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Senators Warren, King, and Wyden Announce Updated Proposal To Prevent The Biggest And Most Profitable Corporations From Paying Nothing In Federal Taxes

*The Corporate Profits Minimum Tax Would Raise Hundreds of Billions in Revenue
While Creating a Fairer Tax System*

Updated Proposal to be Included as a Pay-for in the Build Back Better Plan

Legislative Text (PDF) | One-Pager (PDF)

WASHINGTON, D.C. — Today, United States Senator Elizabeth Warren (D-Mass.), Senator Angus King (I-Maine), and Senate Finance Committee Chair Ron Wyden (D-Ore.) announced an updated proposal that prevents America's largest corporations from paying nothing in federal taxes. The *Corporate Profits Minimum Tax* is a new corporate minimum tax that would strengthen our economy and create a fairer tax system. The lawmakers will include the proposal as a pay-for in the Build Back Better plan. The proposal is cosponsored by Senators Michael Bennet (D-Colo.), Edward J. Markey (D-Mass.), and Sheldon Whitehouse (D-RI).

Senators Warren and King, along with Representative Don Beyer (D-Va.), previously introduced the *Real Corporate Profits Tax Act* (S. 2680 / H.R. 4940), and have engaged extensively with Chair Wyden, the White House, and the Treasury Department to develop this updated proposal for inclusion in the Build Back Better bill. President Biden proposed a minimum tax like this one as part of his Build Back Better agenda.

“Giant corporations have been exploiting tax loopholes for too long, and it’s about time they pay their fair share to help run this country, just like everyone else. The Corporate Profits Minimum Tax would end corporate double dealing and ensure companies pay something in taxes when they report billions in profits to their shareholders. I’m glad to have worked alongside Senator King and Chair Wyden, with the support of President Biden, to announce this proposal so that we can raise essential revenue needed to invest in families and our economy,” said **Senator Warren**.

“In 1965, corporations paid roughly 4% of the nation’s GDP in state and federal income tax. Today, that rate is only 1%,” said **Senator King**. “This massive decline has contributed to the nation’s rising debt and threatened basic public sector services Americans rely upon. Corporations should not be able to access America’s wealthy consumer market, talented labor pool, and other benefits without paying to support the conditions that make the U.S. the world’s premier place to do business – but many profitable, U.S.-based corporations pay zero federal corporate income tax. Our proposal is about simple fiscal sense and common fairness, creating a reasonable floor on tax payments to make sure profitable corporations with profits over \$1 billion pay their fair share.”

“The most profitable corporations in the country are often the worst offenders when it comes to paying their fair share. Year after year they report record profits to shareholders and pay little to no taxes. Our proposal would tackle the most egregious corporate tax dodging by ensuring the biggest companies pay a minimum tax,” said **Chair Wyden**.

Currently, the U.S. tax code allows large corporations to pay little or no tax because they are able to exploit a host of loopholes, deductions, and exemptions to drive down their tax liability. While these companies report billions in profits, they often pay no income tax to the IRS and leave hardworking families holding the bag.

For example, over the last three years, Amazon reported \$45 billion in profits, including a record \$20 billion last year as families struggled through the pandemic. But the effective tax rate it paid on those profits was just 4.3% – well below the 21% corporate tax rate. In fact, in 2018, Amazon didn't pay *any* federal income tax at all. Amazon isn't alone: between 2008 and 2015, 40% of our biggest companies paid zero or less in federal taxes in at least one year, even while they were telling their shareholders they were wildly profitable. This trend continued last year throughout the pandemic, with 55 companies that reported a cumulative total of \$40 billion in pretax income receiving a net \$3.5 billion *back* from the government in rebates.

The Corporate Profits Minimum Tax would ensure companies that report over \$1 billion in profits to shareholders pay at least a 15% tax rate on those gigantic profits. Based on estimates for similar proposals, the Corporate Profits Minimum Tax would generate hundreds of billions in revenue over ten years. Establishing the Corporate Profits Minimum Tax would not only put an end to profitable corporations getting away with paying zero (or less) in taxes; it would also generate revenue needed to invest in child care, clean jobs, and more – investments that make American companies more competitive and our economy more resilient.

Specifically, the Corporate Profits Minimum Tax would:

- Apply to roughly 200 companies that report over \$1 billion in profits;
- Create a 15% minimum tax on the profits that these giant companies report to their shareholders;
- Preserve the value of business credits – including R&D, clean energy, and housing tax credits – and include some flexibilities for companies to carry forward losses, utilize foreign tax credits, and claim a minimum tax credit against regular tax in future years;
- Raise hundreds of billions in revenue over 10 years.

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