

# Corporate Taxes Before and After the Trump Tax Law

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## Key Findings

America's largest, consistently profitable corporations saw their effective tax rates fall from an average of 22.0 percent to an average of 12.8 percent after the Trump tax law went into effect in 2017.

The 296 largest and consistently profitable U.S. corporations in this study paid \$240 billion less in taxes from 2018 to 2021 than if they had continued to pay the effective rates they'd paid before the Trump tax law.

While profits for the largest, continuously profitable U.S. corporations rose by 44 percent after passage of the Trump tax law, their federal tax bills dropped by 16 percent.

The number of these corporations paying tax rates of less than 10 percent increased from 56 to 95 after the Trump tax law went into effect.

Many of the largest and most well-known corporations in the country — including Walmart, Verizon, Disney, and Meta — had the largest tax reductions after the Trump tax law went into effect.

# Introduction

Following the implementation of the tax changes signed into law in 2017 by President Trump, the vast majority of the nation's largest corporations saw substantial tax reductions. The 296 companies in the Fortune 500 and S&P 500 that were consistently profitable from 2013 to 2021, and for which U.S. profits and federal income taxes are disclosed, collectively saw the share of their profits that they paid in tax drop from 22.0 to 12.8 percent.

While these corporations' profits grew by 44 percent, their federal tax bills dropped by 16 percent. These companies paid \$240 billion less in taxes from 2018 to 2021 than they would have paid under the effective rates they paid before the Trump law. The number of companies paying exceptionally low tax rates grew, with the number paying less than 10 percent jumping from 56 to 95.

The primary reasons these large corporations have seen tax cuts of this magnitude are clear. Most importantly, the 2017 tax law drastically cut the statutory corporate tax rate from 35 to 21 percent. It also expanded tax breaks for corporate expenses characterized as capital investment and expanded other ways to minimize U.S. tax liability. The law also reduced some tax avoidance mechanisms but taken as a whole it increased these companies' ability to take advantage of tax breaks.

Many of the nation's best known and most profitable corporations enjoyed the largest tax reductions:

- **Verizon** alone would have paid \$11 billion more in taxes from 2018 to 2021 if its effective tax rate hadn't dropped from 21 to 8 percent. While Verizon's U.S. profits grew by 18 percent after the enactment of the Trump tax law, its federal income taxes dropped by 52 percent.
- **Walmart** would have paid about \$9 billion more if its effective rate hadn't dropped from 31 to 17 percent. Walmart's profits dropped slightly after the passage of the 2017 tax law, by 3 percent, while its taxes fell by a much larger amount: 45 percent.
- **AT&T** would have paid \$8 billion more if its effective rate hadn't dropped from 13 to 3 percent. The company saw a slight increase in profits of 1 percent while its taxes dropped by 81 percent.
- **Meta** would have paid \$8 billion more if its effective rate hadn't dropped from 28 to 18 percent. Meta's profits almost quadrupled from the pre-tax-cut 2013-2016 period to the 2018-2021 period (rising by 372 percent) and its taxes did go up—but only doubled (up by 203 percent).



FIGURE 1

## Before and After the Trump Tax Law for 16 Prominent Corporations

Company	Effective tax rates		Saved taxes	% change 2013-2016 to 2018-2021*	
	2013-2016	2018-2021		in profits	in taxes
<b>Verizon Communications</b>	21%	8%	\$10.7 billion	18%	-52%
<b>Walmart</b>	31%	17%	\$9.0 billion	-3%	-45%
<b>AT&amp;T</b>	13%	3%	\$8.2 billion	1%	-81%
<b>Meta</b>	28%	18%	\$8.0 billion	372%	203%
<b>Intel</b>	27%	13%	\$7.7 billion	47%	-31%
<b>Comcast</b>	24%	14%	\$6.6 billion	42%	-17%
<b>Walt Disney</b>	26%	8%	\$6.1 billion	-27%	-78%
<b>Visa</b>	32%	18%	\$5.2 billion	74%	-2%
<b>Lockheed Martin</b>	33%	15%	\$5.0 billion	46%	-33%
<b>Capital One Financial</b>	31%	16%	\$5.1 billion	42%	-28%
<b>Target</b>	34%	16%	\$3.4 billion	25%	-42%
<b>Honeywell International</b>	23%	6%	\$2.3 billion	13%	-71%
<b>FedEx</b>	18%	1%	\$2.1 billion	7%	-92%
<b>Deere</b>	30%	13%	\$1.7 billion	2%	-54%
<b>Archer Daniels Midland</b>	26%	6%	\$838 million	-30%	-83%
<b>Domino's Pizza</b>	29%	9%	\$402 million	87%	-43%

\* 2017 was a transition year between the prior and post-Trump tax regimes and was thus excluded. See further discussion later in this report.

Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations

As shown in a table later in this report, the size of the tax reductions varies substantially by industry. More than a dozen different sectors' effective rates declined by 10 percentage points or more after the tax cuts took effect. Three industries – motor vehicles, oil and gas, and utilities - disclosed effective tax rates close to zero both before and after the passage of the 2017 cuts and, as a result, saw no meaningful tax reductions.

# This Study and the Trump Tax Law

This study looks at the taxpaying behavior of 296 major American corporations in two different four-year periods, one before and one after the enactment of the Trump tax law in 2017. These are companies in the Fortune 500 and S&P 500 that were profitable in every year from 2013 to 2021, and for which annual reports to shareholders allow for calculations of effective tax rates. These corporations collectively reported \$2.75 trillion of pretax profits in the U.S. over the four years between 2018 and 2021 – more than a third of the total nationwide \$8.2 trillion in pretax corporate profits reported by the Commerce Department in these years.

The two periods examined in this study are 2013-2016, reflecting the four-year period before the 2017 tax law went into effect, and 2018-2021 after the law went into full effect. The transition year of 2017 was excluded as not representative of either tax regime, as later explained in this report.

The 2017 tax law was intended by its authors, President Trump and Congressional Republicans, to significantly cut corporate taxes. As this report shows, it did. The law cut the statutory corporate tax rate from 35 to 21 percent and made changes to many corporate tax breaks, expanding some while constraining others.

Further information on the ITEP approach of analyzing corporate taxes, analysis of the 2017 tax law, details on provisions of that law and how companies avoid taxes under it, can be found at the end of this report as well as in prior ITEP reports.<sup>1</sup>



# How the Trump Tax Law Affected Corporate Tax Breaks

Most corporations, both before and after the passage of the 2017 law, have paid less than the statutory tax rate because of special tax breaks and loopholes. In theory, lawmakers could have mitigated the impact of drastically slashing the statutory corporate income tax rate from 35 to 21 percent by also scaling back these tax breaks. On balance, however, Congress and President Trump failed to do this – despite claims to the contrary. In fact, the gap between effective tax rates paid by the corporations in this study and the statutory tax rate rose slightly after the Trump tax law – even as the rate cut substantially reduced their overall taxes.

