Funding the Future

The 280 Most Profitable U.S. Corporations Shelter Half ...

Published: January 13, 2026, 4:41 pm

This report has been brewing for some time - and now it's finally here: a major new analysis from the highly respected Citizens for Tax Justice, looking at the taxes that major U.S. corporations have been paying. It ain't pretty.

These 280 corporations received a total of nearly $223 billion in tax subsidies, said Robert McIntyre, Director at Citizens for Tax Justice and the report's lead author. "This is wasted money that could have gone to protect Medicare, create jobs and cut the deficit." As CTJ notes here and in their press release:

* These 280 corporations received a total of nearly $223 billion in tax subsidies

* Thirty companies enjoyed a negative income tax rate over the three year period, despite combined pre-tax profits of $160 billion. Pepco Holdings had the lowest effective tax rate of all the companies in the study, at negative 57.6 percent over the three year period.

* Financial services received the largest share of all federal tax subsidies (17% of the total, worth over $37bn) over the last three years. Over half the tax subsidies for companies in the study went to financial services, utilities, telecoms, and oil, gas & pipelines.

* Wells Fargo tops the list of 280 U.S. corporations receiving the most in tax subsidies, getting nearly $18 billion in tax breaks from the U.S. treasury in the last three years.

* The average effective tax rate for all 280 companies over the three year period was 18.5 percent; for 2009-2010 it was 17.3 percent, less than half the statutory rate of 35 percent.

* While retailers and wholesalers in the study generally pay average effective tax rates of about 30 percent, Amazon.com paid a rate of only 7.9 percent on its $1.8 billion in profits from 2008-2010.

* U.S. corporations with significant foreign profits paid tax rates to foreign countries that were almost a third higher than they paid to the IRS on their domestic profits.

* The top ten defence contractors saw their combined tax rate decline from 19.3 percent in 2008 to a mere 10.6 percent rate in 2010.

CTJ also, on p11 of their report, outline several key reasons why companies can pay such low taxes:

* Accelerated depreciation. The tax laws generally allow companies to write off their capital investments considerably faster than the assets actually wear out. In early 2008, in an attempt at economic stimulus for the flagging economy, Congress and President George W. Bush dramatically expanded these depreciation tax breaks. This provision was extended and expanded through 2012 under President Barack Obama. CTJ notes the failure of these measures to stimulate business investment. According to the congressional Joint Committee on Taxation, repealing accelerated depreciation would cut corporate subsidies by about $60 billion a year over the first 10 years, over and above the Bush/Obama expansions.

* Offshore tax sheltering. Over the past decade or so, corporations and their accounting firms have become increasingly aggressive in seeking ways to shift their U.S. profits, on paper, into offshore tax havens, in order to avoid their U.S. tax obligations. These typically involve various artificial transactions between U.S. corporations and their foreign subsidiaries, in which revenues are shifted to low- or no-tax jurisdictions (where they are not actually doing any business), while deductions are created in the United States.16 Some companies have gone so far as to renounce their U.S. “citizenship” and reincorporate in Bermuda or other tax-haven countries to facilitate tax- sheltering. Not surprisingly, corporations do not explicitly disclose their offshore tax sheltering activities in their annual reports. In November 2010, the congressional Joint Committee on Taxation estimated that international corporate tax reforms proposed by Senator Ron Wyden (D-Ore.) would increase U.S. corporate taxes by about $70 billion a year. Other analysts have pegged the cost of corporate offshore tax sheltering as even higher than that. Most Republicans in Congress, along with some Democrats, seem intent on making the problem of offshore tax sheltering even worse, by replacing our system under which U.S. taxes on offshore profits are indefinitely “deferred” with a so-called “territorial” system in which profits that companies can style as “foreign” are permanently exempt from U.S. taxes. This terrible approach, along with its cousin, a “repatriation holiday,” would encourage even more offshore tax avoidance.

* Stock options. Big corporations give their executives (and sometimes other employees) options to buy the company’s stock at a favorable price in the future. When those options are exercised, companies can take a tax deduction for the difference between what the employees pay for the stock and what it’s worth.

* Industry-specific tax breaks. The U.S. federal tax code provides tax subsidies to companies that engage in certain activities. For example: research (very broadly defined); drilling for oil and gas; providing alternatives to oil and gas; making video games; ethanol production; moving operations offshore; not moving operations

offshore; maintaining railroad tracks; building NASCAR race tracks; making movies; and a wide variety of activities that special interests have persuaded Congress need to be subsidized through the tax code.

The big losers from all this, of course, is are ordinary taxpayers and particularly small and medium-sized enterprises which don't get the same tax breaks and are therefore out-competed by them in markets on a factor that has nothing whatsoever to do with productive efficiency and everything to do with squeezing subsidies out of taxpayers. For an example of this, take a look at this article in The Hill by a small business owner, and then look at Amazon's tax rate highlighted at the top of this blog. It is also bad for the economy, CTJ notes:

"*Such a system artificially boosts the rate of return for tax-favored industries and companies and reduces the rate of return for those industries and companies that are less favored. To be sure, companies that push for tax breaks argue that the “incentives” will encourage useful activities. But the idea that the government should tell businesses what kinds of investments to make conflicts with our basic economic philosophy that consumer demand and free markets should be the test of which private investments make sense.*"

Indeed. And there's all the waste involved in paying all those tax advisers and lawyers to cook up these unproductive, distortionary tax schemes. And tax breaks don't seem to make much difference to ordinary business investment decisions. Just take a look at this from Paul O'Neill, and, of course, Warren Buffett.

CTJ has written a long and deeply-researched report here, which will be a reference point for years to come.

Hat tip: Tax Justice Network