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Analysis Shows “Fix the Debt” Corporate Supporters Have Milked the Tax System for Billions

(Washington, D.C. – Oct. 26, 2012) Thirteen out of about 80 CEOs and companies that signed a [letter urging Congress to Fix the Debt](#) have milked the federal tax system out of tens of billions of dollars, according to an analysis by [Americans for Tax Fairness](#). Another six companies that signed the letter are leading proponents of a tax amnesty for corporate profits shifted out of the United States, especially profits shifted to offshore tax havens.

“We applaud corporate CEOs saying more revenues are needed to reduce the deficit, the problem is many of them have milked the tax system for tens of billions of dollars so it’s hard to believe them,” said Frank Clemente, campaign manager of Americans for Tax Fairness (ATF). “To gain public trust they need to put real money on the table by endorsing an end to the Bush tax cuts for themselves – who are among the richest 2 percent – and by proposing a corporate tax reform plan that raises substantial revenue.”

ATF’s analysis found that:

- Five of the corporations whose CEOs signed the Fix the Debt letter paid ZERO federal income taxes on \$62 billion in total profits and received \$27 billion in tax subsidies over the last four years according to [Citizens for Tax Justice](#) (see table below).

Corporation	Federal Income Taxes Paid 2008-2011	Profit 2008-2011 \$ Billions	Tax Subsidies 2008-2011 \$ Billions
Boeing	\$0	\$14.8	\$6.0
Corning	\$0	\$2.9	\$1.0
General Electric	\$0	\$19.6	\$10.6
Honeywell International	*\$0	*\$4.9	\$1.7
Verizon Communications	\$0	\$19.8	\$7.7
TOTAL	\$0	\$62 billion	\$27 billion
*2008-2010 taxes paid only			

- Eight of the CEOs who signed the Fix the Debt letter reaped a total of \$11.8 million in tax breaks last year from the Bush tax cuts (see table below). They are among 57 CEOs who each received more than \$1 million in such tax breaks, collectively securing more than \$100 million in tax cuts according to [the Institute for Policy Studies](#).

Corporation	CEO	Taxable Compensation in 2011 \$ Millions	Bush Tax Cut Savings in 2011 \$ Millions
Honeywell International	Dave Cote	\$55.2	\$2.5
Macy's	Terry Lundgren	\$41.6	\$1.9
Qualcomm	Paul Jacobs	\$34.7	\$1.6
Vornado Realty Trust	Steven Roth	\$30.6	\$1.4
Eaton	A.M. Cutler	\$25.7	\$1.2
AT&T	Randall Stephenson	\$25.0	\$1.1
BlackRock	Laurence Fink	\$23.2	\$1.1
Marsh & McLennan	Brian Duperrault	\$22.6	\$1.0
TOTAL		\$258.6 million	\$11.8 million

- Six of the corporations whose CEOs signed the Fix the Debt letter were [members of the WIN America Coalition](#), which lobbied Congress to pass legislation ([S.1671](#)) that would allow U.S. companies to dramatically reduce their tax rate on \$1 trillion in foreign profits brought back (“repatriated”) to the United States. The measure would reduce the 35 percent corporate tax rate to an 8.75 percent effective tax rate on the repatriated profits. The six corporations are: **CA Technologies, Cisco, Loews Corporation, Microsoft, NASDAQ OMX Group, Inc., and Qualcomm Inc.** Many of the corporations pushing for repatriation also want to permanently exempt offshore profits from U.S. taxation, by adopting a so-called “territorial” tax system, which would only increase the incentives to shift jobs and profits offshore.

The CEOs' Fix the Debt letter urged Congress to: "Reform Medicare and Medicaid...Social Security...and include comprehensive and pro-growth tax reform, which broadens the base, lowers rates, raises revenues and reduces the deficit. The recommendations of the bipartisan Simpson-Bowles Commission, which saved \$4 trillion and addressed all parts of the budget, provide an effective framework for such a plan." The [Bowles-Simpson plan](#) proposed a corporate tax rate as low as 23 percent and the adoption of a territorial tax system.

"For these CEOs to claim they want to reform the tax system that they have rigged for their benefit at the expense of working Americans is the height of hypocrisy," said Clemente. "Until they declare otherwise, one can only assume that they support a deficit-reduction plan that proposes more huge tax cuts for themselves and their corporations paid for by cuts to programs that are critical to working Americans, such as Medicare, Medicaid and Social Security."

While Corporate America's profits have soared in recent years, its contribution to federal revenue has plummeted by 60 percent in the last 50 years, according to the [Office of Management and Budget](#). Corporate taxes have declined from 22.2 percent of federal revenue in 1961 to just 7.9 percent in 2011.

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