In the four years from 2013 through 2016, if the 296 corporations in this study paid an effective tax rate equal to the statutory tax rate of 35 percent, they would have paid \$666.4 billion during that period. Instead, they paid \$248.0 billion, a full 37 percent less. That is another way of saying that the 296 corporations sheltered 37 percent of their income from the corporate income tax during those years.

Rather than reducing tax avoidance as any successful tax reform would be expected to do, the 2017 law increased it. The same calculation for the 2018-2021 period demonstrates that these companies sheltered 39 percent of their income from the corporate income tax.

FIGURE 2

## The Cost of Tax Avoidance: Tax Subsidies to 296 Companies

Years	U.S. income	Tax at statutory rate	Actual tax	Tax subsidies	% profits sheltered from tax
2013 to 2016	\$1.90 trillion	\$666.4 billion	\$418.4 billion	\$248.0 billion	37%
2018 to 2021	\$2.75 trillion	\$577.0 billion	\$351.5 billion	\$225.6 billion	39%

Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations

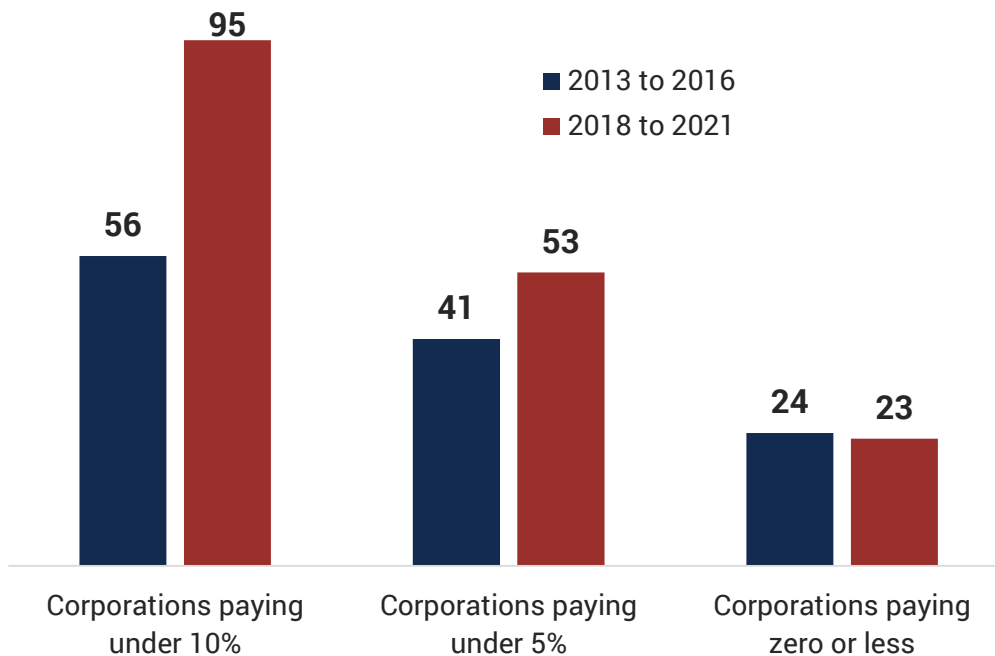
# The Trump Tax Law Led to More Corporations Paying Extremely Low Tax Rates

Many individual companies in our sample disclose effective tax rates far below the already-low averages reported in this study both before and after 2017. The number of companies paying low taxes became more pronounced in the wake of the Trump tax law:

- For the 296 companies examined in this study, the number paying an effective tax rate of less than 10 percent rose from 56 in the pre-Trump period to 95 in the post-2017 period.
- The number of companies paying an effective tax rate of less than 5 percent rose from 41 in the pre-Trump period to 53 in the post-2017 period.
- The number of companies paying nothing in federal corporate income taxes was essentially unchanged (24 in the pre-Trump period and 23 in the post-2017 period).

FIGURE 3

## More Corporations Report Ultra-Low Tax Rates After Trump Tax Law Enactment



Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations

# Some Industries Enjoyed Especially Large Tax Cuts

Each of the 26 industry groups surveyed in this report experienced lower effective tax rates after passage of the 2017 tax cuts, but some industries got larger rate reductions than others. The biggest percentage point reduction in effective tax rates was in the electronics and electrical equipment sector. These companies saw their average tax rate fall from 31 to 9.3 percent after 2017, a rate reduction of more than 20 percentage points. A total of 14 industries benefited from double-digit drops in their effective tax rates after 2017.

Most other industries saw single-digit reductions in effective tax rates between these two periods. Three industries - motor vehicles, oil and gas, and utilities – saw particularly small changes in their effective tax rates between the two time periods because companies in these industries were already reporting tax rates averaging at, or close to, zero before the passage of the 2017 rate cut, so corporate tax cuts could offer them little.

