



# Tax Dodgers:

How Billionaire Corporations Avoid  
Paying Taxes and How to Fix It



Staff Report Prepared by the Office of  
Senator Elizabeth Warren

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## Executive Summary

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America's largest corporations have rigged the tax code in their favor, employing armies of lobbyists and accountants to write and abuse the rules so they can avoid paying their fair share of taxes. In 2020, DISH Network—one of the most profitable companies in the United States—reported \$2.6 billion in global profits and paid their founder and chairman almost \$95 million. But the company paid no federal income tax and even received a \$231 million tax refund from the U.S. government. That same year, the massive defense conglomerate Northrop Grumman made \$3.7 billion. Its effective tax rate? 6.7%—less than one-third of the statutory corporate tax rate of 21%.

These are not isolated examples. Year after year, far too many giant corporations report billions in profits to their shareholders and then tell the U.S. government that they owe nothing come tax time. In 2020 in particular, while middle-class Americans continued to struggle through the COVID-19 pandemic, many of America's largest corporations banked record-breaking profits—and paid \$0 in taxes.

The Corporate Profits Minimum Tax (CPMT) will end these tax-rigging schemes by requiring giant companies that report more than \$1 billion in profits to their shareholders to pay a minimum 15% tax rate. In addition to making our tax code fairer, the CPMT will generate \$319 billion over the next decade to invest in the American economy and support America's workers and families. The CPMT is a core component of President Biden's Build Back Better agenda, and requiring these companies to pay their fair share in taxes will help fund transformative investments in our country: universal pre-K, child-care, paid leave, tax credits for families, expanded Medicare coverage, and more.

This report examines current corporate tax problems and the impact of Senator Elizabeth Warren, Angus King, and Ron Wyden's Corporate Profits Minimum Tax proposal on 70 of America's wealthiest and most profitable companies. It reviews publicly available information from the nonpartisan Institute on Taxation and Economic Policy for corporations in the Fortune 500 and S&P 500 and answers three questions. First, how much did they make in annual profits? Second, how much—or how little—did they pay in income tax? Third, how much would they have paid under a 15% tax rate—the minimum level set by the CPMT? It finds that the Corporate Profits Minimum Tax will address the rigged U.S. tax code that has allowed America's largest corporations to pay little to nothing in federal taxes. Ultimately, this tax fairness proposal will raise hundreds of billions of dollars from some of the biggest tax avoiders to help pay for critical investments in our country and its people.

## Background

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Giant corporations have rigged the U.S. tax code so they can dodge the taxes that everyone else must pay. Continuing a decades-long trend, corporate tax avoidance reached new peaks during a worldwide pandemic that has killed over 750,000 Americans;<sup>1</sup> in 2020, many of the largest and most profitable corporations paid \$0 in federal taxes.<sup>2</sup> President Donald Trump and a Republican Congress worsened inequality and bolstered giant corporations' ability to exploit our tax system through the *Tax Cuts and Jobs Act of 2017*.<sup>3</sup> It is time to reverse this unjustifiable hoarding of wealth at the top by changing our tax laws so that corporations pay their fair share.

The Corporate Profits Minimum Tax will restore tax fairness by imposing a 15% minimum tax on profits reported to shareholders by America's wealthiest corporations.<sup>4</sup> The CPMT ensures that when giant companies report billions in profits—and richly reward their CEOs for these profits—they can't then turn around and pay nothing in federal taxes. It will apply to roughly 200 corporations that have three-year-average annual book earnings exceeding \$1 billion and that use loopholes and accounting gimmicks to pay little to nothing in taxes, like getting a tax break for exorbitant executive compensation.<sup>5</sup>

Senators Warren and King, along with Representative Don Beyer, previously introduced the *Real Corporate Profits Tax Act*<sup>6</sup> and worked with Senate Finance Committee Chair Wyden, the White House, and the Treasury Department to develop this updated proposal for inclusion in the Build Back Better bill. The CPMT is cosponsored by Senators Michael Bennet, Edward Markey, and Sheldon Whitehouse. President Biden also proposed a similar minimum corporate tax as part of his Build Back Better agenda.<sup>7</sup>

President Biden and Democrats in Congress are in agreement that the Corporate Profits Minimum Tax helps our country and ordinary Americans. That's why over 70% of American voters support the proposal, including majorities of Democrats and Republicans.<sup>8</sup> The CPMT is a key part of the Build Back Better bill and enables our country to make transformative investments by raising approximately \$319 billion over a decade.<sup>9</sup> The Build Back Better bill, funded in part by the CPMT, will establish two years of free preschool for every 3- and 4-year old in America and extend the expansion of the Child Tax Credit and Earned Income Tax Credit, providing tax relief to millions of families.<sup>10</sup> The bill will expand affordable health care coverage by reducing premiums for more than 9 million Americans, providing coverage to over 4 million uninsured individuals, and expanding Medicare.<sup>11</sup> And the bill will make important and substantial investments in combating climate change, strengthening the middle class, and providing affordable housing.<sup>12</sup> By making corporations that report over \$1 billion in profits to their shareholders pay the bare minimum in taxes, and including several other tax reforms focused on making the wealthy and large corporations pay their fair share, Congress can make these crucial investments in the American economy and people.

