

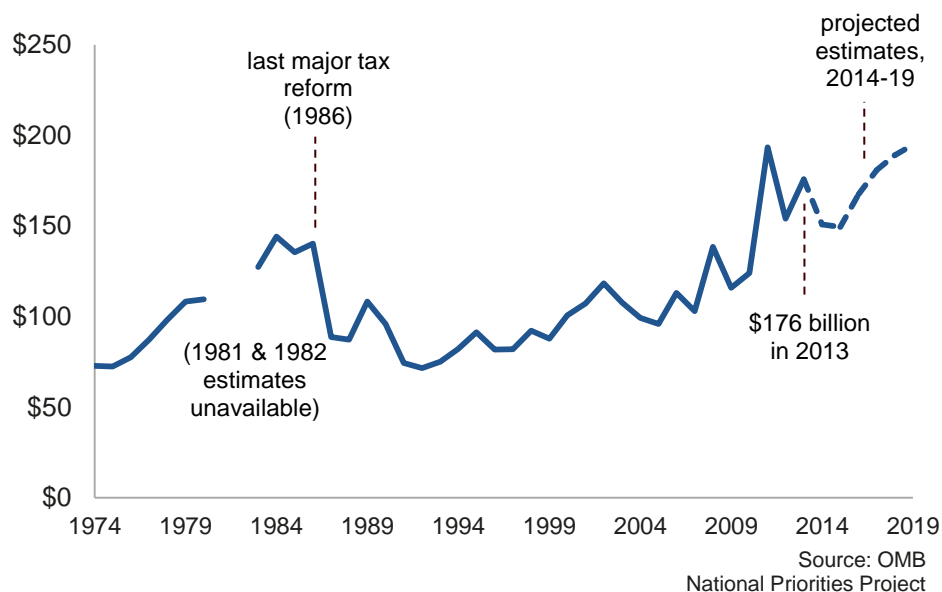
Voter Guide 2014: Corporate Taxes

National Priorities Project examines issues related to the federal budget in time for the 2014 election.

Corporate Taxes

Money that comes into the U.S. Treasury from tax revenues funds critical programs such as education, clean drinking water, public transportation, and law enforcement. American corporations have long paid a lower federal income tax rate than individuals, due to a variety of loopholes and deductions available in our tax code.

Cost of Corporate Tax Breaks (estimated billions of 2015 dollars)



The size of tax breaks going to corporations has grown significantly over the past 40 years. As a result, corporate taxes as a percent of federal revenue have declined from about 44 percent in 1944 to about 13 percent in 2014.¹ Meanwhile, income taxes paid by regular Americans will account for about 46 percent of all federal revenue in 2015.²

Corporate Tax Breaks

- Corporate loopholes, credits, and deductions in the tax code together totaled nearly \$176 billion in fiscal year 2013. In other words, the U.S. could have had \$176 billion more to spend on education, health care, or other priorities if we did not have all those opportunities for corporations to exploit the tax code.³
- Accounting for inflation, the size of corporate tax breaks has more than doubled over the last two decades (in 1993, the cost of corporate tax breaks totaled just \$75 billion).
- Over the past 10 years, corporate tax breaks alone have siphoned off more than \$1.3 trillion dollars from federal tax revenue – which could have funded our entire food and agriculture budget (things like food and nutrition assistance and agriculture research) over the same time period, with billions to spare.⁴

What is Corporate Inversion?

- *Inversion* refers to the practice of a company moving its business address overseas by purchasing and merging with a foreign company, while maintaining its operations and consumer base in the U.S., with the intention of avoiding U.S. taxes.
- Since 1983, 76 corporations have moved their addresses overseas to avoid U.S. taxes, including well-known brands such as Fruit of the Loom and Sara Lee, and many more are seeking to employ the tactic.⁵

Public Opinion

Polling shows that 66 percent of Americans think that corporations don't pay enough in taxes,⁶ and 79 percent want to close tax loopholes to ensure corporations pay as much on foreign profits as they do on domestic profits.⁷ Two-thirds of Americans say they disapprove of corporate tax inversions.⁸

What Americans Say

"We haven't had any teachers' salary increases because we were told that... there's no money and yet, at the same time, these [private] companies are getting all kinds of... tax subsidies."

-Conrad (Austin, TX)

What to Ask Your Congressional Candidate

- Do you support changes to the tax code to raise additional tax revenue and if so, what changes do you support?
- If you support reducing the number of corporate loopholes in our existing tax code, which specific loopholes and deductions would you eliminate?

More About Taxes And Revenue: bit.ly/NPPrevenue

¹ Office of Management and Budget, Analytical Perspectives, Chapter 14: Tax Expenditures, Fiscal Year 2015.

² Office of Management and Budget, Analytical Perspectives, Chapter 14: Tax Expenditures, Fiscal Year 2015. The remainder of federal revenues comes from payroll taxes (32%) and smaller taxes such as excise taxes and customs duties (9%).

³ Office of Management and Budget, Analytical Perspectives, Chapter 14: Tax Expenditures, Fiscal Year 2015.

⁴ Office of Management and Budget, 2015 President's Budget and National Priorities Project, [The Big Money in Tax Breaks Continues](#).

⁵ House Ways and Means Committee Democrats, [A Spike in Corporate Inversions](#).

⁶ Gallup [poll](#), conducted April 3-6, 2014.

⁷ Americans for Tax Fairness/Hart research Associates [poll](#), conducted October 25-30, 2013.

⁸ [Poll](#), conducted July 25-27, 2014.