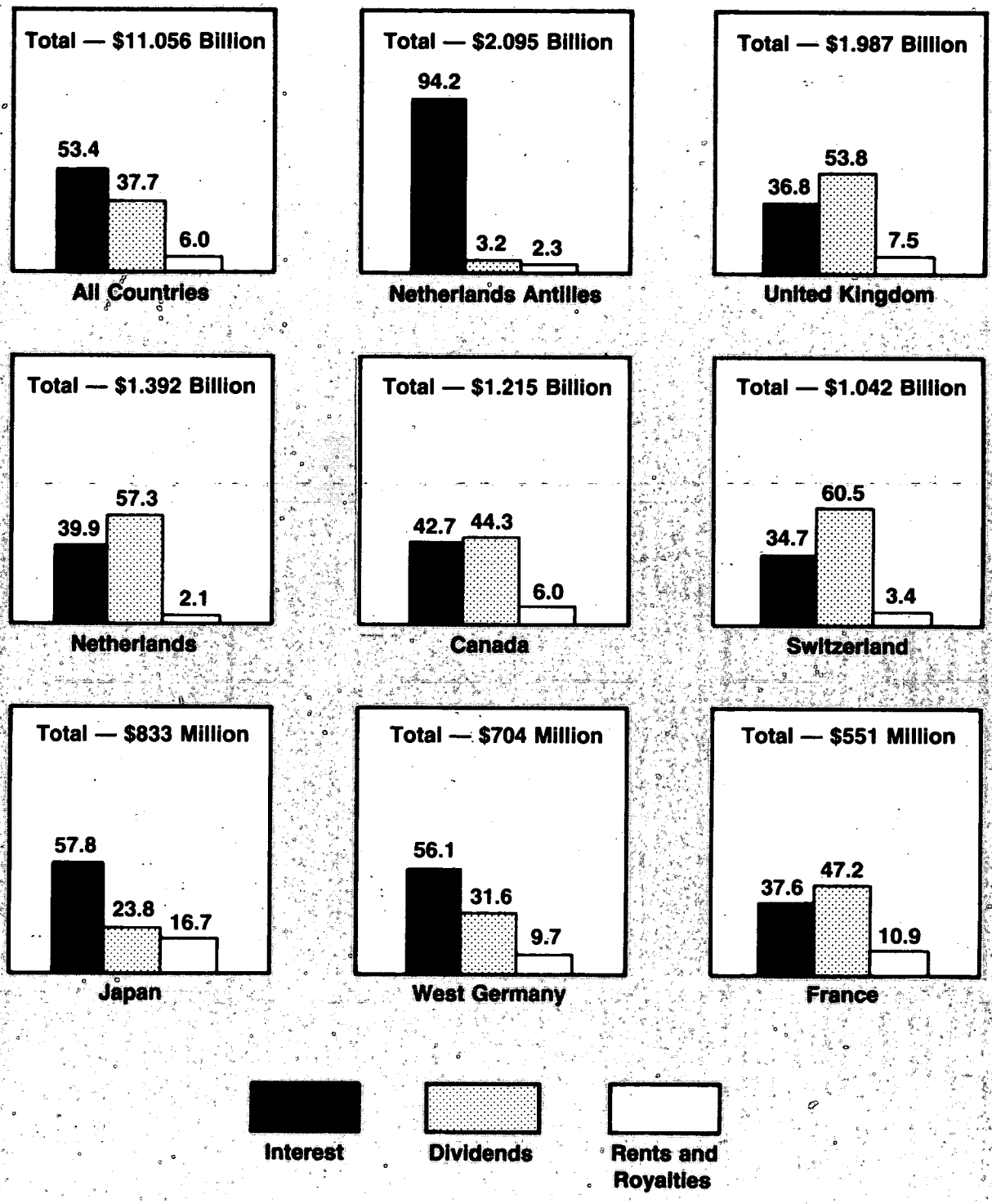
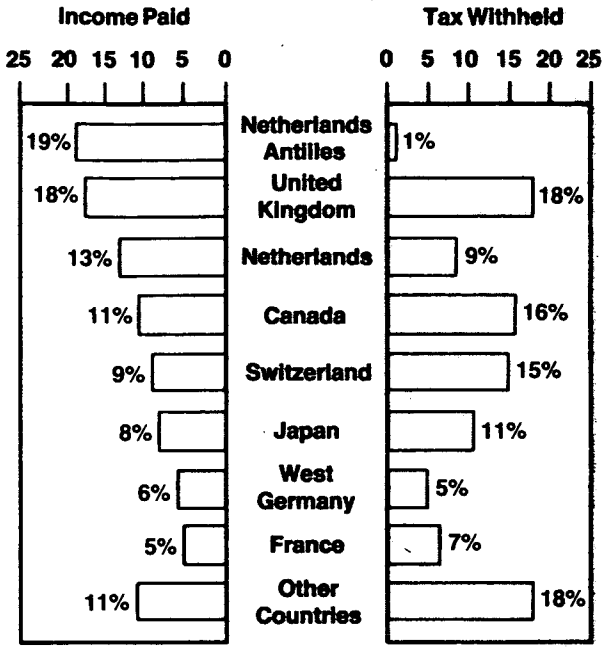


Figure C
Percent of Gross Income Paid and Percent of Tax Withheld by Domestic Withholding Agents, by Country of Recipient, 1983



cent) of Singapore's income ($14 million) was also paid to government organizations and therefore no tax was withheld on this income.