## Methodology

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This report analyzes the minimal taxes paid by some of the most profitable corporations in the United States, as well as the potential effect of the Corporate Profits Minimum Tax on their tax payments. Staff used data compiled by the nonpartisan Institute on Taxation and Economic Policy on publicly traded corporations in the Fortune 500 and S&P 500 that averaged over \$1 billion in global annual profits from 2018 to 2020 to determine these corporations' global corporate profits in 2020 (i.e., pretax income), foreign taxes paid in 2020 (i.e., current foreign income tax expense), and U.S. federal income taxes paid in 2020 (i.e., current U.S. income tax expense).<sup>13</sup> Staff used data from the S&P Capital IQ Company Screening Report to determine executive compensation for all top executives as reported by companies in 2020.<sup>14</sup> Total taxes paid were determined by adding foreign taxes paid and U.S. federal taxes paid. Effective tax rates were determined by dividing total taxes paid by annual global corporate profits. Staff calculated the taxes that would have been paid assuming a 15% minimum tax were applied to these companies' earnings in 2020.

Details on individual corporations' tax information are not publicly available, and information on how individual corporations calculate financial income is limited to what is stated on public disclosures. In addition, the CPMT allows for the use of certain tax credits and loss carryforwards that cannot be calculated based on public corporate data. Nonetheless, this report seeks to illustrate the potential significant discrepancy between the tax payments that large, profitable corporations reported to their shareholders and what could be paid under a 15% minimum tax on financial statement income.

All calculations were verified by independent experts at the Institute on Taxation and Economic Policy.

## Findings

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### **Overview**

At least 70 public corporations made over \$1 billion in global profits in 2020 while paying less than 15% of those profits in taxes. Some—including T-Mobile and Charter Communications—paid nothing in combined U.S. and foreign taxes, with ten even receiving net tax refunds from the U.S. government. Others—including Northrop Grumman and Bank of America—had effective tax rates in the single digits despite making over \$1 billion in profits. And others still—including Amazon and Microsoft—paid rates that were closer to 15%, but, because of the sheer size of their profits, would have paid hundreds of millions of dollars more in taxes under the Corporate Profits Minimum Tax. In total, a 15% effective tax rate would have generated up to \$22 billion from the following 70 companies in one year alone, demonstrating why the nonpartisan Joint Committee on Taxation estimates that the CPMT will generate \$319 billion over ten years.<sup>15</sup>

**Table 1: 70 Companies with Over \$1 Billion in Annual Profits in 2020 and Effective Tax Rates Below 15%**

\*All figures are in the millions of dollars

Company	Annual Profits	Taxes Paid	Executive Compensation	Effective Tax Rate	Taxes Paid Under 15% Rate	Additional Revenue Generated by 15% Tax
Abbott Laboratories	\$4,968	\$605	\$75	12.2%	\$745	\$140
Adobe	\$4,176	\$341	\$98	8.2%	\$626	\$285
Air Products & Chemicals	\$2,159	\$290	\$27	13.4%	\$324	\$34
Ally Financial	\$1,414	\$6	\$25	0.4%	\$212	\$206
Amazon.com	\$24,178	\$2,791	\$118	11.5%	\$3,627	\$836
Ameren	\$1,032	\$2	\$27	0.2%	\$155	\$153
American Electric Power	\$2,146	-\$138	\$31	-6.4%	\$322	\$460
Amgen	\$8,133	\$1,198	\$47	14.7%	\$1,220	\$22
Apple	\$67,091	\$9,440	\$120	14.1%	\$10,064	\$624
Applied Materials	\$4,166	\$459	\$44	11.0%	\$625	\$166
Archer Daniels Midland	\$1,883	\$22	\$50	1.2%	\$282	\$260
Bank of America	\$18,995	\$1,762	\$81	9.3%	\$2,849	\$1,087
Bio-Rad Laboratories	\$4,908	\$92	\$19	1.9%	\$736	\$644
Charter Communications	\$4,302	-\$7	\$104	-0.2%	\$645	\$652
Cincinnati Financial	\$1,499	\$147	\$14	9.8%	\$225	\$78
Cintas	\$1,288	\$177	\$14	13.7%	\$193	\$17
Consolidated Edison	\$1,234	-\$2	\$33	-0.2%	\$185	\$187
Constellation Brands	\$2,543	\$156	\$37	6.1%	\$381	\$226
Danaher	\$4,495	\$259	\$60	5.8%	\$674	\$415
DaVita	\$1,318	\$65	\$106	4.9%	\$198	\$133
DISH Network	\$2,572	-\$223	\$102	-8.7%	\$386	\$609
Dominion Resources	\$1,411	-\$314	\$40	-22.3%	\$212	\$526
DTE Energy	\$1,538	-\$247	\$33	-16.1%	\$231	\$478
eBay	\$3,420	\$383	\$118	11.2%	\$513	\$130
Eversource Energy	\$1,559	\$74	\$35	4.7%	\$234	\$160
Exelon	\$2,333	\$26	\$34	1.1%	\$350	\$324
Facebook	\$33,180	\$4,508	\$152	13.6%	\$4,977	\$469
FedEx	\$6,674	\$483	\$31	7.2%	\$1,001	\$518
FirstEnergy	\$1,129	-\$14	\$28	-1.2%	\$169	\$183
Fiserv	\$1,171	\$54	\$58	4.6%	\$176	\$122
Fortive	\$1,508	\$134	\$27	8.9%	\$226	\$92
General Motors	\$7,421	\$577	\$70	7.8%	\$1,113	\$536
Google	\$48,082	\$6,476	\$231	13.5%	\$7,212	\$736
Hershey	\$1,495	\$147	\$38	9.8%	\$224	\$78
Hormel Foods	\$1,115	\$161	\$24	14.4%	\$167	\$6

