

Does the GE hoax give clues about tax incidence?

Published: January 15, 2026, 10:48 pm

Nick Shaxson has written the following [on the Treasure Islands blog](#). I thought his analysis fascinating, valid and almost certainly understated. So, with his permission, I reproduce it here:

"One of the big arguments that's been around for as long as I've been paying attention to these things — for much longer than that, I think — is the question of where the 'burden' of corporate taxes fall. Corporate lobbyists and some economists argue that the burden of the corporate income tax falls mainly on workers (with the subtext, you see, that the tax is therefore pretty pointless.) Others such as the Institute for Taxation and Economic Policy (ITEP) in Washington [argue](#) the opposite. The U.S. Congressional Budget Office (CBO) takes a middle position and [says](#) that it is 'unclear' where the burden of taxes falls.

How does one test where the burden falls, in practice? You can't test this by looking at how share prices react when companies announce their tax payments. This is partly because these announcements tend to come bundled up with a bunch of other things, which make it impossible to unpick the causes of share price reactions into their component parts — but also because quite often, investors know what is coming in advance, so the reaction is often priced into the stock, ahead of the announcement.

But a few weeks ago, something happened that might constitute an interesting experiment in whether the burden of taxes falls on shareholders (that is, capital owners) or on 'workers.'

On April 13th, stunt-masters [The Yes-Men](#) and the protest movement [US Uncut](#) got together and issued a [hoax press release](#), taking great pains to make it look as if it came from General Electric, stating that the company would voluntarily pay the U.S. government a \$3.2-billion tax "refund" as an act of contrition. This followed a hard-hitting [New York Times story](#) noting GE's zero tax bill — a tax benefit, in fact — after earning worldwide profits of \$14.2bn.

The Associated Press, and a number of others, picked up the hoax as if it were real, and

the story was, in this sense, 'live,' for up to half an hour, before word got around (initially via a Reuters story) that it was just a hoax.

The point here is that this brief episode might qualify for our incidence experiment. It came right out of the blue, and other factors such as profits announcements and so on, were stripped out.

So what happened? Marketwatch provided [this analysis](#):

"CEO Jeffrey Immelt was purported to have informed the White House the company would be "gifting" a \$3.2 billion federal tax refund to Uncle Sam on April 18, Tax Day .

And did shareholders take a hit?

GE shares fell 1.6% from their preopen high. Not a huge move, but enough to briefly trim GE's market capitalization by nearly \$3.5 billion.

In other words, they said they would give up \$3.2 billion in taxes, voluntarily — and the shareholders took a hit to the tune of just about the same amount, before sanity, and the share price, were restored.

Can one conclude from this that the shareholders, conscious that they wouldn't be able to palm the burden those extra taxes off onto workers, clearly recognise here that they are the ones to bear the burden of this tax?

Well, in a word or two, not really. There could well have been other factors at play there (though I couldn't find any other obvious specific news during that short time window.) They might well have factored in not just the taxes, but the prospect of a new approach to taxes from GE, suggesting that shareholders only bore some of the burden, to the tune of \$3.5 billion, from a potentially bigger long-term hit. It may well have been simple, loopy, shareholder irrationality. So this episode certainly doesn't prove any argument that the true burden of corporate income taxes falls on shareholders rather than workers.

But it does provide some interesting anecdotal support for the idea.

More from the battlefield of corporate taxation [here](#)."