Although there are several tax haven countries listed, most tax havens do not have tax treaties with the United States allowing for reduced withholding tax rates. Antigua and Netherlands Antilles residents receive tax treaty benefits through extensions of tax treaties with the United Kingdom and the Netherlands, respectively. The tax treaty with Antigua was terminated as of January 1, 1984. Some tax haven countries, including the Bahamas and Bermuda have effective withholding tax rates (26 percent and 21 percent, respectively) considerably above the average for all countries (6 percent).

Tax Treaty Countries

The United States has tax treaties with foreign countries which usually reduce withholding tax rates in both countries. The major reason for such treaties is to avoid double taxation of income earned in one of the countries by residents of the other country. If income is earned in the United States and the U.S. taxes are only partially creditable against tax in the foreign country (because of limitations) this income may be taxed twice. This is especially true when a foreign corporation's U.S. subsidiaries are subject to U.S. income taxes and their dividend payments are also subject to U.S. withholding tax. Many tax treaties allow for reduced withholding tax rates (usually 5 percent) for dividends received from foreign subsidiaries. This lower withholding tax reduces overall tax rates on foreign investment and increases the likelihood of full credit for taxes paid to another country by the country of residence.

Although lower tax treaty rates may reduce U.S. withholding tax revenue, this revenue loss is at least partly offset by lower foreign tax credits for U.S. individuals and corporations. Since tax treaties usually allow for correspondingly lower foreign withholding tax rates, U.S. individuals and corporations receiving income from tax treaty countries have less foreign tax withheld. This usually reduces their foreign tax credit and increases the amount of income tax paid to the United States [4].

Lower tax rates on payments to recipients in treaty countries are evident in the following table which shows the effective tax rates for both treaty and nontreaty countries.

Gross Income, Tax Withheld and Effective Tax Rate

[Thousands of dollars]

Country status	Gross income	Tax withheld	Effective tax rate
	(1)	(2)	(3)
All countries.	$11,056,001	$698,390	6.3%
Treaty countries.....	10,232,898	615,968	6.0
Nontreaty countries.....	823,103	82,422	10.0

Although residents in tax treaty countries typically enjoy lower U.S. withholding tax rates, if the income is paid to a foreign nominee or fiduciary on behalf of a person not entitled to the treaty benefit, the full 30 percent U.S. tax should be collected. Some U.S. treaty partners collect the additional amounts on behalf of the United States (see Table 1, Column 7).

Tax Haven Countries

A tax haven is generally considered to be a country having tax laws favorable to foreign individuals and organizations in an attempt to attract these investors. The tax haven country typically benefits by collecting certain fees or taxes (at a low rate). Foreign individuals and organizations might not invest in

or through the tax haven if taxes comparable to those of their own country were imposed. Tax haven countries tend to have the following characteristics:

- No withholding tax on most payments from the tax haven to foreign individuals and organizations,
- Low or zero effective income tax rates for individuals and organizations within the tax haven country, and
- Secrecy laws to prevent foreign governments from obtaining financial information about their own citizens and organizations.

Low or zero withholding tax rates usually attract foreign individuals and corporations to invest through the tax haven, rather than existing for the benefit of residents. However, many tax havens do not have tax treaties with the United States allowing for low or zero withholding rates on payments to the tax haven. While treaties with non-tax-havens allow for mutually-reduced withholding tax rates, this lost revenue is at least partially recovered in income taxes due to lower foreign tax credits claimed by U.S. taxpayers. As the Netherlands Antilles was the major tax haven country enjoying a zero withholding tax rate (on interest payments) during 1983, its treaty status was an extension of an existing treaty with the Netherlands, rather than a treaty negotiated with an existing tax haven. As the Deficit Reduction Act of 1984 exempts most interest payments from withholding, regardless of the country to which the income is paid, the Netherlands Antilles lost this interest exemption advantage in mid-1984.

Tax haven countries tend to receive far more U.S. source income than other countries when compared to their general level of economic activity, measured here by Gross National Product (GNP) [5]. Figure D shows the countries having the highest income-to-GNP ratios. The ten highest countries are all tax havens to varying degrees. The Netherlands Antilles actually received more U.S. source income in 1982 than it produced in goods and services, as measured by GNP (GNP data were not available for the Netherlands Antilles for 1983). As most U.S. source income is not spent on goods or services in the Netherlands Antilles, this portion of income does not enter the Antilles' GNP calculation. This is because most of the income paid to the Antilles is simply passed through to Eurobond lenders by finance subsidiaries of U.S. corporate borrowers.