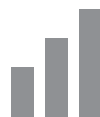


FIGURE 4

## Effective Corporate Tax Rates for 296 Corporations, by Industry, Pre- and Post-Trump

Figures in millions

Industry	Four-year totals, 2013-2016			Four-year totals, 2018-2021			Effective rate point change
	Profit	Tax	Rate	Profit	Tax	Rate	
Electronics, electrical equipment	\$1,665	\$515	31.0%	\$1,640	\$153	9.3%	-21.6%
Information Technology Services	\$5,036	\$1,400	27.8%	\$8,902	\$1,068	12.0%	-15.8%
Network and other communications equipment	\$2,889	\$812	28.1%	\$4,493	\$556	12.4%	-15.7%
Health care	\$67,175	\$23,524	35.0%	\$122,582	\$23,885	19.5%	-15.5%
Industrial Machinery	\$37,695	\$10,472	27.8%	\$42,437	\$5,258	12.4%	-15.4%
Retail & wholesale trade	\$283,906	\$88,309	31.1%	\$441,722	\$70,685	16.0%	-15.1%
Semiconductors & other electronic components	\$53,496	\$14,287	26.7%	\$99,629	\$12,019	12.1%	-14.6%
Miscellaneous services	\$164,143	\$40,341	24.6%	\$165,176	\$18,315	11.1%	-13.5%
Engineering & construction	\$10,080	\$2,795	27.7%	\$24,014	\$3,623	15.1%	-12.6%
Medical Products and Equipment	\$11,150	\$2,687	24.1%	\$14,948	\$1,714	11.5%	-12.6%
Food & beverages & tobacco	\$64,862	\$17,378	26.8%	\$76,550	\$11,081	14.5%	-12.3%
Financial data services	\$55,056	\$16,056	29.2%	\$80,298	\$13,686	17.0%	-12.1%
Aerospace & defense	\$53,693	\$13,446	25.0%	\$74,140	\$10,377	14.0%	-11.0%
Telecommunications	\$208,009	\$37,663	18.1%	\$247,859	\$18,208	7.3%	-10.8%
Internet Services & Retailing	\$17,106	\$4,732	27.7%	\$80,757	\$14,336	17.8%	-9.9%
Computer software	\$14,051	\$3,419	24.3%	\$23,807	\$3,622	15.2%	-9.1%
Miscellaneous manufacturing	\$76,922	\$17,573	22.8%	\$117,532	\$16,369	13.9%	-8.9%
Transportation	\$61,875	\$14,735	23.8%	\$74,748	\$11,417	15.3%	-8.5%
Chemicals	\$21,466	\$4,010	18.7%	\$23,908	\$2,808	11.7%	-6.9%
Pharmaceuticals	\$29,996	\$8,536	28.5%	\$48,014	\$10,406	21.7%	-6.8%
Household & personal products	\$48,660	\$10,446	21.5%	\$55,018	\$8,642	15.7%	-5.8%
Financial	\$452,502	\$80,028	17.7%	\$717,642	\$89,685	12.5%	-5.2%
Utilities, gas and electric	\$115,760	\$2,928	2.5%	\$124,628	-967	-0.8%	-3.3%
Motor vehicles and parts	\$25,379	\$1,022	4.0%	\$29,756	\$481	1.6%	-2.4%
Metals & metal products	\$7,000	\$1,318	18.8%	\$24,964	\$4,160	16.7%	-2.2%
Oil, gas & pipelines	\$14,527	\$ -2	-0.0%	\$22,560	-132	-0.6%	-0.6%
<b>ALL INDUSTRIES</b>	<b>\$1,904,096</b>	<b>\$418,429</b>	<b>22.0%</b>	<b>\$2,747,726</b>	<b>\$351,456</b>	<b>12.8%</b>	<b>-9.2%</b>

Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations



# Not All Companies Have Experienced Lower Taxes

Corporations' effective tax rates can go up or down both because of tax law changes and because of changes in their businesses, such as where they are in investment cycles. The companies examined in this study were profitable every year from 2013 to 2021 and we compare two four-year periods before and after the large Trump corporate tax cuts—so meaningful tax bills are to be expected in both periods and declines in the share of profits paid in taxes are dominated by the significant changes in the tax law that affected all large corporations. This is why the overwhelming majority of the 296 companies, 246, saw cuts in their effective rates.

There were, however, 50 companies that saw tax increases. These tended to be companies that were starting with low effective tax rates. For example, Whirlpool's taxes went from 5 to 8 percent, General Motors' went from -1 to 0 percent and Netflix's went from -5 to 0 percent (The latter two started with negative tax rates because their tax breaks exceeded the amount of tax they would have otherwise paid). Overall, 246 companies saw their rates cut about in half, dropping from an average of 24.6 to 13.3 percent, while 50 saw increases from an average of 4.2 to 9.9 percent.

FIGURE 5

## Effective Tax Rates Fell for Most Corporations Under Trump Tax Law

	Number of companies	Average effective rates	
		2013-2016	2018-2021
Effective tax rate dropped	246	24.6%	13.3%
Effective tax rate increased	50	4.2%	9.9%
All 296 companies	296	22.0%	12.8%

Source: ITEP analysis of Securities and Exchange Commission filings of publicly traded corporations

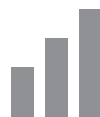
# Uncertainty About Corporate Taxes After 2021

The year 2022 is excluded from this report because certain tax increases came into effect that year as scheduled under the Trump tax law, but Congress is considering reversing these policies retroactively, leaving companies' ultimate tax liability for 2022 uncertain. The most significant of these is a tax hike related to research and development spending that came into effect in 2022 under the Trump tax law.<sup>2</sup> If the 2022 tax level were, unexpectedly, left in place, including 2022 would only raise the post-Trump average effective rate for the companies in this study by 1.2 percentage points.

The new tax increases that came into effect under the Trump law in 2022 (and the possible retroactive repeal of those tax increases by Congress) are not the only uncertain parts of the corporate income tax code right now.

Some of the tax avoidance allowed under the Trump tax law will be reduced by 2022's Inflation Reduction Act. That law created a 15 percent corporate minimum tax that applies to the worldwide profits of the largest American corporations (those with profits exceeding \$1 billion on average over the preceding three years). It also created a new 1 percent tax on stock buybacks that is technically an excise tax (rather than a corporate income tax) paid by companies when they repurchase stock to enrich their shareholders. Both provisions went into effect in 2023 and we may soon have more information about their impact on corporations.

Congress has several options to address corporate tax avoidance and reverse the effects of the 2017 law. For example, President Biden has proposed to partly reverse the reduction in the statutory corporate income tax rate, increase the corporate minimum tax that was originally enacted as part of the Inflation Reduction Act, bar corporations from deducting compensation paid to any individual beyond \$1 million annually, and impose a strong minimum tax on offshore corporate profits, among other reforms.<sup>3</sup>



# How This Study Compares What Corporations Paid Before and After the Trump Tax Law

This analysis is based on information that publicly traded corporations report to shareholders and potential investors in their annual 10-K reports. It uses the profits that companies report, as well as the “current” federal income tax they report for the year, which is their best estimate of the corporate federal income tax they will pay for the year.

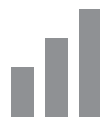
The corporations included in this report were profitable each year from 2013 through 2021. Within this timeframe this study compares what companies paid in two four-year time periods when federal corporate tax law was stable and predictable.

The year 2017 is excluded because most corporations reported in their 2017 10-Ks the transition tax they paid on offshore profits (which were generated over previous years sometimes going back decades) as required under the new law. Many companies reported the transition tax in ways that make it difficult to disentangle from the federal income taxes they paid on U.S. profits (the subject of this report) for 2017.

The year 2022 is excluded because of the uncertainty previously described in how much companies will ultimately end up paying on their 2022 profits.

With the exclusion of 2017 and 2022, we are left with two comparable four-year time periods: 2013 through 2016 (when the statutory federal corporate tax rate was 35 percent) and 2018 through 2021 (when the statutory rate is 21 percent).

For more details on how this report calculates effective corporate tax rates, see [Appendix 2](#).



