Offshore Shell Games

The Use of Offshore Tax Havens by the Top 100 Publicly Traded Companies

U.S. PIRG
Standing Up
To Powerful Interests

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Executive Summary

Many large U.S.-based multinational corporations avoid paying U.S. taxes by using accounting tricks to make profits made in America appear to be generated in offshore tax havens—countries with minimal or no taxes. By booking profits to subsidiaries registered in tax havens, multinational corporations are able to avoid an estimated $90 billion in federal income taxes each year. These subsidiaries are often shell companies with few, if any employees, and which engage in little to no real business activity.

Loopholes in the tax code make it legal to book profits offshore, but tax haven abusers force other Americans to shoulder their tax burden. Every dollar in taxes that corporations avoid by using tax havens must be balanced by other Americans paying higher taxes, coping with cuts to government programs, or increasing the federal debt.

This study reveals that tax haven use is ubiquitous among the largest 100 publicly traded companies as measured by revenue.

82 of the top 100 publicly traded U.S. companies operate subsidiaries in tax haven jurisdictions, as of 2012.

- All told, these 82 companies maintain 2,686 tax haven subsidiaries.
- The 15 companies with the most money held offshore collectively operate 1,897 tax haven subsidiaries.

The 15 companies with the most money offshore hold a combined $776 billion overseas. That is 66 percent of the approximately $1.17 *trillion* that the top 100 companies keep offshore. This list includes:

- **Apple**: A recent Senate investigation found that Apple pays next to nothing in taxes on the $102 billion it books offshore, which is the second highest amount of any company. Manipulating tax loopholes in the U.S. and other countries, Apple has structured three Irish subsidiaries to be tax residents of neither the U.S.—where they are managed and controlled—nor Ireland—where they are incorporated. This arrangement ensures that they pay no taxes to any government on the lion's share of their offshore profits. Two of the subsidiaries have no employees.
- **American Express:** The company reports having $8.5 billion sitting offshore, on which it would owe $2.6 billion in U.S. taxes if those funds were repatriated. That means that they currently pay only a 4.4 percent tax rate on their offshore profits to *foreign* governments, suggesting that most of the money is parked in tax havens levying little to no tax. American express maintains 22 subsidiaries in offshore tax havens.
- **Oracle:** The tech giant reports having $20.9 billion booked offshore. The company discloses that it would owe $7.3 billion in U.S. taxes on those profits if they were not offshore. That means they pay a tax rate of less than one percent to foreign governments, suggesting that most of the money

- is booked to tax havens. Oracle maintains 5 subsidiaries in offshore tax havens.

Only 21 of the top 100 publicly traded companies disclose what they would expect to pay in taxes if they didn't keep profits offshore. All told, these companies would collectively owe over $93 billion in additional federal taxes. To put this enormous sum in context, it represents close to the entire state budget of California and more than the federal government spends on education.

- **The average tax rate these companies currently pay to other countries on this income is just 6.9 percent** - far lower than the 35 percent statutory U.S. corporate tax rate—suggesting that a large portion of this offshore money is booked to tax havens.

Some companies that report a significant amount of money offshore maintain hundreds of subsidiaries in tax havens. The top three companies with the greatest number of tax haven subsidiaries:

- **Bank of America** reports having 316 subsidiaries in offshore tax havens. Kept afloat by taxpayers during the 2008 financial meltdown, the bank keeps $17.2 billion offshore, on which it would otherwise owe $4.5 billion in U.S. taxes.

- **Morgan Stanley** maintains 299 subsidiaries in offshore tax havens. The bank, which also received a taxpayer bailout in 2008, reports holding more than $7 billion offshore, on which it would otherwise owe $1.7 billion in taxes.

- **Pfizer**, the world's largest drug maker, operates 174 subsidiaries in tax havens and currently books $73 billion in profits offshore. The company made more than 40 percent of its sales in the U.S. between 2010 and 2012, but managed to report no federal taxable income in the U.S. for the past five years. This is because Pfizer uses accounting gimmicks to shift the location of its taxable profits offshore.