Figure D.--Gross National Product (GNP), Gross Income, Gross Income as a Percent of GNP, Size of Average Payment, and Percent of Payments to Corporations, by Selected Country of Recipient, 1983

[Money amounts in thousands of dollars]

Country or geographic area	Income to GNP ratio				Size of payments		Percent of payments to corporations	
	Rank	Income as a percent of GNP	Gross income	GNP [1]	Rank	Average	Rank	Percent
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Netherlands Antilles [2]	1	115.4	1,580,359	1,370,000	1	936	3	52.3
Bermuda	2	6.2	51,863	840,000	10	45	9	21.9
Bahamas	3	2.9	26,505	900,000	21	16	5	28.2
Barbados	4	1.9	19,032	1,020,000	5	86	8	23.9
Liberia	5	1.5	14,914	990,000	11	45	15	11.3
Luxembourg	6	1.3	59,552	4,470,000	13	37	11	21.4
Antigua	7	1.3	1,826	140,000	22	13	2	61.6
Panama	8	1.2	47,233	4,070,000	18	19	7	25.7
Switzerland	9	1.0	1,042,436	105,060,000	8	51	13	13.6
Netherlands	10	1.0	1,392,091	142,420,000	2	158	12	14.2
Cayman Islands	([3])	([3])	31,438	([3])	9	47	1	62.4
British Virgin Islands	([3])	([3])	7,961	([3])	15	21	6	25.9

[1] World Bank, The World Bank Atlas, 1985.

[2] "Income to GNP ratio" information for the Netherlands Antilles is for 1982 as 1983 GNP information was not available.

[3] GNP information was not available for these countries or geographic areas.

NOTE: Only countries receiving 100 or more payments and $1 million or more were considered for this table.

Since GNP data were not available for all countries, an income-to-GNP average ratio could not be calculated for all countries. Based on available data, the worldwide ratio was less than 0.2 percent. All of the tax havens shown in Figure D had ratios at least six times higher than the maximum worldwide average, with the Antilles' ratio being nearly 750 times the maximum worldwide average. Only countries receiving at least 100 payments and totalling $1 million or more were considered for inclusion in Figure D.

Tax haven recipients also tend to receive larger-than-average payments. All but two of the countries shown in Figure D were above the average of $18,200. Once again, the Netherlands Antilles led all countries, receiving more than $936 thousand per payment.

As tax havens are mainly utilized by corporations, rather than individuals or other organizations, payments to these tax havens are more likely to go to corporations than are payments to non-tax-havens. There is often a predominance of financial corporations in tax havens, often subsidiaries of U.S. corporations. Figure D shows the percent of U.S. payments made to foreign corporations in certain tax haven countries. Each of these countries exceeded the 8.8 percent average for all countries. The Cayman Islands and Antigua led the countries listed with 62 percent of the total U.S. payments to these countries going to corporate recipients. These countries also had the highest percentages in 1982, although the order was reversed.

Type of Recipient

The vast majority of U.S. source income paid to nonresident aliens (72 percent) was paid to foreign corporations. Since much of this income (58 percent) was exempt from withholding, tax withheld on payments to corporations represented only 54 percent of all tax collected. Although individuals received a much smaller share of all income (6 percent), they had a disproportionately high percentage of all tax withheld (13 percent) on this income. Nominees also had a disproportionately high percentage of the total tax withheld (10 percent versus 5 percent for income), because only 7 percent of nominee income was exempt from withholding.

Foreign governments received the largest average payments ($159,200), but most of this was due to certain large payments to Saudi Arabian Government organizations. Excluding payments to Saudi Arabia, the average income paid to foreign governments was $54,000, below the average for corporations ($150,000). Individuals received the smallest average payments ($1,600).

Different types of recipients tended to receive different types of income. Individuals were less likely to receive interest (3 percent of total interest) but more likely to receive personal service income (89 percent of all personal service income) than other types of recipients. As is shown in Figure E, most corporate income was in the form of interest (62 percent). More than half the income paid to foreign partnerships was rents and royalties. This is more than ten times the percentage of rents and royalties for all recipients. Almost all of the income paid to nominees and fiduciaries was dividend income (92 percent). The distribution of income paid to foreign government, international and tax-exempt organizations was close to the overall distribution of income, but the tax withheld on such income was almost completely attributable to dividends.

SUMMARY

U.S. interest payments to the Netherlands Antilles soared to nearly $2 billion, as the Antilles surpassed the United Kingdom as the foreign country receiving the most U.S. source income in 1983. The Deficit Reduction Act of 1984, which exempts from withholding most interest payments to nonresident aliens after July 18, 1984, will eliminate the need to go through the Antilles to avoid U.S. withholding taxes on such interest.