**Table 1 (cont.): 70 Companies with Over \$1 Billion in Annual Profits in 2020 and Effective Tax Rates Below 15%**

\*All figures are in the millions of dollars

Company	Annual Profits	Taxes Paid	Executive Compensation	Effective Tax Rate	Taxes Paid Under 15% Rate	Additional Revenue Generated by 15% Tax
HP	\$3,231	\$295	\$38	9.1%	\$485	\$190
Intel	\$25,078	\$2,364	\$77	9.4%	\$3,762	\$1,398
Kellogg	\$1,601	\$229	\$30	14.3%	\$240	\$11
Lam Research	\$4,371	\$600	\$28	13.7%	\$656	\$55
Lennar	\$3,124	\$429	\$78	13.7%	\$469	\$40
Micron Technology	\$2,983	\$168	\$45	5.6%	\$447	\$279
Microsoft	\$71,102	\$8,752	\$104	12.3%	\$10,665	\$1,913
Netflix	\$3,199	\$302	\$132	9.4%	\$480	\$178
NextEra Energy	\$2,413	\$105	\$50	4.4%	\$362	\$257
Norfolk Southern	\$2,530	\$307	\$38	12.1%	\$380	\$73
Northrop Grumman	\$3,728	\$249	\$48	6.7%	\$559	\$310
Nvidia	\$4,409	\$358	\$27	8.1%	\$661	\$303
Oracle	\$12,999	\$1,445	\$26	11.1%	\$1,950	\$505
Paypal Holdings	\$5,065	\$555	\$60	11.0%	\$760	\$205
PPL	\$1,971	\$76	\$33	3.9%	\$296	\$220
Principal Financial	\$1,694	\$71	\$34	4.2%	\$254	\$183
PulteGroup	\$1,728	\$160	\$31	9.2%	\$259	\$100
Qualcomm	\$5,719	\$736	\$69	12.9%	\$858	\$122
Regeneron Pharmaceuticals	\$3,810	\$220	\$296	5.8%	\$572	\$351
Republic Services	\$1,143	\$72	\$29	6.3%	\$171	\$100
Rockwell Automation	\$1,136	\$165	\$19	14.5%	\$170	\$6
Salesforce.com	\$2,561	\$226	\$94	8.8%	\$384	\$158
Sempra Energy	\$1,783	\$112	\$50	6.3%	\$267	\$155
Southern	\$3,496	\$199	\$51	5.7%	\$524	\$325
Stryker	\$1,954	\$287	\$29	14.7%	\$293	\$6
Texas Instruments	\$6,017	\$549	\$48	9.1%	\$903	\$354
Thermo Fisher Scientific	\$7,225	\$944	\$62	13.1%	\$1,084	\$140
T-Mobile US	\$3,530	-\$7	\$285	-0.2%	\$530	\$537
Union Pacific	\$6,980	\$1,032	\$34	14.8%	\$1,047	\$15
Verizon Communications	\$22,844	\$2,985	\$53	13.1%	\$3,427	\$442
Vertex Pharmaceuticals	\$3,117	\$109	\$52	3.5%	\$468	\$359
Viacom	\$3,147	\$340	\$83	10.8%	\$472	\$132
Waste Management	\$1,893	\$141	\$26	7.4%	\$284	\$143
WEC Energy Group	\$1,429	\$49 <sup>16</sup>	\$46	3.4%	\$214	\$165
Xcel Energy	\$1,467	-\$13	\$34	-0.9%	\$220	\$233

### Select Corporations

Below is a select group of corporations from the list of 70 companies with over \$1 billion in annual profits in 2020 but effective tax rates of less than 15%. Collectively, these companies demonstrate the limited taxes paid by some of America's most profitable corporations and the potential revenue generated by making them pay their fair share.

