

AMERICAN FORUM: Black Friday blues

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Posted: Thursday, November 27, 2014 4:00 am

By Frank Clemente
 Americans for Tax Fairness

Shoppers will be lining up at the crack of dawn on "Black Friday" for spectacular deals. What they don't know is that the best bargains have already been taken – not by other shoppers, but by some of America's largest corporations.

Walmart, the biggest corporation in America, with revenues of almost half a trillion dollars, gets a \$1 billion tax break each year on average by exploiting federal tax loopholes, according to a new report from Americans for Tax Fairness. Taxpayers, even those lined up in the early morning darkness at giant retailers like Walmart, pay the price.

Advertisement: How? First, the more big corporations dodge paying their fair share of taxes, the more American families and small businesses have to make up, or else there is less money available for critical investments, such as rebuilding our crumbling roads and bridges, improving education and making college more affordable, or finding new medical cures.

When Black Friday shoppers check the prices, they'll never see these hidden costs of tax avoidance. But when Americans figure out what's going on they'll have a bad case of the Black Friday Blues.

The \$1 billion Walmart "saves" by ducking its fair share of federal taxes is a low estimate. It doesn't count the taxes Walmart is avoiding on \$21.4 billion in profits held offshore. Walmart has paid nothing to the U.S. Treasury on those earnings because corporations can indefinitely postpone paying U.S. taxes on offshore profits until they are brought back to America.

The retail giant is also working with other large corporations to deeply cut U.S. corporate tax rates. So while American families and small businesses continue to recover from the worst financial crisis since the Great Depression, huge corporations making record profits are trying to rewrite the law so they pay much less in taxes.

If these corporations are successful, they will blow a \$1.3 trillion hole in the federal budget over the next 10 years. Walmart alone will pocket \$720 million a year on average – in addition to the \$1 billion it already "saves" from current tax loopholes.

Big companies know that cutting corporate taxes isn't popular with the public. Americans are outraged that profitable companies like General Electric, Verizon and Boeing – as well as 23 others – paid absolutely nothing in taxes over the past five years, according to the watchdog group Citizens for Tax Justice. Polls show that American families oppose lower corporate tax rates; instead, they want a more equitable tax system in which corporations and the wealthy pay their fair share.

Fighting for an unpopular cause like lowering corporate tax rates could hurt corporate brands with the public. So Walmart and other companies pay large industry coalitions to do the work of waging media campaigns and cajoling members of Congress. Walmart is the only big box retailer that gives to all three of the industry groups that are trying to put a good face on bad policy – the RATE (Reforming America's Taxes Equitably) Coalition, Alliance for Competitive Taxation and the Business Roundtable.

These organizations decry the 35 percent tax rate corporations are supposed to pay on profits when they know full well that they actually pay far less. Profitable corporations paid U.S. income taxes amounting to just 12.6 percent of worldwide income in 2010, according to the Government Accountability Office.

Walmart itself sends 74 lobbyists to twist arms on Capitol Hill, and tax issues are its No. 1 priority. It has spent \$32.6 million lobbying over the past five years. It also tries to buy access to lawmakers by contributing heavily to their campaigns – giving \$6.1 million since 2009, disproportionately to members of the two Congressional tax-writing committees.

Walmart wants to convince shoppers to flock to its stores on Black Friday to take advantage of low prices. What it doesn't want you to know is that those prices come at a high cost of taxes dodged.

If large corporations succeed in slashing corporate tax rates, the effects on our country will be severe. For millions of American families and small businesses it will mean higher taxes, fewer services or a higher national debt. Today's "Black Friday blues" could turn into a full-blown economic hangover.

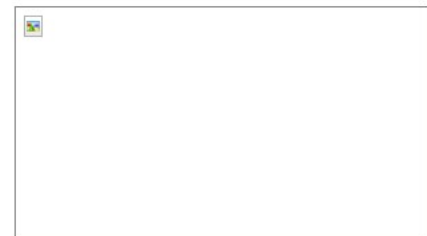
Clemente is executive director of Americans for Tax Fairness, a coalition of 425 national and state organizations.



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