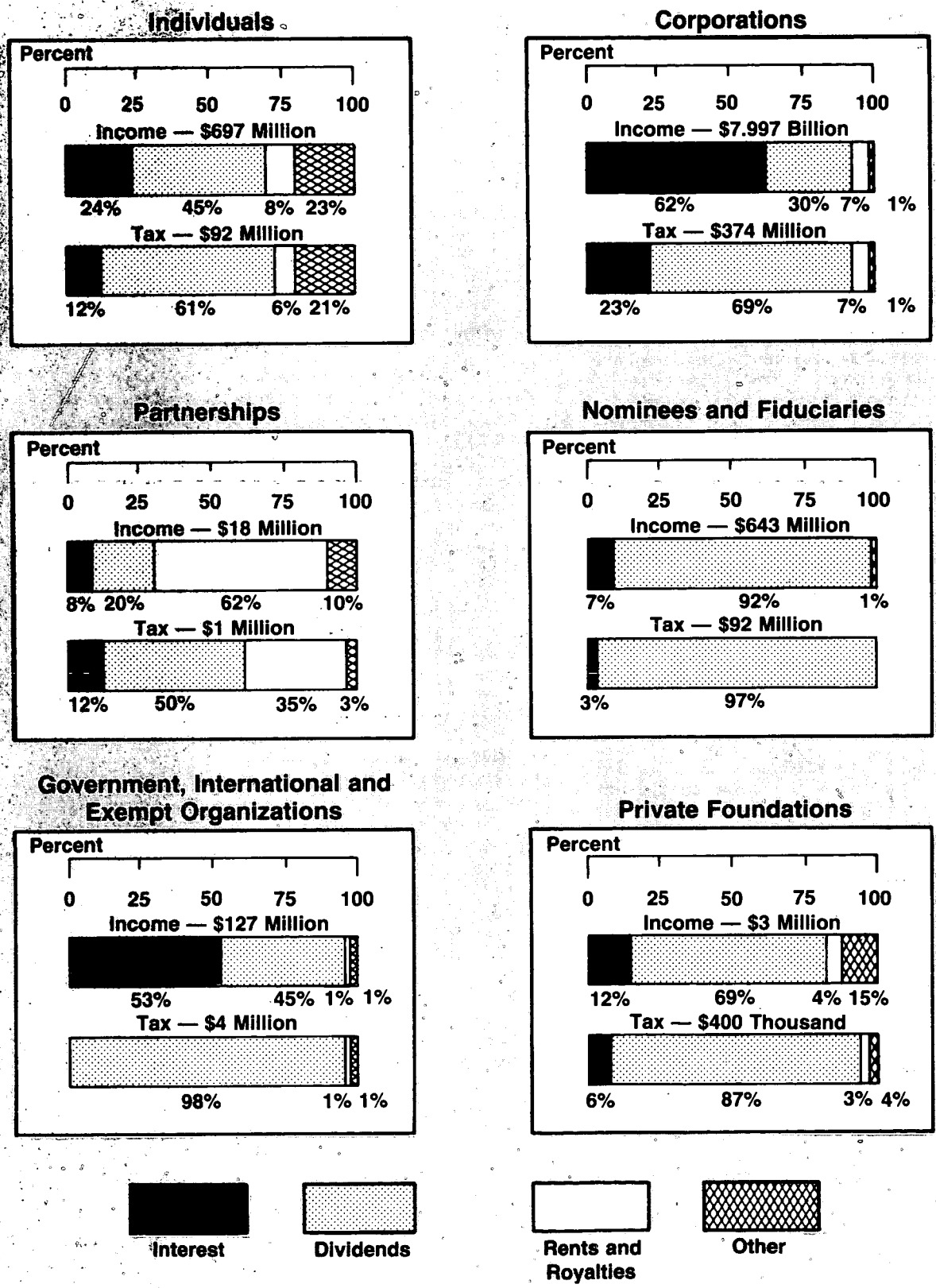
High U.S. interest rates have encouraged shifts of new foreign investment in the United States to interest-bearing bonds rather than corporate stock. Interest represented 53 percent of U.S. source income paid to nonresident aliens compared to 38 percent for dividends.

As in other years, while individuals received the most payments, corporations received the most U.S. source income. Foreign governments received the largest average payments. This was mainly due to certain large payments to Saudi Arabian Government organizations.

Tax-haven countries received disproportionately high U.S. source income when compared to their level of economic activity (Gross National Product). The Netherlands Antilles actually received more income than its GNP in 1982 as most of this money simply flowed through that country without being spent on goods or services there. Tax havens also received larger than average payments, nearly $1 million for the Antilles. The percentage of payments made to foreign corporations was more than twice as high for the twelve tax haven countries shown in Figure D than for all countries.

Figure E

Percent of Income Paid by Income Type and Percent of Tax Withheld by Income Type, by Recipient Type, 1983



Individuals were more likely than most recipients to receive dividends and personal service income. Foreign corporations received mostly interest income. Most partnership income was rents and royalties, even though rents and royalties represented only a small percentage of income for other recipients. Nominees and fiduciaries received almost exclusively dividend income.

DATA SOURCES AND LIMITATONS

Payers of most U.S. income to nonresident aliens must withhold tax in accordance with Chapter 3 of the Internal Revenue Code. The Form 1042S, Income Subject to Withholding Under Chapter 3, Internal Revenue Code, is filed to report this income and the U.S. tax withheld. Often the payer has a financial institution act as withholding agent.

The present statistics are tabulated by calendar year, based on all Forms 1042S filed for 1983. The years indicated in the tables represent the year in which the income was paid and the U.S. tax withheld, except for the U.S. tax withheld by foreign governments and withholding agents. These amounts are shown by the year the tax was remitted to the United States under treaty agreements. Tax withheld amounts and percentages shown in Table 2, text tables, and Figures A, C, and E, do not include tax withheld by foreign governments and withholding agents (except Canada). This additional tax cannot be properly attributed to specific income types and years. Income that is "effectively connected" with a nonresident alien's U.S. trade or business is not subject to withholding, and is therefore generally not included in these statistics. Definitions and other information are available in the IRS Publication 515, Withholding of Tax on Nonresident Aliens and Foreign Corporations.

