How Walmart is Dodging Billions in Taxes

AND SCHEMING TO AVOID BILLIONS MORE

KEY FINDINGS

- **WALMART DODGES $1 BILLION A YEAR IN U.S. TAXES, ON AVERAGE, THROUGH TAX LOOPHOLES.**
  The U.S. statutory corporate tax rate – the amount corporations are supposed to pay – is 35 percent. But Walmart used tax loopholes to reduce its effective tax rate – what it actually pays – to an average of 29.1 percent from 2008 to 2012. This allowed the company to cut its tax bill by $5.1 billion over those five years – a tax savings of $1 billion a year, on average.

- **WALMART MIGHT AVOID ANOTHER $720 MILLION A YEAR IN TAXES – AND $7 BILLION OVER A DECADE – IF CORPORATE TAX RATES ARE LOWERED TO 25 PERCENT.**
  If Walmart lowered the corporate income tax rate from 35 percent to 25 percent, its tax rate might drop from its average of 29.1 percent from 2008 to 2012 to 25 percent. Based on Walmart's $87 billion in profits over those years, the company would have paid $3.6 billion less in taxes or million a year.

- **TAXPAYERS ALREADY SPEND AN ESTIMATED $6.2 BILLION A YEAR SUBSIDIZING WALMART'S LOW PAY AND MEAGER BENEFITS.**
  That's because Walmart pays its employees so little that many of them rely on food stamps, Medicaid and other taxpayer-funded programs.

- **WALMART IS AVOIDING PAYING U.S. TAXES ON $21.4 BILLION IN OFFSHORE PROFITS.**
  Walmart reports that the profits it makes offshore and on which it is not paying U.S. taxes have doubled in recent years, growing from $10.5 billion in 2008 to $21.4 billion in 2013. Because corporations can indefinitely postpone paying U.S. taxes on offshore profits that have not been brought to America, Walmart has paid nothing to the U.S. Treasury on those earnings. Meanwhile, Walmart's international capital spending remained steady over the same period that these untaxed offshore profits doubled suggesting that Walmart is piling up cash overseas to avoid paying U.S. taxes on the earnings, rather than using the profits for offshore investments.

- **WALMART COULD DODGE BILLIONS MORE IN TAXES UNDER A TERRITORIAL TAX SYSTEM.**
  A territorial tax system would eliminate all U.S. taxation of offshore profits. Any profits Walmart and its suppliers earn abroad would be taxed solely by the country in which they are earned. If a country has a lower tax rate than the U.S. – which many countries where Walmart operates do – Walmart would immediately cut its tax bill. A territorial tax system also would provide even more incentives for corporations to shift production and profits offshore to low-tax jurisdictions. One study has estimated that such a system would encourage U.S. corporations to create 800,000 jobs in low-tax countries rather than here at home.

- **WALMART PLAYS A LEADING ROLE IN EFFORTS TO REDUCE CORPORATE TAXES.**
  Walmart is working to influence tax legislation in three ways – through lobbying, campaign contributions and issue advocacy via major corporate coalitions. Walmart employs 74 lobbyists – 80 percent of whom have previously served in government – and it has spent $32.6 million lobbying on tax and other issues over the past five years. Tax issues have been by far Walmart's top lobbying focus. Its PAC has contributed $6.1 million to federal candidates, committees and political parties since 2009. And Walmart is the only major discount retail company that is a member of three major business coalitions trying to lower corporate tax rates – the RATE Coalition, Alliance for Competitive Taxation (ACT) and the Business Roundtable (BRT) – two of which (ACT and BRT) are advocating for a territorial tax system.

AMERICANS FOR TaxFairness