



FACTCOALITION
Financial Accountability & Corporate Transparency

Inconvenient Realities on Corporate Tax: Loopholes, Tax Breaks and Subsidies Tell the Real Story on the Corporate Tax Rate

- 12%: average corporate tax rate on domestic profits, according to the Congressional Budget Office, far from the statutory rate of 35% that is being decied today
- 30%: Corporate share of the nation's tax receipts in the mid 1950s 10
- 6.6%: Corporate share of the nation's tax receipts in 2009 11
- 30 of the top 100 American corporations paid zero income tax in at least one of the last three years (2008-2010).
- G.E. (2005-2010): U.S. Profit \$5.1 billion, U.S. Federal Income Tax Paid: \$0
- Bank of America (2010): Profit \$4.4 billion; Bailout \$1 trillion; U.S. Federal Income Tax Paid: \$0
- Exxon (2009): Profit: \$19 billion; U.S. Federal Income Tax Paid: \$0
- Chevron (2009): Profit \$10 billion, U.S. Federal Income Tax Paid: \$0
- Citigroup (2010): Profit \$4 billion; Bailout \$2.5 trillion, U.S. Federal Income Tax Paid: \$0

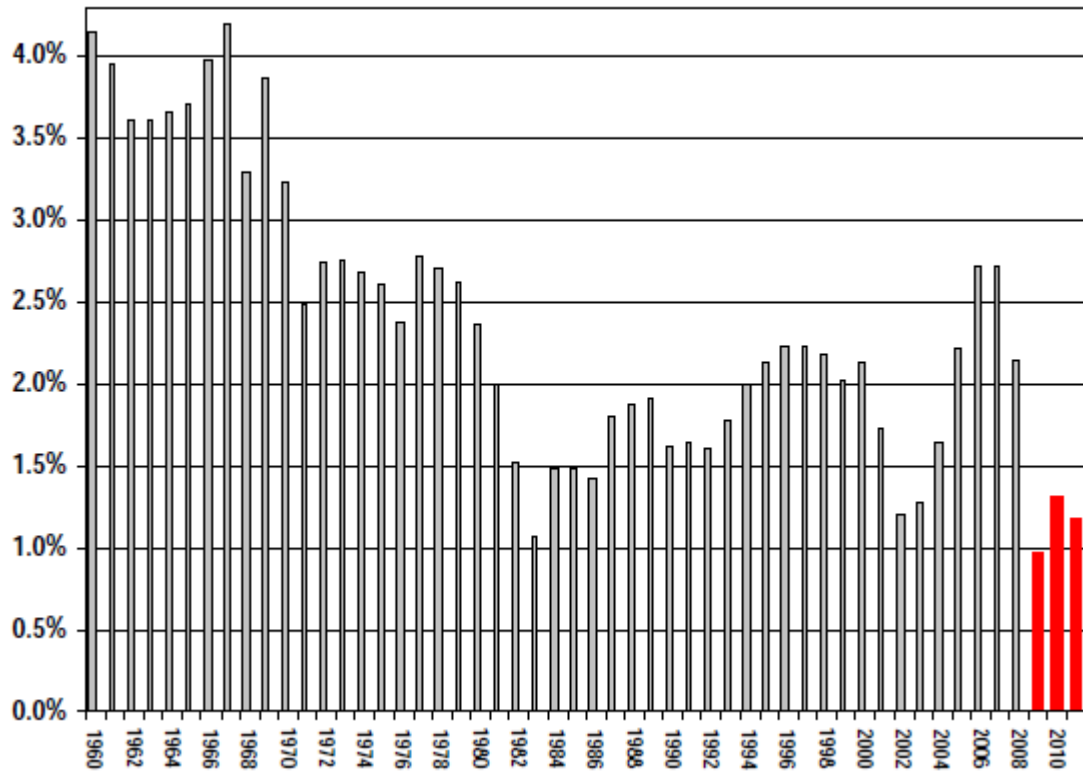
Example from Citizens for Tax Justice Report: Thirty corporations paid less than nothing in aggregate federal income taxes over the entire 2008-10 period. These companies, included:

- Pepco Holdings (-57.6% tax rate)
- General Electric (-45.3%)
- DuPont (-3.4%)
- Verizon (-2.9%)
- Boeing (-1.8%)
- Wells Fargo (-1.4%)
- Honeywell (-0.7%).