Corporations that disclose fewer tax haven subsidiaries do not necessarily dodge fewer taxes. Since 2008—the last time a study of this scope was done—many companies have disclosed fewer tax haven subsidiaries, all the while increasing the amount of cash they keep offshore. For some companies, their actual number of tax haven subsidiaries may be substantially greater than what they disclose in the official documents used for this study. For others, it suggests that they are booking larger amounts of income to fewer tax haven subsidiaries.

Consider:

- **Citigroup** reported operating 427 tax haven subsidiaries in 2008 but disclosed only 20 in 2012. Over that time period, Citigroup increased the amount of cash it reported holding offshore from $21.1 billion to $42.6 billion, ranking the company 9th for the amount of offshore cash.

- **Google** reported operating 25 subsidiaries in tax havens in 2009, but since 2010 only discloses two, both in Ireland. During that period, it increased the amount of cash it had reported offshore from $7.7 billion to $33.3 billion. An academic analysis found that as of 2012, the 23 no-longer-disclosed tax haven subsidiaries were still operating.

- **Microsoft**, which reported operating 10 subsidiaries in tax havens in 2007, disclosed only five in 2012. During this same time period, the company increased the amount of money it reported holding offshore from $6.1 billion to $60.8 billion in. This sum represents 70 percent of the company's cash, on which it would owe $19.4 billion in U.S. taxes if the income wasn't shifted overseas. Microsoft ranks 4th among all top 100 companies for the amount of cash it keeps offshore.

Strong action to prevent corporations from using offshore tax havens will not only restore basic fairness to the tax system, but will also help alleviate America's fiscal crunch and improve the functioning of markets.

Lawmakers can crack down on tax haven abuse by ending incentives for companies to shift profits offshore, closing the most egregious offshore loopholes, strengthening tax enforcement and increasing transparency.

Introduction

Ugland House is a modest five-story office building in the Cayman Islands, yet it is the registered address for 18,857 companies.[1] The Cayman Islands, like many other offshore tax havens, levies no income taxes on companies incorporated there. Simply by registering subsidiaries in the Cayman Islands, U.S. companies can use legal accounting gimmicks to make much of their U.S.-earned profits appear to be earned in the Caymans and pay *no* taxes on them.

The vast majority of subsidiaries registered at Ugland House have no physical presence in the Caymans other than a post office box. About half of these companies have their billing address in the U.S.[2] This unabashedly false corporate "presence" is one of the hallmarks of a tax haven subsidiary.

What is a Tax Haven?

Tax havens are jurisdictions with very low or nonexistent taxes. This makes them attractive to U.S.-based multinational firms, which transfer their reported earnings there to avoid paying taxes in the United States. These companies then use a variety of strategies to bring the money back to the United States nearly tax-free.[3] Wealthy individuals also use tax havens to avoid paying taxes by setting up offshore shell corporations or trusts. Many tax haven countries are small island nations, such as Bermuda, the British Virgin Islands, and the Cayman Islands.[4] Most tax haven countries also have financial secrecy laws that thwart international rules by limiting disclosure about financial transactions made in their jurisdiction.

This study uses a list of 50 tax haven jurisdictions, which each appear on at least one list of tax havens compiled by the Organization for Economic Cooperation and Development (OECD), the National Bureau of Economic Research, and as part of a U.S. District Court order listing tax havens. These lists were also used in a 2008 GAO report investigating tax haven subsidiaries.[5]

In 2008, all American multinational companies collectively reported 43 percent of their foreign earnings in five small tax havens countries: Bermuda, Ireland, Luxembourg, the Netherlands, and Switzerland. Yet these countries accounted for only 4 percent of the companies' foreign workforce and just 7 percent of their foreign investment. By contrast, American multinationals reported earning just 14 percent of their profits in major U.S. trading partners—Australia, Canada, the UK, Germany, and Mexico—which accounted for 40 percent of their foreign workforce and 34 percent of their foreign investment. That same year, the amount of profit U.S. multinational corporations reported in Bermuda and Luxembourg—two tax havens—equaled 1,000 percent and 208 percent of those countries' entire economic output, respectively.[6]

The U.S. Corporate Tax Code Encourages Companies to Use Tax Havens

Companies can avoid paying taxes by booking profits to a tax haven because U.S. tax laws allow them to defer paying U.S. taxes on profits they report are earned abroad until they "repatriate" the money to the United States by paying dividends to shareholders or repurchasing stock. Corporations receive a dollar-for-dollar tax credit for the taxes they pay to foreign governments in order to avoid double taxation. Many U.S. companies game this system, first by using loopholes that let them disguise profits legitimately made in the U.S. as "foreign" profits earned by a subsidiary in a tax haven, and second by claiming that those profits remain offshore—indefinitely deferring payment of taxes on that income.