### Amazon

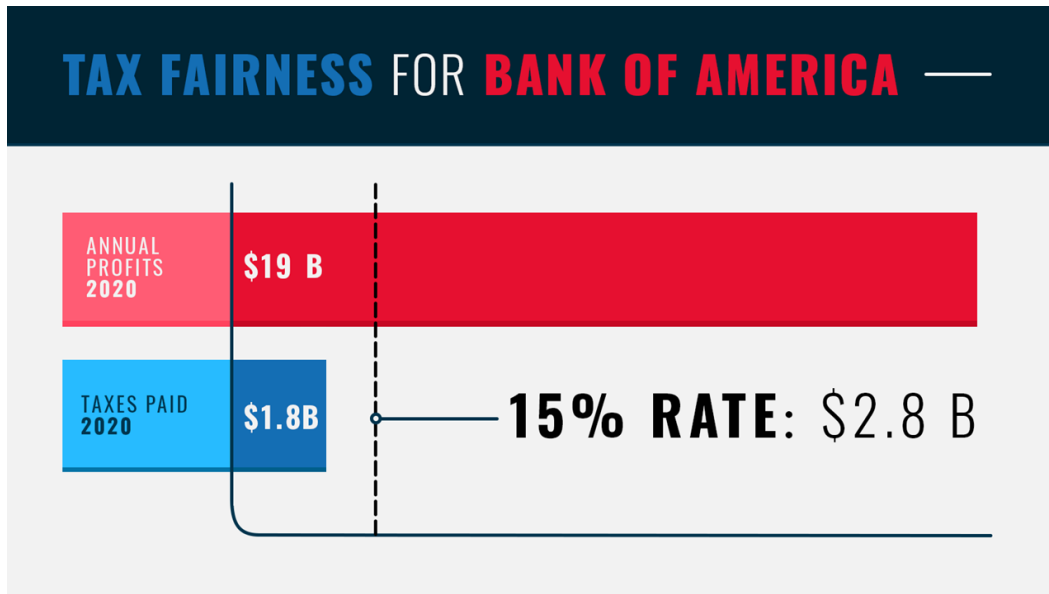
Amazon grossed \$24.2 billion in global profits but paid just \$2.8 billion in U.S. federal and foreign income taxes in 2020, while paying \$118 million in executive compensation. Its effective tax rate was 11.5%, a significantly lower rate than that of many brick-and-mortar retail competitors and small businesses.<sup>17</sup> At a 15% tax rate, Amazon would have paid \$3.6 billion in total U.S. federal and foreign income taxes, providing up to \$836 million more in revenue for key priorities for American families.





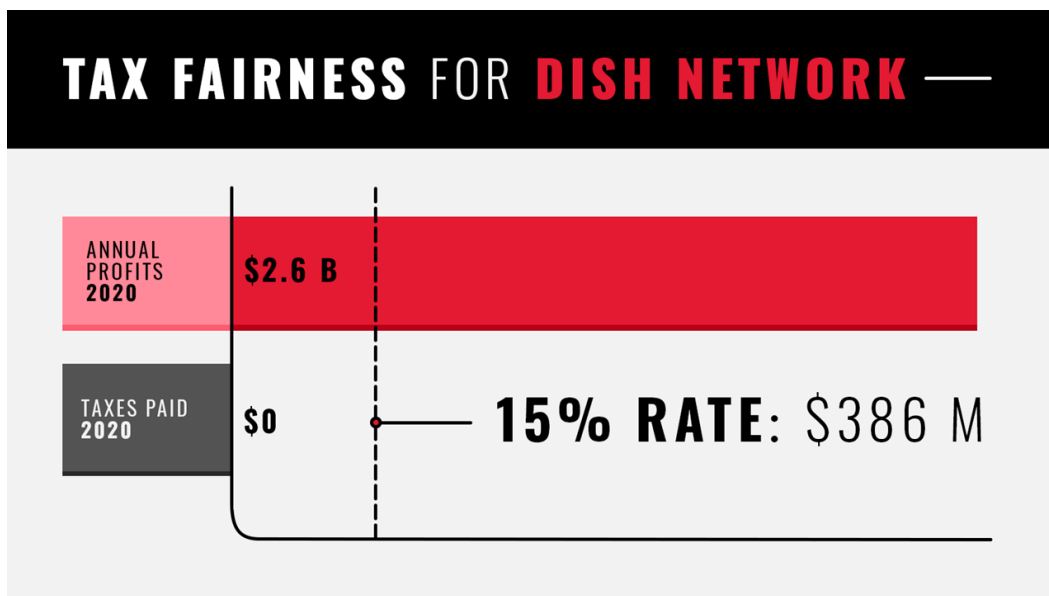
### Bank of America

Bank of America grossed \$19 billion in global profits but paid just \$1.8 billion in U.S. federal and foreign income taxes in 2020, while paying \$81 million in executive compensation. Its effective tax rate was 9.3%. At a 15% tax rate, Bank of America would have paid \$2.8 billion in total U.S. federal and foreign income taxes, providing up to \$1.1 billion more in revenue for key priorities for American families.