As all Forms 1042S are included in the statistics, the data are not subject to sampling error. However, the data are subject to nonsampling errors such as computer data entry errors and minor taxpayer reporting errors. Forms 1042S with income greater than $500,000 were manually verified. A limited computerized program was used to test the data for certain basic numerical relationships, including the calculation of the correct tax withheld. The results of additional testing, to be done at a later date, were not available at the time this article was prepared. Any substantial changes resulting from this testing will be discussed in the 1984 Nonresident Alien Income and Tax Withheld article, tentatively scheduled for publication in the Statistics of Income Bulletin, Fall 1986.

More detailed information on nonresident alien income and tax is available from the Statistics of Income (SOI) Division [6]. This includes information for types of income and countries not discussed in this article.

EXPLANATION OF TERMS

Income Effectively Connected With a Trade or Business. -- Income that is "effectively connected" with the conduct of a trade or business in the United States is exempt from withholding. This income is subject to substantially the same tax rates that apply to U.S. citizens, residents, and corporations. For example, if a foreign corporation has an unincorporated operation in the United States, a Form 1120F must be filed and appropriate taxes paid for the income of this operation. When income is then remitted to the foreign corporation, it is considered connected with a U.S. trade or business and not retaxed. In all but rare (and indeterminable) circumstances, these amounts are not included in these statistics.

Nominee. -- An entity chosen or appointed to accept income for, or act on behalf of, the eventual recipient of the income. Typically a financial institution acts as nominee.

Nonresident Alien. -- For purposes of this article, a nonresident alien is defined as an individual whose residence is not within the United States and who is not a U.S. citizen. Corporations and other organizations created or organized outside the United States are also considered nonresident aliens. The phrase "foreign individuals and organizations" is also used in this article to mean nonresident alien.

Withholding Agent. -- Any person (individual, corporation, partnership, estate, or trust) required to withhold tax. Usually the withholding agent is the payer of the income or a "person" (usually a financial institution) acting on behalf of the payer. A foreign nominee or fiduciary required to withhold additional tax under a tax treaty is also a withholding agent.

NOTES AND REFERENCES

[1] Carson, Chris R., "Nonresident Alien Income and Tax Withheld, 1982," Statistics of Income Bulletin, Vol. 4, No. 2, Fall 1984, pp. 21-22.

[2] New borrowing by U.S. corporations through finance subsidiaries in the Netherlands Antilles virtually stopped in the fourth quarter of 1984. See R. David

Belli and Ralph Kozlow, United States Department of Commerce News, June 27, 1985, p. 3.

[3] Computed using the GNP Implicit Price Deflator, Economic Report of the President, February 1985, p. 236. The computations shown consider the effects of compounding.

[4] For additional information on foreign withholding taxes, see States, William, "Corporate Foreign Tax Credit, 1980: An Industry Focus," Statistics of Income Bulletin, Vol. 4, No. 1, Summer 1984, pp. 63-84, and States, William, "Corporate Foreign Tax Credit, 1980: A Geographic Focus," Statistics of Income Bulletin, Vol. 4, No. 3, Winter 1984-85, pp. 37-63.

[5] World Bank, The World Bank Atlas, 1985.

[6] This information may be obtained by writing to the Statistics of Income Division, D:R:S, Internal Revenue Service, Washington, DC 20224.

Table 1.--Number of Forms 1042S Filed, Gross Income Paid, Tax Withheld, and Other Items, by Selected Treaty and Nontreaty Countries, 1983