Many of the profits kept "offshore" are actually housed in U.S. banks or invested in American assets, but registered in the name of foreign subsidiaries. A Senate investigation of 27 large multinationals with substantial amounts of cash supposedly "trapped" offshore found that more than half of the offshore funds were invested in U.S. banks, bonds, and other assets.[7] For some companies the percentage is much higher. A *Wall Street Journal* investigation found that 93 percent of the money Microsoft has offshore was invested in U.S. assets.[8] While companies are barred from paying dividends to shareholders or repurchasing stock with money they declare to be "permanently invested offshore," they can benefit from the stability of the U.S. financial system without paying taxes on that money.

Average Taxpayers Pick Up the Tab for Offshore Tax Dodging

Even though loopholes in the tax code make it legal to shift profits offshore, when corporations abuse tax havens they force other Americans to shoulder their tax burden. The practice of shifting corporate income to tax haven subsidiaries cost the Treasury an estimated $90 billion annually.[9] Every dollar in taxes companies avoid by using tax havens must be balanced by other Americans paying higher taxes, coping with cuts to government programs, or increasing the federal debt. If small business owners were to pick up the full tab for offshore tax avoidance by multinationals, they would each have had to pay an estimated $3,067 in additional taxes last year.[10]

It makes sense for profits earned in America to be subject to U.S. taxation. The profits earned by these companies generally depend on access to America's largest-in-the-world consumer market[11], a well-educated workforce trained by our school systems, our strong private property rights enforced by America's court system, and American roads and rail to bring products to market. Multinational companies that depend on America's economic and social infrastructure are shirking their duty to pay for that infrastructure if they "shelter" the resulting profits overseas.

Tax Haven Subsidiaries are Ubiquitous Among America's Largest Corporations

This study found that 82 of the largest 100 largest publicly traded companies, as measured by revenue, maintain subsidiaries in offshore tax havens, indicating how pervasive tax haven use is among large companies. All told, these 82 companies maintain 2,686 tax haven subsidiaries.[12] The top 15 companies with the most money held offshore collectively operate 859 tax haven subsidiaries—almost a third of the total. Bank of America, Citigroup, JPMorgan-Chase, AIG, Goldman Sachs, Wells Fargo and Morgan Stanley—all large financial institutions that received taxpayer bailouts in 2008—have a combined 846 subsidiaries in tax havens.

The top three companies with the greatest number of tax haven subsidiaries:

- **Bank of America** reports having 316 subsidiaries in offshore tax havens. Kept afloat by taxpayers during the 2008 financial meltdown, the bank reports holding $17.2 billion offshore, on which it would owe $4.5 billion in U.S. taxes if it did not continue to defer their payment.[13]

- **Morgan Stanley** maintains 299 subsidiaries in offshore tax havens. The bank, which also received a taxpayer bailout in 2008, books more than $7 billion offshore, on which it would owe $1.7 billion in taxes if it did not continue to defer their payment.[14]

- **Pfizer**, the world's largest drug maker, operates 174 subsidiaries in tax havens and currently keeps $73 billion in profits parked offshore.[15] The company made more than 40 percent of its sales in the U.S. between 2010 and 2012,[16] but managed to report no federal taxable income in the U.S. for the past five years. This is because Pfizer uses accounting techniques to shift the location of its taxable profits offshore. For example, the company can license patents for its drugs to a subsidiary in a low or no-tax country. Then when the U.S. branch of Pfizer sells the drug in the U.S., it must pay its own offshore subsidiary high licensing fees that turn domestic profits into on-the-books losses and shifts profit overseas. Pfizer has the third highest amount of money sitting offshore among U.S. multinational corporations.[17]