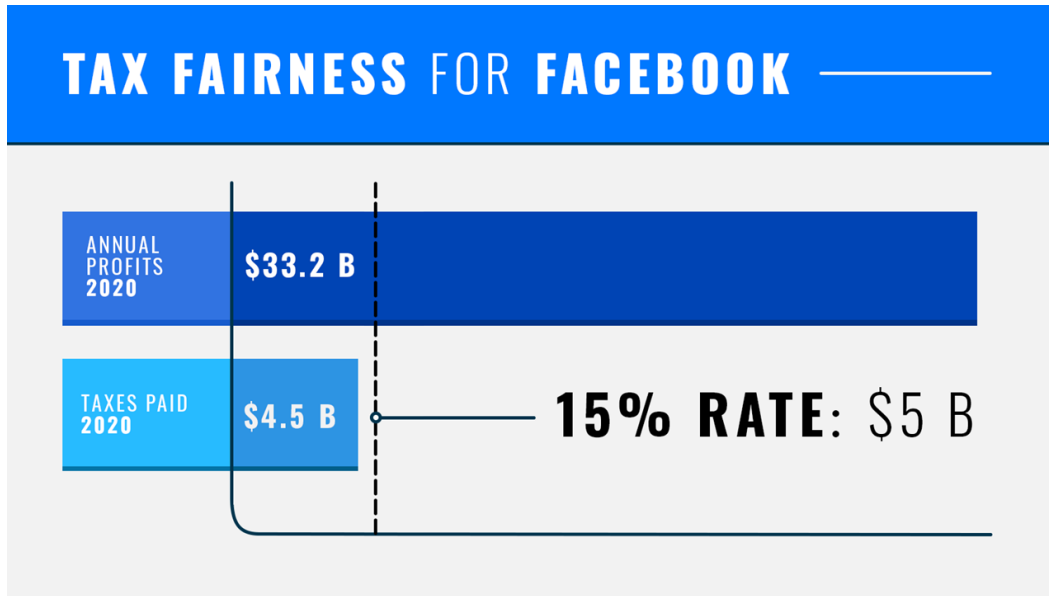
### DISH Network

DISH Network grossed \$2.6 billion in global profits but received a net tax *refund* of \$223 million in 2020, while paying \$102 million in executive compensation. At a 15% tax rate, DISH Network would have paid \$386 million in total U.S. federal and foreign income taxes, providing up to \$609 million more in revenue for key priorities for American families.



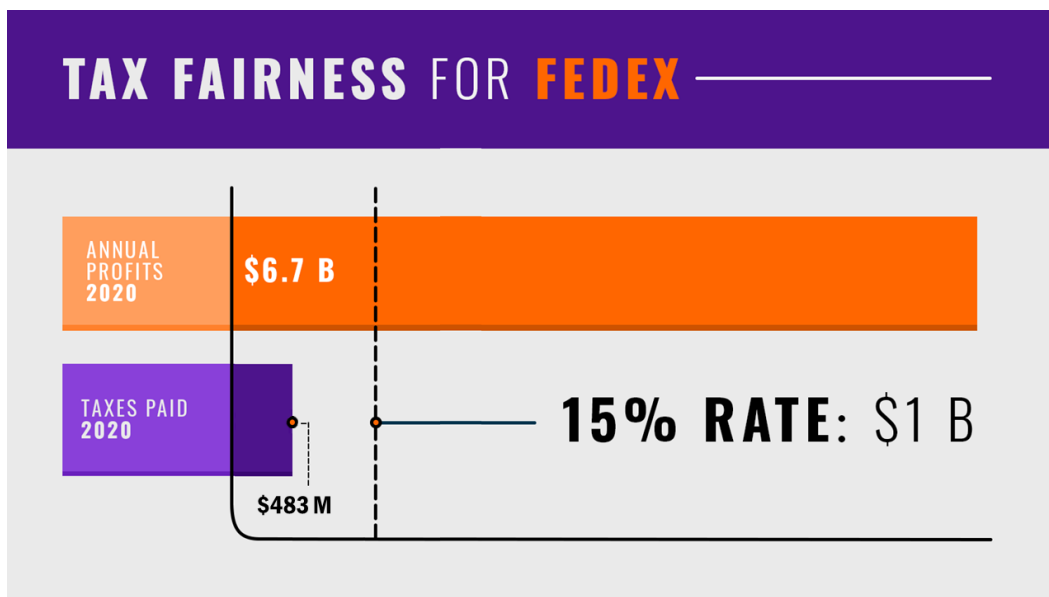
### Facebook

Facebook grossed \$33.2 billion in global profits but paid just \$4.5 billion in U.S. federal and foreign income taxes in 2020, while paying \$152 million in executive compensation. Its effective tax rate was 13.6%. At a 15% tax rate, Facebook would have paid \$5 billion in total U.S. federal and foreign income taxes, providing up to \$469 million more in revenue for key priorities for American families.



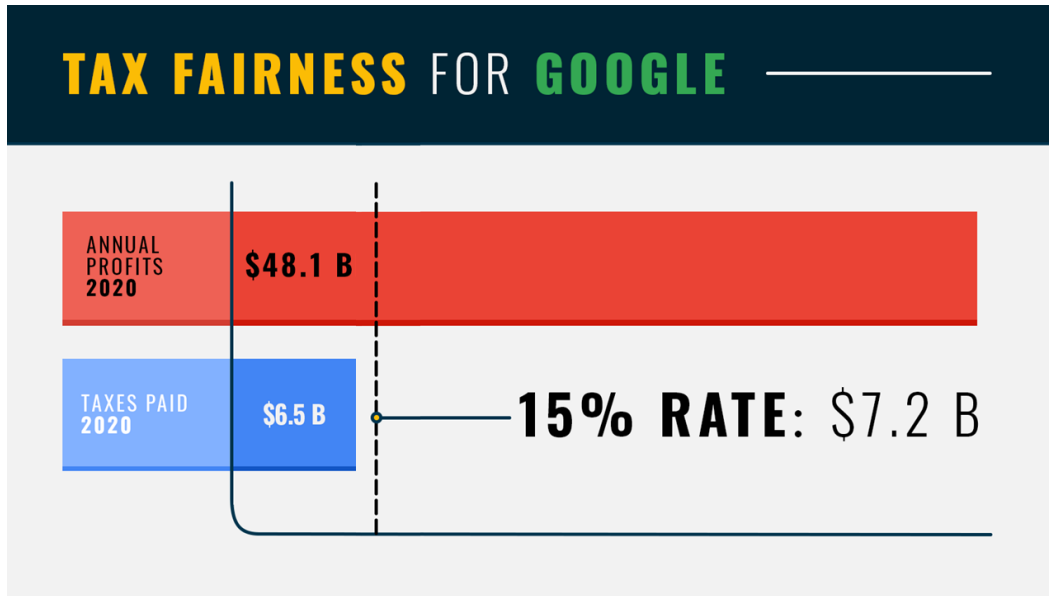
### FedEx

FedEx grossed \$6.7 billion in global profits but paid just \$483 million in U.S. federal and foreign income taxes in 2020, while paying \$31 million in executive compensation. Its effective tax rate was 7.2%. At a 15% tax rate, FedEx would have paid \$1 billion in total U.S. federal and foreign income taxes, providing up to \$518 million more in revenue for key priorities for American families.