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Income paid			Tax withheld		
		Total	Exempt from withholding	Subject to withholding	Total	Domestic withholding agents	Foreign Governments and withholding agents
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Total	606,787	11,056,001	5,482,081	5,573,920	803,714	698,390	105,324
Treaty countries, total	522,323	10,232,898	4,954,124	5,278,773	721,292	615,968	105,324
Australia	12,994	34,095	8,801	25,293	5,508	5,508	-
Austria	2,918	11,858	5,182	6,676	1,153	1,153	-
Barbados	222	19,032	488	18,544	2,859	2,859	-
Belgium	9,174	104,626	21,207	83,419	15,514	12,254	3,260
Canada	286,958	1,215,231	498,428	716,804	108,849	108,849	-
Denmark	1,743	5,031	2,654	2,377	331	322	9
Egypt	237	32,903	32,675	228	61	61	-
France	13,344	550,557	141,691	408,866	48,758	47,907	851
Greece	3,791	5,842	3,508	2,333	679	679	-
Ireland	4,172	8,518	2,746	5,772	987	918	69
Italy	6,905	38,594	15,818	22,776	5,425	5,425	-
Japan	5,942	832,793	104,267	728,526	76,089	76,089	-
Luxembourg	1,628	59,552	33,737	25,815	5,899	5,082	817
Netherlands	8,812	1,392,091	512,227	879,864	61,983	61,552	431
Netherlands Antilles	2,237	2,094,680	2,037,765	56,915	9,174	9,174	-
Norway	3,438	7,862	3,931	3,931	693	693	-
Sweden	4,874	48,446	6,407	42,039	4,366	4,366	-
Switzerland	20,378	1,042,436	134,365	908,072	202,988	105,071	97,917
Trinidad and Tobago	283	9,429	9,207	221	61	61	-
United Kingdom	87,444	1,987,293	891,821	1,095,472	130,296	128,326	1,970
West Germany	34,666	704,012	476,747	227,265	35,081	35,081	-
Other treaty countries	10,163	28,017	10,452	17,565	4,538	4,538	-
Nontreaty countries, total	84,464	823,103	527,957	295,147	82,422	82,422	-
Argentina	3,843	235,469	231,226	4,243	1,250	1,250	-
Bahamas	1,687	26,505	2,984	23,521	6,817	6,817	-
Bermuda	1,149	51,863	16,317	35,546	10,635	10,635	-
Brazil	1,941	11,107	5,525	5,582	1,655	1,655	-
British Virgin Islands	378	7,961	2,956	5,005	1,041	1,041	-
Cayman Islands	662	31,438	22,733	8,705	2,603	2,603	-
China (Taiwan)	716	13,090	11,918	1,173	346	346	-
Hong Kong	8,289	32,039	3,520	28,519	8,487	8,487	-
Israel	2,903	5,799	1,245	4,554	1,305	1,305	-
Kuwait	739	4,282	241	4,041	1,212	1,212	-
Liberia	335	14,914	185	14,728	4,418	4,418	-
Liechtenstein	666	12,288	1,655	10,633	3,160	3,160	-
Mexico	8,214	27,951	6,390	21,561	6,438	6,438	-
Panama	2,481	47,233	18,221	29,012	8,685	8,685	-
Puerto Rico	2,622	4,719	3,371	1,349	403	403	-
Saudi Arabia	2,384	123,209	118,093	5,116	1,525	1,525	-
Singapore	3,135	14,245	12,018	2,227	652	652	-
Spain	4,275	13,904	4,914	8,990	2,663	2,663	-
Venezuela	4,565	15,320	8,365	6,955	2,065	2,065	-
Other nontreaty countries	33,480	129,767	56,080	73,687	17,062	17,062	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
All countries, total	606,787	698,390	11,056,001	5,905,657	4,168,145	667,057	71,654
Individual	437,751	91,649	696,515	166,606	310,916	52,733	63,764
Corporations	53,391	374,264	7,997,212	4,940,945	2,379,523	551,553	5,429
Antigua	138	3	1,826	1,804	15	-	-
Individuals	47	3	18	-	12	-	-
Corporations	85	*	1,806	1,804	2	-	-
Argentina	3,843	1,250	235,469	231,442	2,248	291	788
Individuals	3,300	937	4,780	1,721	1,812	89	783
Corporations	44	86	1,891	1,369	13	187	1
Australia	12,994	5,508	34,095	9,490	13,330	7,233	2,601
Individuals	11,034	1,623	9,094	611	3,803	689	2,556
Corporations	755	3,073	20,470	8,565	6,371	5,503	31
Austria	2,918	1,153	11,858	2,724	6,018	171	465
Individuals	1,826	547	5,182	813	2,208	113	411
Corporations	144	428	3,577	823	2,694	50	-
Bahamas	1,687	6,817	26,505	8,097	16,908	708	68
Individuals	809	640	2,718	324	2,168	74	68
Corporations	476	2,728	11,844	4,816	6,491	512	-
Barbados	222	2,859	19,032	538	18,053	339	12
Individuals	135	55	395	49	246	-	12
Corporations	53	1,442	9,491	205	9,286	-	-
Belgium	9,174	12,254	104,626	33,908	51,076	15,625	1,362
Individuals	6,975	1,114	9,545	1,079	4,553	610	1,271
Corporations	898	6,120	57,969	23,293	19,568	15,006	12
Bermuda	1,149	10,635	51,863	17,250	17,124	5,538	255
Individuals	666	481	1,649	347	694	13	250
Corporations	252	6,217	37,031	15,565	9,158	965	-
Brazil	1,941	1,655	11,107	6,974	2,326	277	1,185
Individuals	1,648	801	3,055	608	734	185	1,184
Corporations	79	614	7,122	5,704	1,407	11	-
British Virgin Islands	378	1,041	7,961	3,439	4,394	121	-
Individuals	197	163	1,004	34	947	21	-
Corporations	98	626	5,996	2,999	2,916	77	-
Canada	286,958	108,849	1,215,231	518,414	538,184	72,535	8,905
Individuals	214,030	17,147	136,521	20,737	72,663	11,630	6,995
Corporations	26,104	55,858	813,934	468,700	241,543	54,020	1,483
Cayman Islands	662	2,603	31,438	24,131	5,567	213	50
Individuals	108	198	748	320	350	36	-
Corporations	413	1,572	27,045	21,977	3,465	118	50
Chile	1,093	528	2,951	1,439	1,221	11	74
Individuals	935	278	1,206	289	640	11	74
Corporations	14	15	919	917	2	-	-
China	625	297	1,308	135	234	11	18
Individuals	510	197	952	71	192	10	18
Corporations	12	83	278	26	1	-	-
China (Taiwan)	716	346	13,090	12,117	757	61	22
Individuals	625	280	1,065	199	673	61	22
Corporations	19	38	11,913	11,904	5	-	-
Colombia	1,374	463	2,579	1,188	1,144	67	45
Individuals	1,188	290	1,343	419	729	30	44
Corporations	48	89	663	371	246	31	-
Costa Rica	587	249	850	205	562	12	-
Individuals	500	216	735	184	472	10	-
Corporations	26	11	37	3	34	-	-
Denmark	1,743	322	5,031	513	1,982	1,372	420
Individuals	1,551	170	1,572	113	474	114	410
Corporations	72	108	2,649	381	1,236	751	-
Ecuador	552	123	751	292	329	49	37
Individuals	493	101	590	204	259	49	37
Corporations	16	4	16	1	13	-	-
Finland	454	208	3,010	1,353	647	22	510
Individuals	379	119	1,068	64	136	1	436
Corporations	18	50	1,687	1,187	480	16	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983--Continued