Table 1: Top 15 Companies with the Most Tax Haven Subsidiaries

Company	Number of Tax Haven Subsidiaries	Locations of Subsidiaries
Bank of America	316	Cayman Islands, Luxembourg, Singapore, Netherlands, Costa Rica, Mauritius, Ireland, Gibraltar, Bahamas, Switzerland, Hong Kong, Bermuda, Curacao, Jersey, Lebanon, Monaco, British Virgin Islands, Guernsey, Turks & Caicos Islands
Morgan Stanley	299	Bermuda, Cayman Islands, Cyprus, Gibraltar, Hong Kong, Ireland, Isle of Man, Jersey, Luxembourg, Malta, Mauritius, Netherlands, Singapore, Switzerland
Pfizer	174	Barbados, Bermuda, British Virgin Islands, Cayman Islands, Costa Rica, Hong Kong, Ireland, Jersey, Luxembourg, Netherlands, Panama, Singapore, Switzerland
PepsiCo	160	Barbados, Bahamas, Bermuda, British Virgin Islands, Cayman Islands, Costa Rica, Curacao, Cyprus, Gibraltar, Hong Kong, Ireland, Latvia, Liechtenstein, Luxembourg, Mauritius, Netherlands, Singapore, Switzerland
Merck	151	Bermuda, Cayman Islands, Costa Rica, Cyprus, Hong Kong, Ireland, Latvia, Lebanon, Luxembourg, Netherlands, Panama, Singapore, Switzerland
News Corp.	134	Bermuda, British Virgin Islands, Cayman Islands, Gibraltar, Hong Kong, Ireland, Luxembourg, Mauritius, Netherlands, Singapore, Switzerland
Abbott Laboratories	107	Bahamas, Barbados, Bermuda, Cayman Islands, Costa Rica, Cyprus, Gibraltar, Hong Kong, Ireland, Latvia, Lebanon, Luxembourg, Malta, Netherlands, Panama Singapore, Switzerland, Virgin Islands
JPMorgan Chase	91	Cayman Islands, Luxembourg, Ireland, Bahamas, Mauritius, Switzerland, Netherlands, Singapore, Hong Kong, British Virgin Islands, Barbados, Cyprus, Bermuda Jersey
Dow Chemical	89	Bahrain, Bermuda, Virgin Islands, Costa Rica, Hong Kong, Ireland, Luxembourg, Mauritius, Netherlands, Panama (1), Singapore, Switzerland
Dell	78	Bahrain, Barbados, Bermuda, British Virgin Islands, Cayman Islands, Costa Rica, Hong Kong, Ireland, Jersey, Lebanon, Luxembourg, Mauritius, Netherlands, Panama, Singapore, Switzerland
Caterpillar	76	Bermuda, Cayman Islands, Costa Rica, Hong Kong, Ireland, Jersey, Luxembourg, Netherlands, Panama, Singapore, Switzerland
Wells Fargo	77	Aruba, Barbados, Bahamas, Bermuda, Cayman Islands, Costa Rica, Hong Kong, Ireland, Jersey, Luxembourg, Mauritius, British Virgin Islands, Netherlands, Singapore, Turks & Caicos
Johnson & Johnson	55	Ireland, Hong Kong, Luxembourg, Netherlands, Singapore, Switzerland
Cisco Systems	47	Bahrain, Bermuda, Costa Rica, Cyprus, Hong Kong, Ireland, Jordan, Latvia, Luxembourg, Mauritius, Netherlands, Panama, Singapore, Switzerland
Procter & Gamble	43	Costa Rica, Hong Kong, Ireland, Luxembourg, Lebanon, Netherlands, Singapore, Switzerland
TOTAL	**1897**	

The Offshore Cash Hoard of U.S. Multinational Corporations Has Grown in Recent Years

In recent years, U.S. multinational companies have increased the amount of money they book to foreign subsidiaries. A May 2013 study by research firm Audit Analytics found that the Russell 3000 companies collectively reported having $1.9 trillion held offshore. That is an increase of 70 percent over the last five years.[18] A 2011 study found that the S&P 500 companies increased the earnings they declared to be offshore by 400 percent.[19]

For many companies, increasing profits held offshore does not mean building more factories abroad, selling more products to foreign customers or doing any additional real business activity in other countries. Instead, many companies use accounting tricks to disguise their profits as "foreign," and book them to a subsidiary in a tax haven to avoid taxes.