# Appendix 1: Effective Federal Corporate Income Tax Rates, 2013-2016 and 2018-2021

Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Verizon Communications	21%	8%	\$10,718	\$74,858	\$15,387	\$88,181	\$7,407
Walmart	31%	17%	\$8,973	\$67,842	\$20,978	\$66,041	\$11,448
AT&T	13%	3%	\$8,171	\$76,832	\$10,063	\$77,325	\$1,957
Meta	28%	18%	\$8,004	\$17,106	\$4,732	\$80,757	\$14,336
Home Depot	34%	20%	\$7,991	\$37,115	\$12,485	\$60,781	\$12,455
Intel	27%	13%	\$7,693	\$36,615	\$9,878	\$53,725	\$6,801
Comcast	24%	14%	\$6,605	\$46,141	\$11,159	\$65,726	\$9,290
Walt Disney	26%	8%	\$6,101	\$45,146	\$11,804	\$33,058	\$2,543
Visa	32%	18%	\$5,230	\$21,306	\$6,905	\$37,062	\$6,781
Capital One Financial	31%	16%	\$5,125	\$23,708	\$7,331	\$33,603	\$5,266
Lockheed Martin	33%	15%	\$4,995	\$19,361	\$6,368	\$28,231	\$4,290
Amazon.com	11%	5%	\$4,658	\$7,357	\$811	\$78,553	\$3,997
Lowe's	37%	20%	\$4,586	\$16,649	\$6,172	\$27,329	\$5,545
United Parcel Service	26%	10%	\$4,408	\$23,316	\$6,085	\$27,947	\$2,886
Texas Instruments	30%	12%	\$4,278	\$11,362	\$3,358	\$23,748	\$2,740
Anthem	38%	22%	\$3,985	\$17,057	\$6,527	\$24,428	\$5,363
PepsiCo	41%	15%	\$3,977	\$10,755	\$4,402	\$15,384	\$2,320
Humana	46%	16%	\$3,901	\$7,768	\$3,560	\$13,277	\$2,184
U.S. Bancorp	27%	15%	\$3,772	\$30,419	\$8,122	\$32,094	\$4,798
Centene	44%	17%	\$3,731	\$2,536	\$1,121	\$13,742	\$2,345
CVS Health	35%	25%	\$3,490	\$30,523	\$10,767	\$34,926	\$8,830
Target	34%	16%	\$3,373	\$14,885	\$5,047	\$18,550	\$2,917
Bank of America	7%	4%	\$3,359	\$48,018	\$3,249	\$110,527	\$4,120
Cigna	36%	23%	\$3,216	\$9,318	\$3,399	\$24,378	\$5,676
Charles Schwab	35%	21%	\$3,006	\$8,755	\$3,065	\$20,810	\$4,279
Unum Group	47%	-12%	\$2,744	\$2,349	\$1,102	\$4,651	-\$563
Union Pacific	24%	15%	\$2,542	\$29,033	\$6,974	\$29,799	\$4,616
Discover Financial Services	31%	18%	\$2,475	\$14,715	\$4,585	\$19,388	\$3,566
Synchrony Financial	32%	19%	\$2,424	\$15,117	\$4,872	\$18,263	\$3,462
Progressive	30%	18%	\$2,378	\$7,010	\$2,134	\$19,707	\$3,622
HCA Holdings	30%	19%	\$2,374	\$12,610	\$3,732	\$22,275	\$4,219
Publix Super Markets	29%	15%	\$2,365	\$10,575	\$3,059	\$16,971	\$2,544
Honeywell International	23%	6%	\$2,335	\$12,422	\$2,803	\$14,013	\$827
Thermo Fisher Scientific	28%	9%	\$2,186	\$3,383	\$958	\$11,248	\$999
FedEx	18%	1%	\$2,096	\$11,631	\$2,120	\$12,450	\$173
MasterCard	27%	15%	\$1,809	\$13,393	\$3,603	\$15,106	\$2,255

Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Biogen	37%	23%	\$1,678	\$11,340	\$4,163	\$12,172	\$2,790
Deere	30%	13%	\$1,665	\$9,944	\$2,963	\$10,153	\$1,360
Dollar General	33%	17%	\$1,648	\$6,764	\$2,230	\$10,387	\$1,776
Costco Wholesale	25%	14%	\$1,599	\$9,007	\$2,248	\$15,045	\$2,156
T. Rowe Price	33%	20%	\$1,510	\$6,908	\$2,298	\$11,353	\$2,267
Bank of New York Mellon Corp.	31%	18%	\$1,496	\$10,195	\$3,185	\$11,685	\$2,155
McDonald's	44%	26%	\$1,362	\$9,705	\$4,304	\$7,456	\$1,945
Nike	13%	4%	\$1,362	\$7,032	\$889	\$14,921	\$524
Nucor	27%	17%	\$1,361	\$3,531	\$949	\$14,181	\$2,451
Emerson Electric	35%	13%	\$1,333	\$7,817	\$2,744	\$6,157	\$828
Northrop Grumman	20%	13%	\$1,323	\$11,221	\$2,248	\$20,052	\$2,694
3M	27%	18%	\$1,285	\$15,470	\$4,239	\$13,536	\$2,424
Procter & Gamble	19%	16%	\$1,282	\$34,787	\$6,773	\$36,932	\$5,909
AmerisourceBergen	33%	-9%	\$1,251	\$2,235	\$734	\$2,971	-\$275
CME Group	31%	19%	\$1,248	\$7,167	\$2,257	\$10,129	\$1,942
Norfolk Southern	23%	13%	\$1,244	\$10,792	\$2,466	\$12,950	\$1,715
Southern	12%	4%	\$1,227	\$12,734	\$1,545	\$14,825	\$572
Cummins	38%	15%	\$1,216	\$3,417	\$1,305	\$5,148	\$750
Republic Services	33%	9%	\$1,203	\$3,755	\$1,232	\$5,135	\$482
Northern Trust	40%	17%	\$1,168	\$3,565	\$1,438	\$4,903	\$811
Lumen Technologies	9%	-8%	\$1,158	\$4,391	\$382	\$6,887	-\$559
Waste Management	26%	12%	\$1,156	\$5,395	\$1,389	\$8,430	\$1,015
Duke Energy	-1%	-11%	\$1,130	\$14,445	-\$123	\$11,625	-\$1,229
CSX	22%	15%	\$1,117	\$11,494	\$2,542	\$16,651	\$2,566
Dollar Tree	35%	17%	\$1,104	\$3,490	\$1,237	\$5,954	\$1,006
Intercontinental Exchange	28%	13%	\$1,090	\$2,439	\$671	\$7,698	\$1,028
Automatic Data Processing	30%	20%	\$1,081	\$7,884	\$2,336	\$11,417	\$2,303
O'Reilly Automotive	31%	18%	\$1,054	\$5,235	\$1,628	\$8,191	\$1,492
D.R. Horton	26%	18%	\$1,039	\$3,909	\$1,028	\$12,480	\$2,243
DISH Network	12%	1%	\$1,018	\$5,787	\$672	\$9,740	\$113
AutoZone	30%	16%	\$1,016	\$6,302	\$1,872	\$7,346	\$1,166
Intuitive Surgical	30%	5%	\$1,014	\$2,019	\$604	\$4,046	\$196
Best Buy	30%	18%	\$971	\$4,389	\$1,324	\$7,761	\$1,370
CDW	50%	23%	\$946	\$1,715	\$856	\$3,536	\$819
Kimberly-Clark	24%	11%	\$945	\$5,631	\$1,327	\$7,501	\$823
Lennar	22%	14%	\$936	\$4,121	\$887	\$13,175	\$1,899
General Dynamics	23%	16%	\$924	\$13,627	\$3,101	\$13,425	\$2,131
Travelers Cos.	23%	16%	\$912	\$18,262	\$4,180	\$13,428	\$2,161
Zions bancorp	41%	19%	\$911	\$1,766	\$727	\$4,123	\$788
American Financial Group	39%	17%	\$902	\$2,820	\$1,088	\$4,175	\$709



Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Hershey	28%	11%	\$889	\$5,151	\$1,435	\$5,404	\$617
Ross Stores	33%	20%	\$846	\$6,094	\$2,014	\$6,366	\$1,258
Cintas	32%	13%	\$840	\$2,507	\$790	\$4,615	\$614
Archer Daniels Midland	26%	6%	\$838	\$6,010	\$1,586	\$4,191	\$268
Yum Brands	36%	7%	\$805	\$1,773	\$636	\$2,834	\$212
CBRE Group	34%	11%	\$796	\$2,018	\$680	\$3,557	\$403
Raymond James Financial	36%	21%	\$774	\$2,721	\$966	\$5,193	\$1,070
ConAgra Foods	35%	18%	\$759	\$3,293	\$1,139	\$4,446	\$779
KeyCorp	22%	13%	\$759	\$4,483	\$990	\$8,797	\$1,184
Paccar	31%	19%	\$747	\$4,853	\$1,519	\$6,278	\$1,218
Steel Dynamics	24%	13%	\$741	\$1,271	\$300	\$7,169	\$953
W.W. Grainger	32%	16%	\$722	\$4,590	\$1,449	\$4,521	\$705
Zoetis	40%	23%	\$716	\$1,838	\$744	\$4,188	\$979
Exelon	13%	6%	\$709	\$10,402	\$1,332	\$10,680	\$659
NVR	31%	15%	\$707	\$2,015	\$620	\$4,459	\$666
Fifth Third Bancorp	27%	21%	\$696	\$8,200	\$2,178	\$11,547	\$2,371
Kroger	26%	20%	\$681	\$10,781	\$2,779	\$11,002	\$2,155
Franklin Resources	37%	23%	\$666	\$7,451	\$2,783	\$4,737	\$1,103
Paychex	31%	20%	\$663	\$4,251	\$1,325	\$5,725	\$1,122
Danaher	22%	10%	\$661	\$5,025	\$1,093	\$5,590	\$555
Roper Technologies	34%	19%	\$646	\$2,521	\$853	\$4,394	\$841
Darden Restaurants	19%	-5%	\$632	\$1,430	\$276	\$2,556	-\$138
Illinois Tool Works	32%	22%	\$626	\$6,174	\$1,994	\$6,364	\$1,429
Copart	34%	12%	\$624	\$1,069	\$367	\$2,831	\$346
PNC Financial Services Group	14%	12%	\$621	\$20,788	\$2,933	\$25,271	\$2,944
Fox Corporation	14%	6%	\$619	\$22,111	\$3,108	\$8,000	\$506
KLA	26%	12%	\$617	\$1,609	\$416	\$4,462	\$537
CarMax	32%	19%	\$612	\$3,692	\$1,169	\$4,832	\$918
Dominion Energy	1%	-5%	\$609	\$9,757	\$127	\$9,193	-\$489
Quest Diagnostics	30%	19%	\$608	\$4,011	\$1,191	\$5,706	\$1,086
Citigroup	6%	4%	\$607	\$29,209	\$1,798	\$28,149	\$1,126
Omnicom Group	47%	25%	\$604	\$2,638	\$1,230	\$2,785	\$695
General Mills	20%	14%	\$583	\$7,642	\$1,528	\$9,353	\$1,287
Huntington Ingalls Industries	27%	8%	\$579	\$2,358	\$638	\$3,086	\$255
Hormel Foods	27%	14%	\$561	\$3,854	\$1,038	\$4,349	\$611
Regeneron Pharmaceuticals	23%	18%	\$559	\$5,314	\$1,211	\$12,536	\$2,297
Intuit	23%	16%	\$555	\$4,433	\$1,034	\$7,688	\$1,239
Packaging Corporation of America	31%	15%	\$546	\$2,293	\$707	\$3,527	\$541
DTE Energy	1%	-10%	\$542	\$4,209	\$54	\$4,731	-\$481
Fastenal	33%	19%	\$539	\$2,863	\$942	\$3,855	\$730

Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Expeditors International	46%	14%	\$526	\$818	\$373	\$1,689	\$245
Westlake Chemical	22%	10%	\$525	\$3,357	\$750	\$4,155	\$404
Oshkosh	35%	9%	\$523	\$1,362	\$475	\$2,016	\$181
Comerica	28%	17%	\$521	\$2,848	\$793	\$5,021	\$877
BlackRock	29%	26%	\$500	\$11,265	\$3,309	\$15,630	\$4,091
Monster Beverage	29%	19%	\$464	\$3,053	\$876	\$4,933	\$952
Booz Allen Hamilton Holding	24%	2%	\$455	\$1,457	\$348	\$2,063	\$37
Chipotle Mexican Grill	29%	4%	\$447	\$1,951	\$564	\$1,784	\$68
J.M. Smucker	35%	23%	\$442	\$3,020	\$1,068	\$3,721	\$873
Tractor Supply	32%	19%	\$434	\$2,372	\$749	\$3,542	\$684
Ecolab	29%	4%	\$431	\$2,990	\$855	\$1,772	\$76
Bread Financial	31%	20%	\$415	\$2,997	\$943	\$3,494	\$683
Brown-Forman	28%	16%	\$412	\$3,667	\$1,038	\$3,423	\$557
Campbell Soup	29%	15%	\$411	\$3,337	\$969	\$2,916	\$436
DaVita	24%	15%	\$409	\$3,849	\$941	\$4,176	\$612
Domino's Pizza	29%	9%	\$402	\$1,059	\$310	\$1,981	\$178
Broadridge Financial	28%	10%	\$398	\$1,441	\$402	\$2,188	\$213
Laboratory Corp. of America	30%	23%	\$393	\$2,983	\$894	\$5,703	\$1,315
AutoNation	32%	21%	\$392	\$2,593	\$842	\$3,430	\$722
UGI	17%	-5%	\$389	\$1,561	\$259	\$1,770	-\$96
M&T Bank	19%	15%	\$380	\$6,968	\$1,309	\$9,302	\$1,367
Rockwell Automation	33%	17%	\$371	\$2,248	\$734	\$2,370	\$403
Dick's Sporting Goods	33%	22%	\$363	\$1,984	\$646	\$3,363	\$732
McCormick & Co	27%	11%	\$362	\$1,335	\$364	\$2,223	\$245
Advance Auto Parts	31%	15%	\$361	\$2,576	\$808	\$2,258	\$348
Celanese	8%	-6%	\$351	\$1,857	\$156	\$2,453	-\$145
Sherwin-Williams	25%	20%	\$350	\$4,824	\$1,206	\$7,390	\$1,497
Reliance Steel & Aluminum	29%	19%	\$350	\$1,714	\$494	\$3,689	\$714
Church & Dwight	26%	15%	\$350	\$2,289	\$590	\$3,164	\$465
Foot Locker	30%	18%	\$349	\$2,531	\$757	\$2,921	\$524
Mastec	34%	13%	\$344	\$589	\$199	\$1,648	\$212
Williams-Sonoma	33%	20%	\$332	\$1,722	\$568	\$2,610	\$530
Clorox	29%	18%	\$330	\$3,302	\$955	\$3,033	\$547
CACI International	25%	4%	\$326	\$792	\$199	\$1,528	\$59
Textron	15%	-0%	\$322	\$2,342	\$356	\$2,086	-\$5
Ulta Beauty	31%	21%	\$321	\$1,832	\$561	\$3,165	\$649
Truist Financial	16%	15%	\$318	\$9,239	\$1,507	\$20,406	\$3,011
Skyworks Solutions	21%	7%	\$317	\$1,835	\$378	\$2,380	\$173
Kellogg	24%	17%	\$316	\$3,904	\$947	\$4,258	\$717
Mohawk Industries	35%	3%	\$312	\$1,508	\$535	\$967	\$30

Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Snap-on	28%	17%	\$312	\$2,008	\$559	\$2,949	\$509
Jacobs Engineering Group	33%	8%	\$309	\$1,020	\$335	\$1,244	\$100
Brown & Brown	30%	16%	\$307	\$1,450	\$435	\$2,242	\$365
Edwards Lifesciences	29%	5%	\$300	\$1,553	\$445	\$1,276	\$66
American Electric Power	1%	-2%	\$296	\$7,641	\$83	\$8,442	-\$205
Verisk Analytics	24%	14%	\$289	\$2,274	\$547	\$2,806	\$386
Discovery Communications	30%	25%	\$287	\$4,933	\$1,475	\$6,335	\$1,607
Big Lots	38%	19%	\$284	\$829	\$311	\$1,515	\$284
Ansys	26%	10%	\$283	\$1,205	\$308	\$1,788	\$174
Bath & Body Works	28%	20%	\$282	\$5,744	\$1,601	\$3,751	\$764
Universal Health Services	30%	23%	\$279	\$3,866	\$1,154	\$4,176	\$967
J.B. Hunt Transport Services	23%	14%	\$279	\$2,471	\$578	\$2,869	\$392
LKQ	30%	20%	\$277	\$1,725	\$516	\$2,735	\$541
Knight-Swift Transportation Holdings	26%	14%	\$275	\$937	\$239	\$2,315	\$315
Moody's	27%	21%	\$266	\$3,336	\$901	\$4,594	\$975
Old Dominion Freight Line	27%	20%	\$265	\$1,656	\$445	\$3,724	\$736
Air Products & Chemicals	16%	8%	\$259	\$2,578	\$419	\$3,187	\$259
Marsh & McLennan	24%	17%	\$257	\$1,981	\$480	\$3,432	\$575
Ametek	26%	18%	\$251	\$1,802	\$468	\$3,008	\$530
C.H. Robinson Worldwide	33%	22%	\$250	\$2,581	\$851	\$2,334	\$520
Activision Blizzard	17%	10%	\$250	\$1,490	\$257	\$3,235	\$308
Pool Corporation	30%	16%	\$241	\$740	\$225	\$1,667	\$266
Analog Devices	66%	54%	\$238	\$373	\$248	\$1,920	\$1,036
W.R. Berkley	26%	20%	\$236	\$3,013	\$792	\$3,529	\$692
Robert Half International	34%	22%	\$234	\$1,695	\$578	\$1,934	\$425
Fleetcor Technologies	22%	10%	\$234	\$1,110	\$244	\$2,013	\$208
Quanta Services	32%	20%	\$231	\$1,369	\$435	\$1,896	\$371
Amphenol	26%	7%	\$227	\$539	\$143	\$1,187	\$87
Nasdaq	21%	14%	\$226	\$1,519	\$322	\$3,333	\$481
Principal Financial	5%	2%	\$220	\$5,114	\$274	\$6,046	\$103
Hubbell	28%	13%	\$210	\$1,382	\$381	\$1,420	\$181
MDU Resources	17%	4%	\$210	\$1,306	\$220	\$1,618	\$63
Genuine Parts	31%	22%	\$208	\$3,530	\$1,080	\$2,490	\$554
Westinghouse Air Brake	29%	-9%	\$207	\$1,312	\$383	\$544	-\$48
Parker Hannifin	27%	21%	\$206	\$3,274	\$875	\$3,755	\$797
MSCI	33%	18%	\$205	\$1,028	\$338	\$1,403	\$256
Regions Financial	17%	15%	\$203	\$6,326	\$1,094	\$8,239	\$1,222
CBOE Global Markets	35%	25%	\$202	\$1,133	\$393	\$2,070	\$516
Dover	26%	16%	\$195	\$2,454	\$641	\$2,021	\$333
H&R Block	31%	19%	\$191	\$2,425	\$756	\$1,525	\$285



Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Lithia Motors	24%	17%	\$189	\$884	\$212	\$2,649	\$445
A.O. Smith	30%	18%	\$188	\$813	\$242	\$1,592	\$286
Graham Holdings	24%	11%	\$184	\$1,842	\$435	\$1,462	\$161
Thor Industries	34%	24%	\$177	\$1,135	\$381	\$1,754	\$413
Fortune Brands	28%	20%	\$176	\$1,418	\$397	\$2,204	\$441
F5 Networks	32%	17%	\$172	\$1,861	\$587	\$1,163	\$195
Henry Schein	30%	21%	\$172	\$2,060	\$626	\$1,846	\$389
Polaris Industries	31%	17%	\$168	\$2,065	\$649	\$1,200	\$210
Landstar System	32%	20%	\$154	\$826	\$260	\$1,329	\$266
Asbury Automotive Group	29%	18%	\$150	\$859	\$247	\$1,459	\$269
Emcor Group	33%	24%	\$149	\$967	\$319	\$1,591	\$376
Paycom	26%	8%	\$149	\$96	\$25	\$815	\$62
Group 1 Automotive	26%	16%	\$139	\$836	\$213	\$1,541	\$254
UFP Industries	29%	19%	\$134	\$373	\$108	\$1,290	\$241
CMS Energy	—	-4%	\$134	\$3,012	-	\$3,284	-\$134
Trimble	48%	-13%	\$133	\$283	\$135	\$221	-\$28
Casey's General Stores	17%	8%	\$133	\$1,081	\$187	\$1,413	\$111
Bio-Techne	30%	9%	\$131	\$437	\$131	\$640	\$60
Martin Marietta	13%	9%	\$125	\$1,438	\$185	\$2,965	\$256
Williams	-1%	-3%	\$123	\$4,510	-\$26	\$5,363	-\$154
Molson Coors	5%	3%	\$122	\$5,644	\$295	\$5,567	\$169
IDEX	25%	16%	\$120	\$1,037	\$261	\$1,349	\$219
Penske Automotive Group	7%	2%	\$119	\$1,128	\$75	\$2,516	\$48
Jack Henry & Associates	22%	14%	\$119	\$1,324	\$288	\$1,540	\$216
Factset	22%	11%	\$119	\$1,076	\$239	\$1,035	\$111
Oneok	2%	0%	\$116	\$1,842	\$37	\$5,938	\$3
Evergy	-0%	-4%	\$114	\$1,856	-\$2	\$3,029	-\$118
Rollins	29%	20%	\$109	\$819	\$240	\$1,223	\$249
Nordson	25%	12%	\$108	\$641	\$163	\$812	\$98
Arthur J. Gallagher	13%	6%	\$108	\$1,074	\$135	\$1,599	\$94
Fidelity National Information Services	33%	28%	\$105	\$2,782	\$920	\$1,899	\$523
Select Medical Holdings	32%	23%	\$101	\$714	\$226	\$1,224	\$287
SAIC	15%	6%	\$99	\$1,247	\$190	\$1,051	\$61
Tyler Technologies	17%	3%	\$91	\$391	\$67	\$637	\$19
Consolidated Edison	2%	1%	\$90	\$6,733	\$147	\$6,137	\$44
Arista Networks	17%	13%	\$90	\$488	\$83	\$2,143	\$274
IDEXX Laboratories	20%	16%	\$87	\$734	\$149	\$1,830	\$285
RPM International	22%	16%	\$84	\$905	\$202	\$1,273	\$201
MarketAxess	25%	15%	\$83	\$483	\$122	\$832	\$127
Interpublic Group	13%	9%	\$79	\$1,538	\$205	\$1,868	\$170

Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
PPG Industries	11%	7%	\$74	\$1,911	\$207	\$1,757	\$116
Insight Enterprises	29%	17%	\$71	\$364	\$105	\$619	\$108
Alliant Energy	3%	-0%	\$65	\$1,755	\$45	\$2,343	-\$6
IPG Photonics	29%	8%	\$62	\$317	\$90	\$311	\$26
SpartanNash	30%	2%	\$61	\$276	\$83	\$219	\$5
Leggett & Platt	25%	20%	\$31	\$769	\$192	\$673	\$137
Teledyne Technologies	21%	17%	\$30	\$796	\$164	\$915	\$158
Stryker	27%	25%	\$18	\$1,452	\$390	\$1,354	\$345
Sanmina-SCI	2%	0%	\$10	\$325	\$8	\$458	\$1
Atmos Energy	—	-0%	\$10	\$1,884	-	\$2,794	-\$10
Commercial Metals	14%	14%	-\$2	\$509	\$71	\$998	\$141
Charles River Laboratories	20%	20%	-\$2	\$229	\$45	\$525	\$106
ManpowerGroup	7%	10%	-\$17	\$731	\$55	\$647	\$65
Mettler Toledo	0%	6%	-\$19	\$107	\$1	\$354	\$20
Sonic Automotive	26%	30%	-\$25	\$570	\$150	\$715	\$213
Ameriprise Financial	21%	21%	-\$26	\$5,901	\$1,239	\$8,852	\$1,884
PPL	-2%	-1%	-\$28	\$3,707	-\$72	\$3,418	-\$38
Graphic Packaging	2%	6%	-\$35	\$924	\$18	\$855	\$52
Wesco International	22%	26%	-\$36	\$1,014	\$219	\$762	\$201
Kansas City Southern	0%	4%	-\$42	\$1,266	\$5	\$1,087	\$46
Sprouts Farmers Market	12%	16%	-\$46	\$646	\$77	\$1,037	\$170
L3Harris Technologies	14%	15%	-\$57	\$2,740	\$381	\$5,295	\$793
Rush Enterprises	12%	21%	-\$70	\$376	\$46	\$796	\$168
Boise Cascade	17%	22%	-\$73	\$315	\$53	\$1,283	\$288
American Water Works	-0%	2%	-\$82	\$2,819	-\$4	\$4,074	\$76
ABM Industries	9%	26%	-\$86	\$276	\$26	\$511	\$134
Jones Lang LaSalle	8%	17%	-\$98	\$384	\$31	\$1,136	\$189
Xcel Energy	-3%	-1%	-\$103	\$6,193	-\$158	\$5,924	-\$48
Whirlpool	5%	8%	-\$116	\$1,617	\$79	\$3,542	\$289
Sempra Energy	-4%	0%	-\$122	\$3,615	-\$129	\$3,238	\$6
Huntington Bancshares	14%	16%	-\$155	\$3,529	\$486	\$5,789	\$953
Keurig Dr Pepper	17%	20%	-\$157	\$3,550	\$614	\$5,345	\$1,082
Verisign	-0%	9%	-\$157	\$1,072	-\$3	\$1,775	\$152
Westrock	5%	11%	-\$162	\$2,121	\$115	\$3,158	\$333
CBS	7%	8%	-\$163	\$7,958	\$537	\$9,743	\$820
Ameren	-4%	-0%	-\$170	\$3,813	-\$158	\$4,217	-\$5
Owens Corning	-2%	8%	-\$171	\$795	-\$17	\$1,782	\$134
Berry Global Group	—	17%	-\$174	\$387	-	\$1,039	\$174
Eversource Energy	1%	5%	-\$209	\$5,335	\$47	\$5,632	\$259
United Rentals	5%	9%	-\$212	\$2,864	\$157	\$5,369	\$507