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
France	13,344	47,907	550,557	206,859	259,995	60,154	6,345
Individuals	9,651	4,194	37,454	4,603	14,006	6,760	5,983
Corporations	848	20,471	330,688	152,790	118,742	48,071	210
Germany-Democratic Republic	494	292	1,758	974	293	37	412
Individuals	452	215	792	131	191	16	412
Corporations	11	68	589	525	44	-	-
Germany-Federal Republic	34,666	35,081	704,012	394,864	222,182	68,637	5,425
Individuals	27,239	6,062	65,135	18,447	28,301	3,658	5,090
Corporations	1,346	20,409	547,388	352,460	137,027	55,023	201
Greece	3,791	679	5,842	582	2,002	588	370
Individuals	3,434	469	4,609	520	1,300	119	370
Corporations	63	68	687	7	230	450	-
Guam	297	18	71	17	30	-	-
Individuals	258	14	51	7	21	-	-
Corporations	14	2	13	8	5	-	-
Guatemala	494	187	1,004	331	428	6	45
Individuals	453	157	642	213	343	6	45
Corporations	11	6	279	105	16	-	-
Honduras	376	162	798	275	302	3	210
Individuals	347	153	719	225	274	2	210
Corporations	13	1	53	47	5	1	-
Hong Kong	8,289	8,487	32,039	7,344	22,680	1,623	96
Individuals	6,408	3,658	13,871	1,566	11,601	538	70
Corporations	510	3,557	12,708	4,652	6,979	874	26
India	978	331	3,310	1,914	272	51	167
Individuals	811	274	1,311	102	152	38	130
Corporations	48	23	360	296	53	8	3
Iran	646	168	1,498	344	433	15	-
Individuals	576	150	767	337	371	15	-
Corporations	13	2	672	7	2	-	-
Ireland	4,172	918	8,518	2,202	5,482	184	257
Individuals	3,695	287	2,466	381	1,413	133	233
Corporations	117	142	2,672	1,788	846	38	1
Israel	2,903	1,305	5,799	2,763	1,645	359	434
Individuals	2,246	690	2,907	675	1,034	240	364
Corporations	73	364	1,903	1,800	95	6	-
Italy	6,905	5,425	38,594	11,312	9,153	10,059	3,194
Individuals	5,737	4,182	21,935	2,110	3,796	8,162	3,148
Corporations	151	742	13,326	8,414	3,590	1,267	-
Jamaica	511	82	806	93	220	37	11
Individuals	420	29	609	32	86	36	11
Corporations	23	49	170	57	113	-	-
Japan	5,942	76,089	832,793	480,960	198,217	138,957	7,018
Individuals	4,204	2,365	24,111	10,835	3,106	435	5,723
Corporations	1,297	70,465	777,235	457,016	184,899	131,366	997
Kuwait	739	1,212	4,282	1,478	2,729	-	21
Individuals	558	292	1,073	431	594	-	21
Corporations	51	371	1,270	226	1,020	-	-
Lebanon	1,229	896	3,137	1,680	1,377	46	3
Individuals	1,098	855	2,999	1,678	1,243	46	3
Corporations	10	8	25	-	25	-	-
Liberia	335	4,418	14,914	837	14,008	61	-
Individuals	267	164	569	80	480	-	-
Corporations	38	4,223	14,174	670	13,443	61	-
Liechtenstein	666	3,160	12,288	3,497	8,604	82	10
Individuals	305	1,137	3,928	334	3,537	22	5
Corporations	195	1,158	5,209	2,129	2,952	60	5
Luxembourg	1,628	5,082	59,552	27,808	30,041	1,544	69
Individuals	433	334	2,653	853	1,686	-	69
Corporations	349	3,245	45,892	23,663	20,651	1,544	-
Malaysia	583	81	775	467	248	28	9
Individuals	537	69	247	4	209	4	9
Corporations	14	6	495	462	8	25	-