The practice of artificially shifting profits to tax havens has increased in recent years. In 1999, the profits American multinationals reported earning in Bermuda represented 260 percent of the country's entire economy. By 2008, it was up to 1000 percent. Luxembourg—another tax haven—saw a similar increase from 19 percent in 1999 to 208 percent in 2008.[20] More offshore profit shifting means more U.S. taxes avoided by American multinationals. A 2007 study by tax expert Kimberly Clausing of Reed College estimated that the revenue lost to the Treasury due to offshore tax haven abuse by corporations totaled $60 billion annually. In 2011, she updated her estimate to $90 billion.[21]

The Top 100 Companies Report Holding Nearly $1.2 Trillion Offshore

This report found that in 2012 the 100 largest publicly traded companies, as measured by revenue, collectively reported holding nearly $1.2 trillion offshore that they declare to be "permanently reinvested" abroad. That means they

Table 2: Top 15 Companies with the Most Money Held Offshore

Company	Amount Held Offshore (Billions $)	Number of Tax Haven Subsidiaries
General Electric	108	18
Apple	82.6	3
Pfizer	73	174
Microsoft	60.8	5
Merck	53.4	151
Johnson & Johnson	49	55
I.B.M.	44.4	16
Exxon Mobil	43	36
Citigroup	42.6	20
Cisco Systems	41.3	47
Abbott Laboratories	40	107
Procter & Gamble	39	43
Hewlett-Packard	33.4	22
Google	33.3	2
PepsiCo	32.2	160
Total:	**776**	**859**

claim to have no current plans to use the money to pay dividends to shareholders or make stock repurchases. While nearly 80 percent of the companies report having income offshore, some companies shift profits offshore far more aggressively than others. The fifteen companies with the most money offshore account for $776 billion—or 66 percent—of the total.

Evidence That Much of the Profits Parked Offshore are in Tax Havens

Of the 100 companies surveyed by this study, just 21 disclose what they *would* pay in taxes if they did not keep their profits offshore. Companies are required to disclose this information in their annual 10-K filings unless the company determines it is "not practicable" to do so.[22] Collectively, these 21 companies alone would owe more than $93 billion in additional federal taxes. To put this enormous sum in context, it represents close to the entire state budget of California[23] and a good deal more than the federal government spends on education.[24]

More startling is that, as a group, the average tax rate these 21 companies have paid to *foreign* governments on these profits booked offshore is a mere 6.9 percent. If these companies declared that this money was repatriated to the U.S. by paying dividends or repurchasing stock, they would pay the 35 percent statutory corporate tax rate, minus what they have already paid to foreign governments. The 6.9 percent rate these companies have paid to foreign governments is far lower than the statutory U.S. corporate tax rate of 35 percent and suggests that the bulk of this cash is sitting in tax havens that levy minimal to no corporate tax.

Examples of large companies paying very low foreign tax rates on offshore cash include:

- **Apple**: A recent Senate investigation found that Apple pays next to nothing in taxes on the $102 billion it has booked offshore, which is the second highest offshore cash stockpile. Manipulating tax loopholes in the U.S. and other countries, Apple structured three Irish subsidiaries to be tax residents of neither the U.S.—where they are managed and controlled—nor Ireland—where they are incorporated. This arrangement ensures that they pay no taxes to any government on the lion's share of their offshore profits. Two of the subsidiaries has no employees.[25]

- **American Express:** The company reports having $8.5 billion sitting offshore, on which it would owe $2.6 billion in U.S. taxes if those funds were repatriated for a 30.6 percent corporate tax rate. That means they are currently paying a 4.4 percent tax rate on their offshore profits to *foreign* governments, suggesting that most of the money is parked in tax havens levying little to no tax.[26] American Express maintains 22 subsidiaries in offshore tax havens.

