citigroup

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CORPORATE TAX DODGER

Citigroup is America's third largest bank. It operates the world's largest financial network, with offices in 140 nations. Citigroup also has an extensive network in the world's tax haven countries and it uses this network to dodge U.S. taxes.

- **Citigroup had $42.6 billion in foreign profits parked offshore in 2012 on which it paid no U.S. taxes. The company reported that it would owe $11.5 billion if it brings these funds back to the United States. A significant share of this money is being held in tax-haven countries that tax profits lightly, if at all.**
- **Last year Citigroup spent $6 million lobbying Congress; it succeeded in passing its top legislative priority – a tax loophole exempting some profits earned overseas from U.S. taxes that will cost taxpayers $11 billion over two years.**
- **U.S. taxpayers subsidize Citigroup's malfeasance because the tax code allows the company to deduct from its taxes the costs of judgments it pays. Citigroup recently settled a $2.2 billion lending abuse case and a $158 million mortgage fraud case.**
- **Citigroup's CEO Michael Corbat is a leader of Fix the Debt and the Business Roundtable, two corporate-financed groups calling for cuts to government spending and increases in the Social Security retirement age, while pressing for more corporate tax cuts. Corbat's Citigroup retirement fund is worth $7.4 million, which will generate a $42,090 monthly retirement check. That's 33 times more than the $1,265 a month the average Social Security retiree gets.**

CITIGROUP'S AN ATM: AVOIDING TAXES MACHINE

The global banking giant makes aggressive use of the world's tax-haven network. This allowed it to hold $42.6 billion in offshore untaxed profits in 2012, according to its annual SEC report. Citigroup tells shareholders in this report that it would owe $11.5 billion in U.S. income tax if it brought these funds home. This means the company paid just 8% in taxes to foreign governments on these funds. With such a low tax rate, it is clear that much of these funds are being held in tax-haven nations, which impose little or no taxes on corporate income.

As recently as 2008 the company made a full disclosure of its subsidiaries, producing a list that ran 65 pages in its annual SEC filings. When the U.S. Government Accountability Office last counted up the number of subsidiaries in foreign tax havens of America's 100 largest businesses in 2008, Citigroup ranked first, with 427 of its 1,240 subsidiaries in tax-haven nations.

The following year Citigroup made understanding its offshore activities more opaque, by limiting its report of subsidiaries to those it deemed "significant", omitting information about thousands of subsidiaries and slashing the report to just five pages. Today the report is slightly more than two pages in length and lists just 63 foreign subsidiaries, a third of which are in tax-haven nations.

U.S. TAXPAYERS SUBSIDIZE CITIGROUP'S MALFEASANCE

Citigroup takes advantage of loopholes in the tax code that allow corporations to deduct the cost of corporate malfeasance from their taxes. Last year Citigroup announced a $2.2 billion settlement with state attorneys general to cover damages caused by the company's lending abuses leading up to the financial crisis. It can be taken as a deduction on the firm's taxes, and while Citigroup has yet to announce how much it will save in taxes, it will almost certainly run to the hundreds of millions of dollars. This loophole effectively shifts part of the cost of the bank's abusive lending practices to other taxpayers.

Last year Citigroup also settled a mortgage fraud case brought by the U.S. Department of Justice. The bank agreed to pay $158 million, but after its tax write-offs, the settlement wound up costing just $125 million. Other taxpayers picked up the tab for $33 million of damages Citigroup caused when it misrepresented the quality of its loans in order to gain federal insurance.

CITIGROUP USES ITS LOBBYING CLOUT TO WIN TAX BREAKS

Last year, Citigroup spent $6 million lobbying Congress, and taxes were the company's second highest priority issue, according to OpenSecrets.org. The bill that Citigroup lobbied most heavily on was to renew the Active Financing Exemption to the tax code. As the name suggests, the provision would create an exemption to normal tax rules that do not allow corporations to shift their profits offshore for the purpose of avoiding taxes. Citigroup won renewal of this lucrative loophole as a part of the New Year's fiscal-cliff tax deal. The active financing exemption will cost taxpayers more than $11 billion over two years.

More than 85% of Citigroup's lobbyists (53 of 62) are former Members of Congress or their staffs, a group that OpenSecrets.org labels part of Washington's powerful "revolving door."

CITIGROUP'S CEO IS A LEADER IN CAMPAIGNS PRESSING FOR CORPORATE TAX CUTS AND CUTS TO SOCIAL SECURITY

CEO Michael Corbat is on the Steering Committee of Fix the Debt, a well-funded CEO-led effort to slash federal spending, cut Social Security and Medicare, and shift to a corporate territorial tax system that would make offshore profits permanently U.S. tax-free, giving a huge windfall to Citigroup and others that exploit offshore tax loopholes to shift profits and jobs overseas. Corbat is also a member of the Business Roundtable, a lobbying club of more than 200 CEOs who recently called for the Social Security retirement age to be raised from 67 to 70, a benefit cut of about 20%. The Business Roundtable is also pressing for more corporate tax cuts.

Corbat has been CEO of Citigroup for less than a year and as a result has yet to amass the enormous retirement assets common among CEOs. But even so, Corbat's $7.4 million in his Citigroup retirement account is enough to deliver him a monthly retirement check of $42,090 once he turns 65. This is 33 times the $1,265 monthly check received by the average Social Security retiree, whose benefits Corbat and his CEO pals seek to cut.

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