Table 2.--Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983--Continued

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Mexico	8,214	6,438	27,951	7,183	6,617	6,085	836
Individuals	7,356	3,340	15,427	3,842	5,477	3,391	820
Corporations	277	2,304	8,621	2,005	375	1,366	16
Monaco	308	656	2,629	623	1,467	170	351
Individuals	223	473	1,842	572	740	162	351
Corporations	20	39	219	2	218	-	-
Morocco	123	335	1,273	1,031	115	39	29
Individuals	96	41	233	56	82	7	29
Corporations	10	1	4	-	4	-	-
Netherlands	8,812	61,552	1,392,091	554,799	797,196	29,217	1,601
Individuals	5,017	2,815	41,876	22,175	16,262	278	1,520
Corporations	1,252	47,717	1,183,127	439,971	713,869	22,357	16
Netherlands Antilles	2,237	9,174	2,094,680	1,972,339	66,338	47,725	5
Individuals	537	653	25,223	20,108	4,140	901	5
Corporations	1,170	6,582	1,910,902	1,806,611	49,439	46,803	-
New Zealand	1,606	204	1,375	152	662	137	214
Individuals	1,384	155	1,058	114	445	86	214
Corporations	63	40	221	34	165	21	-
Norway	3,438	693	7,862	2,093	3,266	944	590
Individuals	3,027	330	2,791	125	914	227	586
Corporations	98	169	3,403	1,616	1,145	629	-
Panama	2,481	8,685	47,233	20,050	20,577	5,473	208
Individuals	1,438	1,839	6,703	598	5,708	24	158
Corporations	637	5,339	30,588	15,372	10,547	3,912	50
Peru	1,014	192	1,090	478	440	25	19
Individuals	873	163	692	174	370	25	19
Corporations	18	14	118	70	25	-	-
Philippines	2,600	926	3,754	523	890	6	102
Individuals	2,314	855	3,186	153	760	5	102
Corporations	73	12	150	74	18	-	-
Poland	292	61	1,608	123	124	53	896
Individuals	269	43	1,336	119	45	26	822
Corporations	10	18	106	-	77	27	-
Portugal	886	186	1,264	531	513	16	104
Individuals	737	141	678	87	388	-	104
Corporations	10	1	421	416	5	-	-
Puerto Rico	2,622	403	4,719	3,414	490	706	11
Individuals	2,286	121	469	65	294	1	11
Corporations	152	270	1,010	128	177	705	-
Saudi Arabia	2,384	1,525	123,209	105,181	2,053	99	16
Individuals	2,092	1,285	14,601	1,924	1,674	99	15
Corporations	23	120	51,315	51,171	144	-	-
Singapore	3,135	652	14,245	10,791	3,086	21	151
Individuals	2,895	394	1,471	60	1,092	21	151
Corporations	88	195	3,626	1,818	1,763	-	-
South Africa	2,232	1,075	4,010	1,125	1,845	279	218
Individuals	2,044	862	3,236	1,082	1,324	81	210
Corporations	22	33	161	13	66	74	8
Spain	4,275	2,663	13,904	7,754	3,942	457	886
Individuals	3,709	1,415	5,339	958	2,599	230	873
Corporations	89	899	7,222	6,398	609	99	5
Sweden	4,874	4,366	48,446	2,892	36,586	2,363	4,696
Individuals	4,461	1,859	9,213	278	2,156	346	4,585
Corporations	123	1,838	34,456	2,384	30,046	1,953	72
Switzerland	20,378	105,071	1,042,436	361,733	630,212	35,234	2,290
Individuals	8,711	8,802	68,336	14,326	43,579	4,394	1,626
Corporations	2,772	65,227	704,189	267,441	404,235	28,333	609
United Kingdom	87,444	128,326	1,987,293	731,896	1,069,647	148,378	14,652
Individuals	51,484	9,182	79,340	10,357	39,761	7,480	12,897
Corporations	10,362	34,547	1,200,030	696,531	360,847	127,960	1,432
Uruguay	578	591	2,901	1,153	1,498	226	5
Individuals	361	142	629	146	442	3	5
Corporations	51	301	1,149	443	688	-	-

Table 2.—Number of Forms 1042S Filed, Tax Withheld, and Gross Income Paid by Income Type, by Selected Recipient Type and Country of Recipient, 1983--Continued

[Money amounts are in thousands of dollars]

Country or Geographic area	Number of Forms 1042S filed	Tax withheld	Income paid				
			Total	Interest	Dividends	Rents and royalties	Personal service
	(1)	(2)	(3)	(4)	(5)	(6)	(7)
Venezuela	4,565	2,065	15,320	8,418	6,478	45	151
Individuals	3,721	1,492	10,709	6,157	4,158	34	150
Corporations	111	322	2,616	1,127	1,484	5	-
Virgin Islands-United States	749	116	588	88	435	-	49
Individuals	554	43	157	24	120	-	-
Corporations	25	44	329	51	229	-	49
Zimbabwe	95	43	188	19	109	32	-
Individuals	58	20	108	16	41	32	-
Corporations	20	11	37	4	34	-	-
Other countries	23,249	13,249	153,004	89,214	51,099	2,200	2,661
Individuals	16,019	4,074	29,774	11,340	10,836	904	2,044
Corporations	1,094	3,679	81,046	69,533	7,638	1,268	152

*Less than $500.