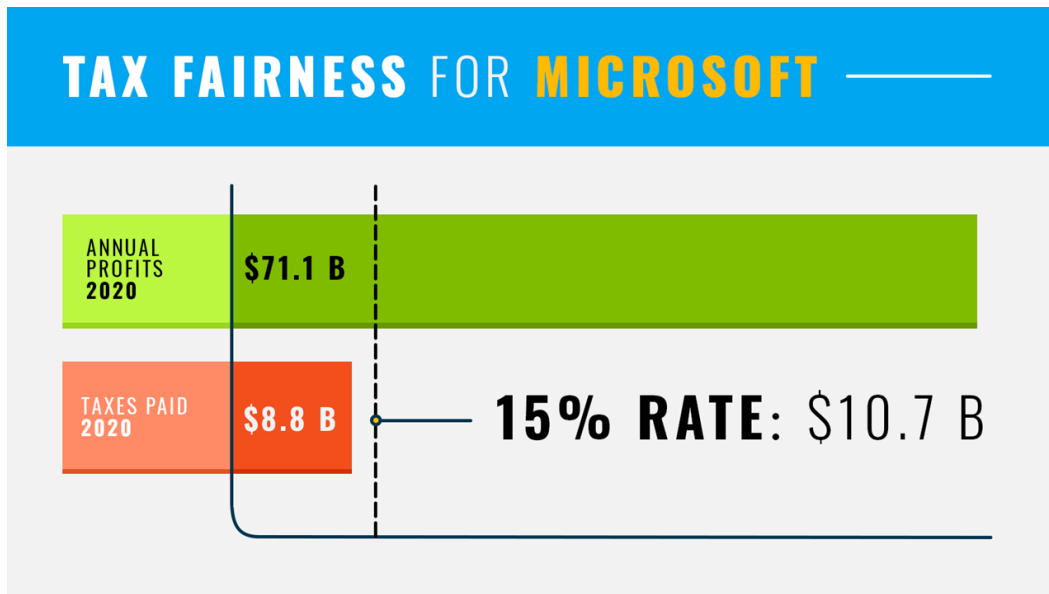
## Google

Google grossed \$48.1 billion in global profits but paid just \$6.5 billion in U.S. federal and foreign income taxes in 2020, while paying \$231 million in executive compensation. Its effective tax rate was 13.5%. At a 15% tax rate, Google would have paid \$7.2 billion in total U.S. federal and foreign income taxes, providing up to \$736 million more in revenue for key priorities for American families.



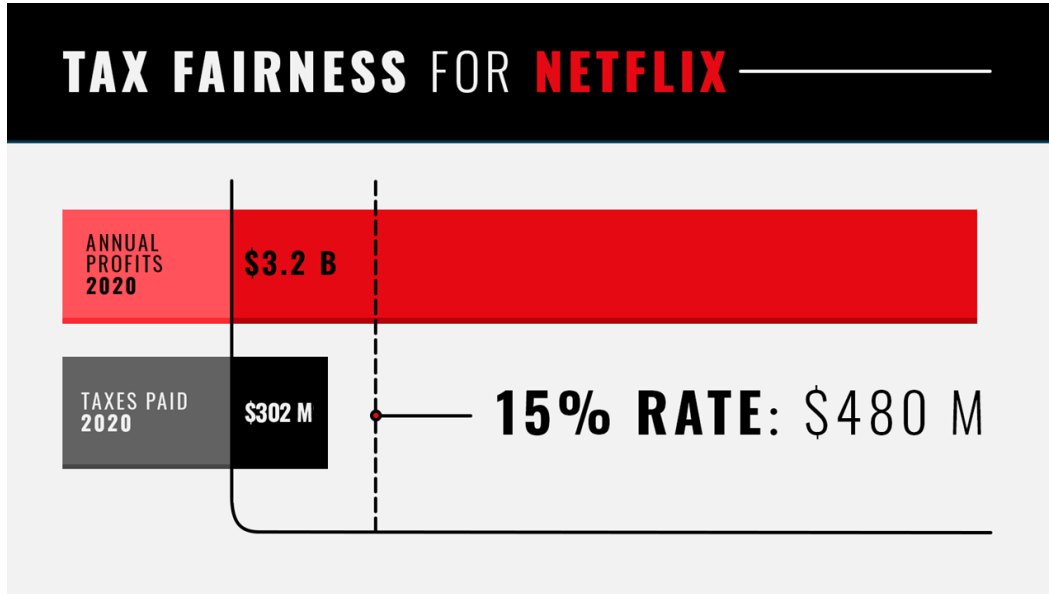
## Microsoft

Microsoft grossed \$71.1 billion in global profits but paid just \$8.8 billion in U.S. federal and foreign income taxes in 2020, while paying \$104 million in executive compensation. Its effective tax rate was 12.3%. At a 15% tax rate, Microsoft would have paid \$10.7 billion in total U.S. federal and foreign income taxes, providing up to \$1.9 billion more in revenue for key priorities for American families.



