

Warren-King-Wyden Corporate Profits Minimum Tax

Senators Elizabeth Warren, Angus King, and Ron Wyden have 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 are pushing to include the proposal as a pay-for in the Build Back Better package. 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, previously introduced the *Real Corporate Profits Tax Act*, and have engaged extensively with Senate Finance Committee 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.

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, Amazon reported \$45 billion in profits over the last three years, 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, this proposal 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 energy jobs, and more – investments that make American companies more competitive and our economy more resilient.

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 shareholders;
- Preserve the value of business credits – including R&D, clean energy, and housing tax credits – and allow credits for taxes paid to foreign countries;
- Include some flexibilities for companies to carry forward losses and claim a minimum tax credit against regular tax in future years;
- Raise hundreds of billions in revenue over 10 years.