

Section 250 Deduction for Foreign-Derived Intangible Income and Global Intangible Low-Taxed Income, Tax Year 2021



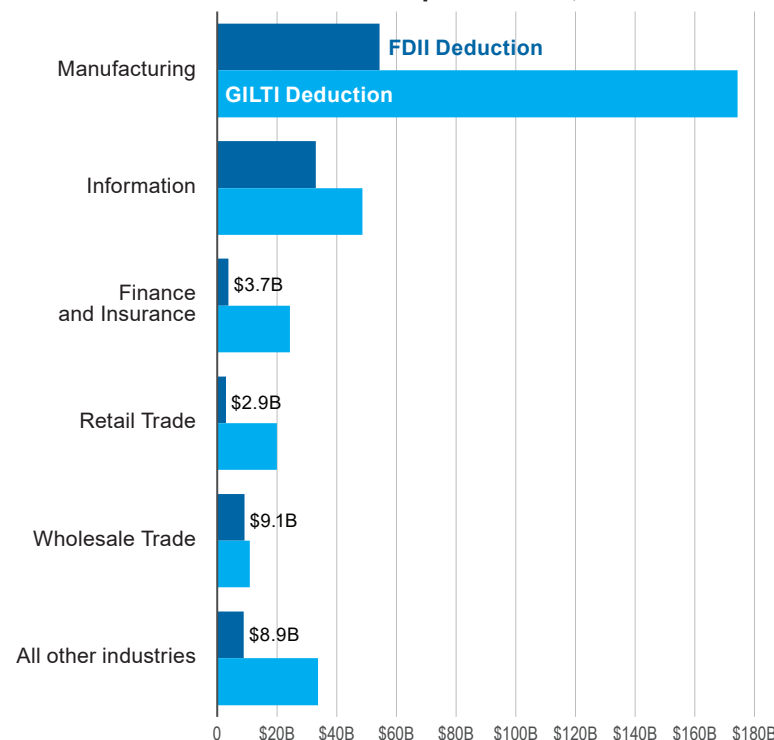
U.S. corporations use Form 8993, Section 250 Deduction for Foreign-Derived Intangible Income (FDII) and Global Intangible Low-Taxed Income (GILTI), to determine their eligible FDII and GILTI deductions under Section 250, created under Public Law 115-97 (Tax Cuts and Jobs Act (TCJA) of 2017). FDII is income from accessing or serving foreign markets, either through goods or services, and is already included as part of a domestic corporation's taxable income. The GILTI provisions in IRC Section 951A impose a tax on foreign sourced intangible income earned by U.S. shareholders of any controlled foreign corporation (CFC). The GILTI provisions in Section 250 allow a deduction on income generated by intangible assets owned outside of the U.S.

For tax years 2018–2025, certain domestic corporations are allowed a deduction equal to 37.5% of FDII and 50% of GILTI. The IRS Statistics of Income Division (SOI) produced a sample-based collection of aggregate statistics for corporation income tax returns with a Form 8993 that were included in the tax year 2021 SOI sample of corporation returns with accounting periods ending between July 2021 and June 2022.

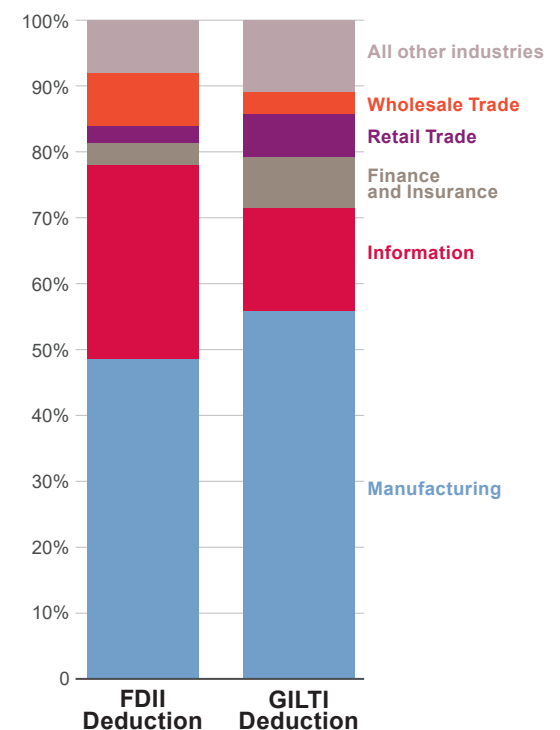
Highlights of the Data

- U.S. corporations claimed over \$111 billion in FDII deductions and over \$311 billion in GILTI deductions in tax year 2021.
- U.S. corporations reported over \$301 billion of FDII on Form 8993.
- The top 5 industries accounted for almost 90% of the GILTI deduction total and 92% of the FDII deduction total.
- The manufacturing industry reported a FDII amount of over \$146 billion, the most of any industry and 48.6% of total FDII reported for all industries. The manufacturing industry claimed 55.9% of the GILTI deduction total.
- The information industry claimed 15.6% of the GILTI deduction total and 29.5% of the FDII deduction total.

FDII and GILTI Deductions for Top Industries, Tax Year 2021



Percentage of FDII and GILTI Deductions by Industry, Tax Year 2021



International Tax Statistics

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