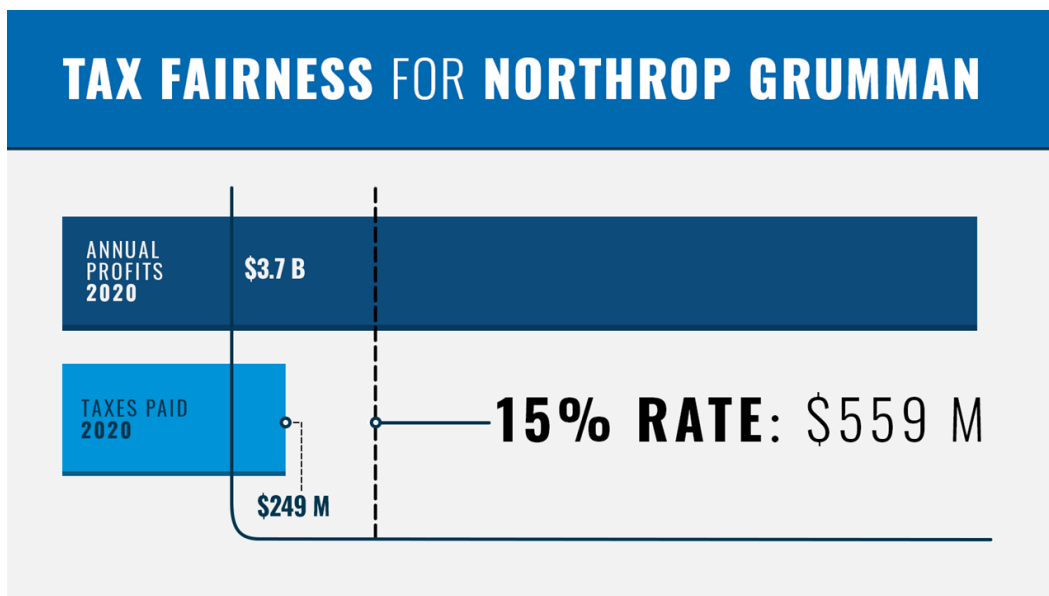
### Netflix

Netflix grossed \$3.2 billion in global profits but paid just \$302 million in U.S. federal and foreign income taxes in 2020, while paying \$132 million in executive compensation. Its effective tax rate was 9.4%. At a 15% tax rate, Netflix would have paid \$480 million in total U.S. federal and foreign income taxes, providing up to \$178 million more in revenue for key priorities for American families.



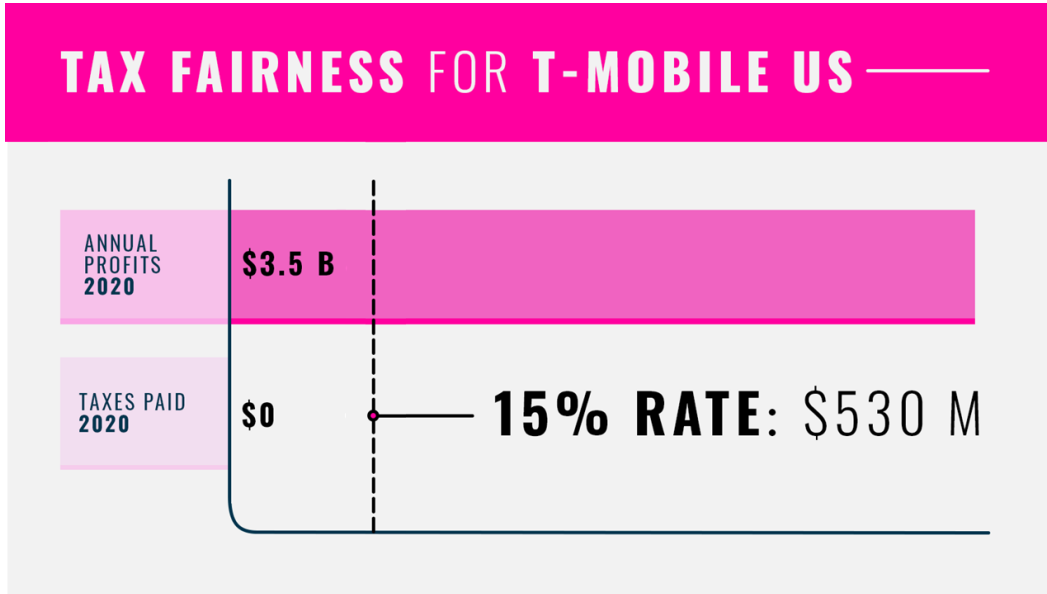
### Northrop Grumman

Northrop Grumman grossed \$3.7 billion in global profits but paid just \$249 million in U.S. federal and foreign income taxes in 2020, while paying \$48 million in executive compensation. Its effective tax rate was 6.7%. At a 15% tax rate, Northrop Grumman would have paid \$559 million in total U.S. federal and foreign income taxes, providing up to \$310 million more in revenue for key priorities for American families.



