

CORPORATE TAX DODGER

FedEx, the world's largest express transportation company, is also quick and nimble at dodging taxes. Some of its windfall goes to lobbying for spending cuts and other policies that hurt ordinary taxpayers.

- FedEx made \$6 billion over the last three years and didn't pay a dime in federal income taxes, in part because the tax code subsidized its purchase of new planes.
- This gave FedEx a huge tax subsidy worth \$2.1 billion. Its chief competitor, United Parcel Service, paid 39.4% of its income in federal taxes during that period.
- While dodging paying its fair share of federal income taxes, FedEx pocketed \$10.3 billion in taxpayer-Express and Priority Mail for the U.S. Postal Service.
- FedEx spent \$50 million lobbying Congress the last three years; tax issues were one of its priorities.
- Because of investments in labor-saving technology and developing its overseas network, FedEx has eliminated nearly 1,600 American jobs since 2001 while adding nearly 14,600 jobs overseas.

CONGRESS DELIVERS PACKAGE OF TAX SUBSIDIES THAT ALLOW FEDEX TO OPERATE TAX-FREE

FedEx reported U.S. pre-tax profits of nearly \$6 billion between 2010 and 2012 and yet claimed \$5 million in tax refunds from the IRS, according to the company's filings with the Securities and Exchange Commission (SEC). FedEx had an effective three-year tax rate of negative 0.1% compared to the official corporate tax rate of 35%. This huge tax subsidy cut FedEx's taxes by \$2.1 billion over three years.

This windfall was due to the corporate tax subsidies in the 2008 economic stimulus bill and subsequent renewals of key portions of this law, which meant the company could deduct the full cost of new airplanes and other equipment in the year they were purchased, rather than spreading the tax deduction over decades. To paraphrase FedEx's own advertising jingle, without this loophole FedEx would have absolutely, positively had to pay taxes.

Under this provision, known in Washington as "special accelerated depreciation," in essence taxpayers were paying for up to 35% of the cost of these new planes, most of which FedEx would have purchased anyway. FedEx will have to pay back some of these taxes in years to come, but in the meantime they've received a big non-interest loan paid for by other taxpayers. With a gift like that, you'd think they'd at least paint our names on the side of their aircraft – maybe the "Jane Q. Taxpayer," or even the "Uncle Sam."

WHILE DODGING FEDERAL TAXES, FEDEX POCKETS LUCRATIVE FEDERAL GOVERNMENT CONTRACTS

FedEx raked in [\\$10.3 billion in federal contracts from 2006 to 2012](#), according to the federal government, putting the company in the top 50 year after year. As the leading beneficiary of Post Office privatization, FedEx provides air transport for all of the Postal Service's express mail and many Priority Mail shipments. The [U.S. Postal Service pays FedEx more than \\$1 billion a year](#) for these services. In addition, FedEx is the only private delivery company allowed to have its collection boxes co-located at U.S. Post Offices, allowing it to compete directly with the Post Office for express mail services.

FEDEX FIGHTS FOR GOVERNMENT AUSTERITY AND FOR CUTTING CORPORATE TAXES

FedEx Founder and CEO Fred Smith is a member of the [Business Roundtable](#), a club of over 200 CEOs that is lobbying to lower corporate taxes and to raise the Social Security retirement age from 67 to 70 – [a benefit cut of 20%](#). FedEx is also one of the backers of the RATE Coalition, a group that is leading efforts to dramatically reduce the corporate income tax rate, despite corporate taxes as a percent of total federal revenue having [plummeted by two-thirds over the last 60 years](#), according to the Office of Management and Budget.

FEDEX CEO CAN AFFORD TO CALL FOR SOCIAL SECURITY CUTS—HE'LL NEVER NEED IT

Smith's [total compensation in 2012 was \\$13.7 million](#), up 88% over the preceding year. His company-provided [retirement benefits were worth \\$25.6 million in 2012](#). If converted to an annuity at age 65, Smith would receive a monthly retirement check of \$144,952 for the rest of his life. The [average Social Security retiree receives just \\$1,265 a month](#).

MR. SMITH GOES TO WASHINGTON (AND FIGHTS AGAINST ALLOWING WORKERS TO UNIONIZE)

What's FedEx doing with its tax-dodging windfalls? From 2010-2012, FedEx spent more than [\\$50 million lobbying Congress](#) (ten times as much as it got back from the IRS during the period). Tax issues were a lobbying priority, but FedEx's top target was to [defeat legislation that would bring its non-union drivers under the same labor law as United Parcel Service's unionized drivers](#). Currently, FedEx drivers are governed by a law that makes it harder for employees to unionize. FedEx succeeded in defeating this change. Ironically, UPS paid an effective federal income tax rate of 39.4% from 2010 to 2012, [according to the company's SEC filings](#), whereas FedEx's income tax rate was negative 0.1%.

FEDEX IS CUTTING AMERICAN JOBS AND GROWING JOBS OVERSEAS

Though FedEx's revenues have more than doubled since 2001, investments in labor-saving technology and in expanding its international delivery network have left it a net destroyer of U.S. jobs. FedEx reduced its full-time U.S. workforce by 1,590 jobs from 2001 to 2012 while it increased its foreign workforce by 14,590 during those years, according to its annual SEC reports.

Methodology: Sources for corporate income taxes, employment and executive compensation are explained here. <http://www.americansfortaxfairness.org/tradingcards/>.