Company (\$ figures in millions)	Effective tax rates		Saved taxes	2013-2016		2018-2021	
	2013-2016	2018-2021		Profits	Tax	Profit	Tax
Reinsurance Group of America	-1%	11%	-\$225	\$2,494	-\$31	\$1,903	\$201
General Motors	-1%	0%	-\$247	\$20,825	-\$178	\$24,024	\$42
Align Technology	2%	31%	-\$253	\$368	\$6	\$852	\$267
Eastman Chemical	7%	21%	-\$265	\$3,044	\$214	\$1,922	\$400
Adobe	16%	24%	-\$275	\$1,711	\$272	\$3,565	\$842
Cadence Design Systems	-51%	-16%	-\$277	\$170	-\$86	\$797	-\$128
Kinder Morgan	-3%	-0%	-\$282	\$6,869	-\$232	\$9,640	-\$44
Amgen	21%	23%	-\$322	\$11,504	\$2,418	\$19,118	\$4,340
NextEra Energy	-0%	1%	-\$361	\$14,290	-\$63	\$19,273	\$276
Jefferies Financial	0%	12%	-\$402	\$1,449	\$4	\$3,316	\$410
State Street Corp.	2%	10%	-\$477	\$4,654	\$78	\$5,796	\$574
Ally Financial	-0%	5%	-\$495	\$4,334	-\$3	\$10,501	\$488
Netflix	-5%	1%	-\$601	\$768	-\$35	\$10,509	\$126
Masco	-0%	23%	-\$618	\$1,689	-\$3	\$2,616	\$614
PulteGroup	1%	11%	-\$675	\$2,995	\$30	\$6,798	\$742
Hartford Financial Services	2%	9%	-\$733	\$4,913	\$79	\$9,509	\$886
Nvidia	-7%	6%	-\$1,536	\$986	-\$66	\$12,299	\$712
International Paper	-24%	23%	-\$2,014	\$2,796	-\$670	\$4,277	\$989
Morgan Stanley	-1%	14%	-\$6,331	\$13,798	-\$199	\$40,036	\$5,754



## Appendix 2: Corporate Effective Tax Rate Calculation Methodology

This study assesses the health of the U.S. corporate income tax by looking at how it has affected the largest and most profitable corporations in America over the nine years from 2013 through 2021. The study's research concept and methodology closely follow the approach used in a series of reports by Citizens for Tax Justice and the Institute on Taxation and Economic Policy for the past 40 years. This latest edition in this long-running series looks at 296 of the largest corporations in America and analyzes the federal income taxes reported by each of these companies on their U.S. pretax income over the eight years from 2013 to 2016 and 2018 through 2021. The report calculates, for each company in the sample, an effective federal income tax rate (that is, current federal income tax expense as a share of pretax U.S. income) for both of those four-year periods. All information presented in this study is taken from the 10-K annual financial reports that publicly traded corporations are required to file each year with the Securities and Exchange Commission (SEC).

The sample selection for the companies included in this study begins with the complete universe of publicly traded, U.S.-based corporations in the Fortune 500 (a ranking based on revenues) and the S&P 500 (a ranking based on market capitalization). From this initial list, we excluded companies that reported a U.S. pretax loss in any year from 2013 through 2021. We also excluded companies that failed to provide sufficient information to calculate U.S. pretax income, or current federal income tax, or (in some cases) both. (For example, the hugely profitable corporation Goldman Sachs does not publish a pretax income estimate for the U.S. Berkshire Hathaway does not publish an estimate of current federal income tax.) We also excluded companies that, while consistently profitable, did not publish information for all 10 years between 2013 and 2021, either because their IPO took effect after 2013 or because the company was acquired or otherwise transformed before 2021. Finally, we excluded a small number of multinational corporations that reported geographic income splits that appear implausible relative to the amount of tax expense reported. The most prominent example of this phenomenon is Apple, which consistently reported effective U.S. tax rates over 40 percent in years after 2012, almost twice as high as the statutory U.S. tax rate (even higher after factoring in deferred taxes), which implies that the U.S./foreign income split reported in the 10-K is simply inaccurate. This left us with the 296 companies included in this report.

The tax expense reported by the 296 companies included in our final sample from 2013 through 2021 was about a third of total federal corporate income tax collections during that time. The effective tax rates published in this study are based entirely on data published by these companies in their annual financial



reports. In most cases, the effective tax rate for any year is the product of three numbers: U.S. pretax income, current federal income tax, and current state income tax (which is subtracted from pretax income to get net pretax income). The effective federal income tax rate is calculated as: current federal tax / (U.S. pretax income – current state tax).

The use of current federal tax expense is important because current taxes are those the company is obligated to pay during the year and excludes “deferred” income taxes that the company owes but is allowed to postpone paying until a later year.

The pretax incomes published in this study are generally what the companies themselves reported. In some cases, the information reported by the companies does not directly state their pre-tax income, so some calculations are required using the information they do provide. For example, when companies with a (small) multinational presence failed to disclose the geographic split of pretax income, we calculated the U.S. and foreign income share using data on the geographic location of operating profit (where available), or, more frequently, we estimated foreign income using reported foreign tax.

A second infrequent calculation to the published data relates to “noncontrolling interest income.” This is income of a company’s subsidiary that is reported on financial statements as part of income, but that is not taxable to the corporation. When substantial noncontrolling interest income was disclosed, we subtracted it from U.S. and/or foreign pretax income.

A third calculation to published income data relates to “goodwill impairments.” These are non-cash, non-taxable charges against income that are taken irregularly by companies to reflect a sharply diminished estimate of the company’s future earnings potential. These charges affect neither a company’s income taxes nor its cash flow. When these impairments were disclosed, we added them back to reported pretax income.

On the tax side, reported current federal income tax expense was infrequently adjusted in one of two ways. The first has to do with the one-time “transition tax” on pre-2018 earnings imposed by the 2017 tax law. Companies were required to add the expected value of this transition tax to current tax in the ongoing fiscal year when the law was enacted in December 2017. Companies, however, were allowed to pay their transition tax bills over several years. For companies reporting an impact after 2017, either because their fiscal year does not follow the calendar year, or because the companies made second-year or even third-year revisions to their initial estimate of transition tax expense, we subtracted transition tax expense from reported current tax where it was disclosed. We also subtracted the value of Global Intangible Low Taxed Income (GILTI) expense in the limited number of cases where it was disclosed starting in 2018, because this feature of the 2017 tax law is explicitly levied against foreign income, not U.S. income.



For companies disclosing excess tax benefits from stock options before 2016, we also subtracted these benefits from reported current tax expense. This is because until 2016, financial accounting rules allowed companies to report their current tax expense as if these stock option tax breaks did not exist. The value of these tax breaks was reported separately in the consolidated statement of cash flows. A 2016 modification of accounting standards by the Financial Accounting Standards Board (FASB) required companies to subtract the value of these stock option benefits going forward and gave companies leeway in choosing an adoption date. For each company disclosing these tax benefits, we subtract them from reported tax only in the years before they adopted the new FASB standards.



# Endnotes

1. Matthew Gardner, Steve Wamhoff, and Spandan Marasini, "Corporate Tax Avoidance in the First Five Years of the Trump Tax Law," Institute on Taxation and Economic Policy, February 29, 2024. <https://itep.org/corporate-tax-avoidance-trump-tax-law/>
2. Ibid, 1.
3. Steve Wamhoff, "Revenue-Raising Proposals in President Biden's Fiscal Year 2025 Budget Plan," Institute on Taxation and Economic Policy, March 12, 2024. <https://itep.org/revenue-raising-proposals-biden-fiscal-year-2025-budget/>



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