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Report Reveals Walmart's Secretive Use of Tax Havens Allowing Company to Dodge Taxes

WASHINGTON, D.C. – A groundbreaking report released today by [Americans for Tax Fairness](#) (ATF) unveils that Walmart has built a vast, undisclosed web of 78 subsidiaries and branches in 15 offshore tax havens, which may be used to minimize foreign taxes where it has retail operations and to avoid U.S. taxes on those foreign earnings. These secretive subsidiaries have never been subject to public scrutiny before and have remained largely invisible, in part because Walmart fails to list them in its annual 10-K filings with the U.S. Securities and Exchange Commission (SEC). Walmart's preferred tax haven is Luxembourg, dubbed a "[magical fairyland](#)" for corporations looking to shelter profits from taxation.

The report, *The Walmart Web: How the World's Biggest Corporation Secretly Uses Tax Havens to Dodge Taxes*, [is available here](#) and the report's Key Findings [are here](#).

"Companies use tax havens to dodge taxes. It appears that's the secret game Walmart is playing," **said Frank Clemente, executive director of Americans for Tax Fairness.** "We are calling on Congress, federal agencies and international organizations to determine if Walmart is skirting the law when it comes to reporting its use of tax havens, using various schemes to dodge taxes, and getting a sweetheart deal from Luxembourg that is the equivalent of illegal state aid. Average Americans and small businesses have to make up the difference when Walmart doesn't pay its fair share of taxes."

"Walmart is another example of a multinational corporation engaging in deceptive tax practices, in this case hiding from investors and the public for years the existence of an extensive network of 78 tax haven subsidiaries by dubbing them 'not significant' and omitting them from its public filings," **said former U.S. Senator Carl Levin (D-MI).** "Walmart's undisclosed subsidiaries in 15 different tax havens hurts its credibility on tax matters and raises questions about whether it is using hidden offshore tax dodges. Walmart is a perfect example of why multinationals should be required to provide publicly-available country-by-country reports on their revenues and tax payments — disclosures that would help stop profitable multinationals from engaging in offshore tax schemes to avoid paying tax."

"To see Walmart building up this huge web of tax havens and keeping them hidden from the public is a slap in the face to small business owners who work hard and pay our fair share here at home," **said David Borris, owner of Hel's Kitchen in Northbrook, Illinois, and Executive Committee member of The Main Street Alliance.** "Small business owners are proud of our local communities, and we're proud of our country. We pay our fair share of taxes to make sure our communities stay strong. By keeping its profits in tax havens, Walmart doesn't benefit anyone but its owners and shareholders."

In recent years, Walmart has made tax havens central to its growing International division, which now accounts for one-third of the company's profits. Walmart's network of 78 undisclosed overseas subsidiaries in tax havens have no retail operations and few, if any, employees. The subsidiaries are mostly invisible, as Walmart hasn't listed them on Exhibit 21 ("Subsidiaries") of the company's annual 10-K filing with the SEC. There is a legal requirement to list subsidiaries that account for greater than 10 percent of assets or income, which Walmart may be skirting. Most, if not all, of Walmart's 27 foreign operating companies in places such as the United Kingdom, Brazil, Japan, China, Chile and South Africa, are owned through subsidiaries in tax havens.

Walmart currently has 22 shell companies with addresses in Luxembourg – a country infamous for helping companies dodge taxes. Walmart has established 20 of these shell companies since 2009 and five in 2015 alone, yet Walmart does not have a single retail store there. Walmart has transferred ownership of more than \$45 billion in assets to Luxembourg subsidiaries since 2011, and reported paying less than one percent in tax to Luxembourg on \$1.3 billion in profits from 2010 through 2013.

When corporations like Walmart use tax havens other American businesses that play by the rules can get stuck picking up the tab. Recently U.S. PIRG released a report, [Picking Up the Tab 2015](#), which showed that every American small business would have to pay an average of \$3,200 in additional taxes to make up for all the lost revenue due to corporations exploiting tax havens. A [state-by-state breakdown from the U.S. PIRG report](#) shows how much small businesses would owe on average and cumulatively in each state.

The Walmart Web report is being released as Congress and the Obama Administration consider whether any form of corporate tax reform can be crafted and voted on this year. A central part of that discussion is how to tax the \$2.1 trillion in offshore profits that are held by U.S. corporations and are currently untaxed here at home. The conventional wisdom in Washington is that corporations should be able to bring these profits home at a steeply discounted tax rate, and the revenue would be used to rebuild roads and bridges. This would result in a huge tax break for multinational corporations that have already dodged paying their fair share of taxes, many through the use of offshore tax havens. Instead, Congress should require that Walmart and other multinationals pay all legally required taxes on their growing pile of overseas earnings, which would raise substantially more revenue to make new investments.

Further information, related materials and shareable graphics on the *The Walmart Web* report can be [found here](#).

Americans for Tax Fairness is a diverse coalition of [425 national and state endorsing organizations](#) that collectively represent tens of millions of members. The organization was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs. ATF is playing a central role in Washington and in the states on federal tax-reform issues.

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