## T-Mobile US

T-Mobile US grossed \$3.5 billion in global profits but received a net tax *refund* of \$7 million in 2020, while paying \$285 million in executive compensation. At a 15% tax rate, T-Mobile US would have paid \$530 million in total U.S. federal and foreign income taxes, providing up to \$537 million more in revenue for key priorities for American families.



## Conclusion

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It's time for corporations to pay their fair share. The Corporate Profits Minimum Tax will stop corporate tax-rigging schemes in their tracks—ensuring that hugely profitable corporations cannot get away with paying \$0 in taxes anymore—and raise \$319 billion over the next decade to pay for critical investments in American workers and families. Congress should pass the tax as part of President Biden's Build Back Better Plan without delay.

## Endnotes

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<sup>1</sup> The Hill, “US Passes Grim Milestone of 750,000 COVID-19 Deaths,” Caroline Vakil, November 4, 2021, <https://thehill.com/policy/healthcare/580006-us-passes-grim-milestone-of-750000-covid-19-deaths>.

<sup>2</sup> Institute on Taxation and Economic Policy, “55 Corporations Paid \$0 in Federal Taxes on 2020 Profits,” Matthew Gardner & Steve Wamhoff, April 2021, <https://itep.sfo2.digitaloceanspaces.com/040221-55-Profitable-Corporations-Zero-Corporate-Taxes.pdf>.

<sup>3</sup> Center for American Progress, “Trump’s Corporate Tax Cut Is Not Trickling Down,” Galen Hendricks, Seth Hanlon & Michael Madowitz, September 26, 2019, <https://www.americanprogress.org/issues/economy/news/2019/09/26/475083/trumps-corporate-taxcut-not-trickling>.

<sup>4</sup> Corporate Profits Minimum Tax, <https://www.warren.senate.gov/imo/media/doc/MCG21C14.pdf>.

<sup>5</sup> Senator Elizabeth Warren, “Senators Warren, King, and Wyden Announce Updated Proposal to Prevent the Biggest and Most Profitable Corporations from Paying Nothing in Federal Taxes,” Press Release, October 26, 2021, <https://www.warren.senate.gov/newsroom/press-releases/senators-warren-king-and-wyden-announce-updated-proposal-to-prevent-the-biggest-and-most-profitable-corporations-from-paying-nothing-in-federal-taxes>; Institute on Taxation and Economic Policy, “How Congress Can Stop Corporations from Using Stock Options to Dodge Taxes,” Elise Bean, Matthew Gardner & Steve Wamhoff, December 10, 2019, <https://itep.sfo2.digitaloceanspaces.com/120919-How-Congress-Can-Stop-Corporations-from-Using-Stock-Options-to-Dodge-Taxes.pdf>. To ensure that only the worst tax avoiders are affected, the CPMT allows companies to use tax credits that promote investments in clean energy and low-income housing and also includes some flexibilities for companies to carry forward losses, utilize foreign tax credits, and claim a minimum tax credit against regular tax in future years. Corporate Profits Minimum Tax, <https://www.warren.senate.gov/imo/media/doc/MCG21C14.pdf>.

<sup>6</sup> Real Corporate Profits Tax Act, S. 2680, <https://www.congress.gov/bill/117th-congress/senate-bill/2680>.

<sup>7</sup> U.S. Department of the Treasury, “General Explanations of the Administration’s Fiscal Year 2022 Revenue Proposals,” May 2021, <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>.

<sup>8</sup> Data for Progress, “Voters Overwhelmingly Support Build Back Better’s Corporate Minimum Tax,” Lew Blank & Jason Katz-Brown, November 1, 2021, <https://www.dataforprogress.org/blog/2021/11/1/voters-overwhelmingly-support-build-back-betters-corporate-minimum-tax>.

<sup>9</sup> Joint Committee on Taxation, “Estimated Budget Effects of the Revenue Provisions of Title XIII – Committee on Ways and Means, of H.R. 5376, The ‘Build Back Better Act,’” November 4, 2021,

<https://www.jct.gov/publications/2021/jcx-45-21>.

<sup>10</sup> The White House, “President Biden Announces the Build Back Better Framework,” Press Release, October 28, 2021, <https://www.whitehouse.gov/briefing-room/statements-releases/2021/10/28/president-biden-announces-the-build-back-better-framework>.

<sup>11</sup> *Id.*

<sup>12</sup> *Id.*

<sup>13</sup> On file with the Office of Senator Warren.

<sup>14</sup> On file with the Office of Senator Warren.

<sup>15</sup> Joint Committee on Taxation, “Estimated Budget Effects of the Revenue Provisions of Title XIII – Committee on Ways and Means, of H.R. 5376, The ‘Build Back Better Act,’” November 4, 2021, <https://www.jct.gov/publications/2021/jcx-45-21>.

<sup>16</sup> Unlike most companies, WEC Energy Group does not report its breakdown between federal and state tax expense. For the purposes of this report, staff conservatively assumed that WEC Energy Group’s entire 2020 tax expense was federal.

<sup>17</sup> PwC, “Retail Sector: Tax Rate Benchmarking,” January 2016, p. 10, <https://www.pwc.com/gx/en/retail-consumer/pdf/Tax-rate-benchmarking-study-retail.pdf>.