Source: Citizens for Tax Justice

<http://www.ctj.org/corporatetaxdodgers/CorporateTaxDodgersReport.pdf>

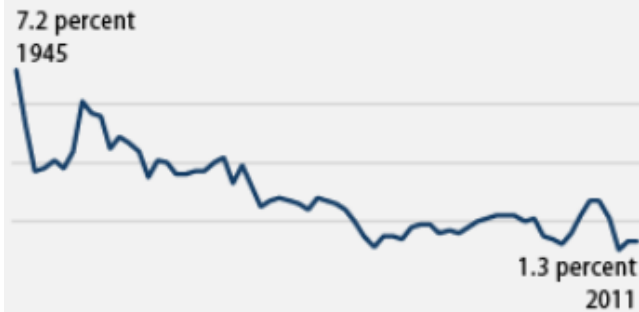
Federal corporate taxes as a % of GDP, fiscal 1960-2011



Source: Center for American Progress
http://www.americanprogress.org/issues/2011/06/low_tax.html

The U.S. corporate tax has steadily declined

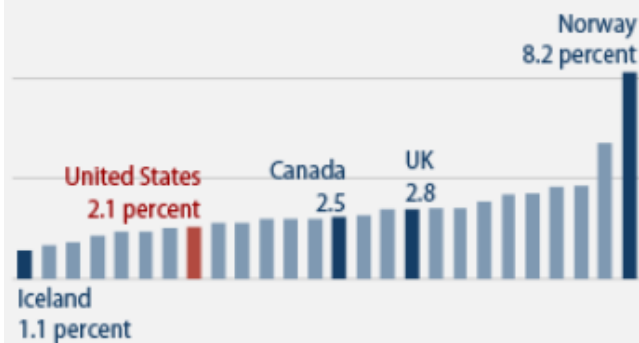
Corporate tax revenue, as a share of GDP



In the 1950s revenue from the federal corporate income tax averaged about 5 percent of GDP per year. Last decade, corporate tax revenue averaged just 2 percent of GDP annually. Since 2009, corporate tax revenue has averaged just 1.2 percent, the lowest three-year average in American postwar history.

The U.S. raises much less from corporate taxes than other countries

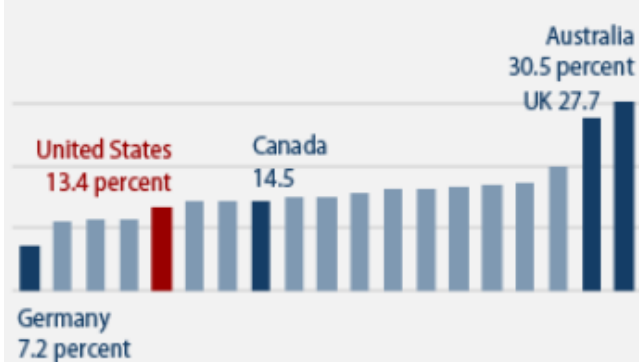
Corporate tax revenue as a share of GDP, OECD countries, 2009



The United States generates far less revenue from the corporate income tax than other countries do. Corporate income tax revenue in the United States is about 25 percent below the OECD average.

U.S. corporations are taxed less than their foreign rivals

Effective corporate tax rate, OECD countries, 2000-2005 average



U.S. corporations pay a smaller share of their profits in income tax than corporations in most other OECD countries. The average effective corporate tax rate among OECD countries is about 16 percent. In the United States that rate is about 13 percent. The effective rate is what corporations actually pay on their profits after taking various deductions, deferrals, and credits.

Tax breaks and tax loopholes have proliferated

Total cost of all tax expenditures (exclusions, deductions, credits, etc.), in billions of 2010 dollars



Over the past 25 years, Congress has introduced billions of dollars worth of special breaks, subsidies, and loopholes into the corporate and individual income tax code. Their total value now exceeds \$1 trillion a year.

Sources: Office of Management and Budget, Organisation for Economic Co-Operation and Development, Citizens for Tax Justice, Internal Revenue Service, U.S. Department of Treasury, Government Accountability Office



SOURCE: Center for American Progress

10 Kocieniewski, David. "G.E.'s Strategies Let It Avoid Taxes Altogether." New York Times. 24 March 2011
http://www.nytimes.com/2011/03/25/business/economy/25tax.html?_r=3
11 Id.

12Dyreg, Scott, Lindsey, Bradley P. and Thornock, Jacob R., Exploring the Role Delaware Plays as a Domestic Tax Haven 28 April 2011 <http://ssrn.com/abstract=1737937>

13 Id.

14 Id.