

CORPORATE TAX DODGER

Verizon is the nation's largest cellular phone operator, with 115 million customers. Verizon paid less in federal income taxes in recent years than many of its customers.

- Verizon made \$19.3 billion in U.S. pretax profits from 2008 to 2012, yet didn't pay any federal income taxes during the period. Instead, it got \$535 million in tax rebates.
- Verizon's effective federal income tax rate was negative 2.8% from 2008 to 2012. The official corporate tax rate is 35%. This difference allowed Verizon to avoid \$7.3 billion in taxes.
- Verizon had \$1.9 billion in accumulated offshore profits in 2012, on which it did not pay U.S. taxes.
- While dodging federal taxes, Verizon pocketed \$956 million in federal contracts in 2011 and landed a 9-year contract worth \$5 billion.
- Verizon shows that cutting taxes doesn't create jobs. It pays nothing in taxes, but that hasn't stopped it from slashing 28,500 jobs over the last four years.

WHEN THE TAX MAN RINGS, VERIZON DROPS THE CALL

Though Verizon made \$19.3 billion in U.S. profits from 2008 to 2012, it paid no federal income taxes over the five years and instead claimed a refund of \$535 million, according to a Citizens for Tax Justice analysis of the company's [Securities and Exchange Commission \(SEC\) filings](#). This gave America's favorite cell phone company a tax rate of negative 2.8%. However, the corporate income tax rate is 35%, which means that tax subsidies cut Verizon's taxes by \$7.3 billion over that period.

Like other investment-intensive companies, Verizon was a major beneficiary of the economic stimulus bill of 2008, which provided it with hefty tax subsidies for doing things it would have largely done anyway, like build new cellphone towers.

Verizon also reported [\\$1.9 billion in accumulated offshore profits in 2012](#), on which it paid no U.S. income taxes.

WHILE DODGING FEDERAL TAXES, VERIZON POKETS LUCRATIVE FEDERAL CONTRACTS

Verizon raked in [\\$956 million in federal contracts in 2011](#), according to the federal government. It also recently landed a new [nine-year government-wide contract worth up to \\$5 billion](#) to provide communications services and equipment to federal agencies.

INFLATED CORPORATE SALARIES SUBSIDIZED BY TAXPAYERS

Verizon also has saved money by taking advantage of a loophole that allows it to get other taxpayers to pick up the tab for a third of the lavish pay offered to its executives. A [1993 law capped executive pay deductions at \\$1 million but left a huge loophole](#): corporations can

exempt “performance-based” pay like stock options and grants of restricted stock. Verizon paid [its top four officers \\$41 million in “performance-based” pay last year](#) and cut its tax bill more than \$14 million in the process.

VERIZON LOBBIES HARD FOR CORPORATE TAX CUTS AND SOCIAL SECURITY BENEFIT CUTS

Verizon CEO Lowell McAdam is a member of the [CEO Council of the Fix the Debt](#) campaign, a corporate-funded group seeking to cut corporate taxes and earned benefit programs like Social Security and Medicare. McAdam is also a member of the [Business Roundtable](#), a CEO club that is calling for Congress to cut corporate tax rates and to raise the Social Security retirement age from 67 to 70 – [a benefit cut of about 20%](#). Verizon is also a founding member of the [RATE Coalition](#), a corporate lobby group fighting for a much lower corporate tax rate.

Verizon has spent more than [\\$197 million lobbying Congress since 1998](#). It spent [\\$15.2 million](#) in 2012, with lobbying on tax bills its [second-highest priority](#).

VERIZON’S CEO HAS LITTLE SKIN IN THE SOCIAL SECURITY DEBATE, BUT THAT DOESN’T STOP HIM

CEO McAdam can afford to lobby for Social Security benefit cuts, his overflowing company-provided retirement account will make his Social Security check little more than pocket change during his golden years. McAdam has been CEO of Verizon for a little more than a year but has still managed to accumulate [\\$9.8 million in his retirement account](#), enough to earn him a monthly check for \$55,496 starting at age 65. That’s 44 times the average Social Security retiree’s [\\$1,265 monthly benefit](#). McAdam’s predecessor in the corner office, Ivan Seidenberg, retired from Verizon with [more than \\$70 million in retirement assets](#), enough for a monthly check of nearly \$400,000. Seidenberg is also active with Fix the Debt.

WHILE VERIZON HANDS OUT EXECUTIVE RETIREMENT PERKS, ITS EMPLOYEE PENSION AND HEALTH CARE FUNDS ARE SWIMMING IN A SEA OF RED INK

Verizon has a pension deficit disorder when it comes to funding its [employee pension and post-retirement health accounts](#), which together face a funding shortfall of more than \$32 billion.

EVEN WITH A TAX RATE BELOW ZERO, VERIZON HANGS UP ON JOBS

We’re often told that cutting corporate taxes creates jobs. Though its tax rate is less than zero, Verizon has been an aggressive downsizer for many years. Over the last four years, [Verizon has slashed its workforce by 28,500, or 13%](#).

Methodology: Sources for corporate income taxes, employment and executive compensation are explained [here](http://www.americansfortaxfairness.org/tradingcards/).