- **Oracle:** The tech giant reports having $20.9 billion booked offshore. The company discloses that it would owe $7.3 billion in U.S. taxes on those profits if they were not offshore. That means they pay a tax rate of less than one percent to foreign governments, suggesting that most of the money is booked to tax havens. Oracle maintains 5 subsidiaries in offshore tax havens.

Table 3: Tax Rate Paid on Offshore Cash by the 21 Companies that Disclose the Information

Company	Amount Held Offshore ($ millions)	Estimated Deferred Tax Bill ($ millions)	Tax Rate Paid on Offshore Cash	Number of Tax Haven Subsidiaries
Microsoft	60800	19400	3.09%	5
Apple	82600	26071	3.44%	3
CitiGroup	42600	11500	8.00%	20
Oracle	20900	7300	0.07%	5
Dell	19000	6200	2.37%	77
JPMorgan Chase & Co.	25100	5700	12.29%	91
Bank of America	17200	4300	10.00%	316
Goldman Sachs Group	21690	3750	17.71%	22
American Express	8500	2600	4.41%	22
Hess Corporation	6700	2300	0.67%	8
Morgan Stanley	7191	1700	11.36%	299
Murphy Oil	6020	709	23.22%	21
Ford Motor Co.	6600	600	25.91%	4
Wells Fargo	1300	367	6.77%	77
Amazon	1500	255	18.00%	2
Cardinal Health Group	2200	168	27.36%	11
Walt Disney Company	566	150	8.50%	9
Safeway	1300	143	24.04%	8
Lockheed Martin	211	45	13.67%	0
Boeing	263	26	25.11%	1
Express Scripts Holding	66	24	0%	6
Total:	**332,307**	**93,308**	**Ave: 6.9%**	**1007**

Firms Reporting Fewer Tax Haven Subsidiaries Do Not Necessarily Dodge Fewer Taxes Offshore

In 2008, the Government Accountability Office conducted a study similar to this one which revealed that 83 of the top 100 publicly traded companies operated subsidiaries in offshore tax havens. Today, some companies report fewer subsidiaries in tax haven countries than they did in 2008. Meanwhile, some of these same companies reported significant increases in how much cash they hold abroad, and pay such a low tax rate to foreign governments that it suggests the money is booked to tax havens.

One explanation for this phenomenon is that companies are choosing not to report certain subsidiaries that they once disclosed. The SEC requires that companies report all "significant" subsidiaries based on multiple measures of a subsidiary's share of the company's total assets. Furthermore, if the combined assets of all subsidiaries deemed "insignificant" collectively qualified as a significant subsidiary, then the company would have to disclose them. But a recent academic study found that the penalties for not disclosing subsidiaries are so light that a company might decide that disclosure isn't worth the bad publicity. The researchers postulate that increased media attention on offshore tax dodging and/or IRS scrutiny could be a reason why some companies have stopped disclosing all subsidiaries. Examining the case of Google, the academics found that it was so improbable that the company could only have two significant foreign subsidiaries that Google "may have calculated that the SEC's failure-to-disclose penalties are largely irrelevant and therefore may have determined that disclosure was not worth the potential costs associated with increases in either tax and/or negative publicity costs."[27]

The other possibility is that companies are simply shifting more income to fewer subsidiaries, since having just one tax haven subsidiary is enough to dodge billions in taxes. For example, a recent Senate investigation of Apple found that the tech giant primarily uses two Irish subsidiaries—which own the rights to certain intellectual property—to hold on to $102 billion in offshore cash. Manipulating tax loopholes in the U.S. and other countries, Apple has structured these subsidiaries so that they are not tax residents of either the U.S. *or* Ireland, ensuring that they pay no taxes to any government on the lion's share of the money. One of the subsidiaries has no employees.[28]

Examples of large companies that have reported fewer tax haven subsidiaries in recent years while simultaneously shifting more profits offshore include:

- **Citigroup** reported operating 427 tax haven subsidiaries in 2008 but reported "only" 20 in 2012. Over that time period, Citigroup increased how much cash reported it kept offshore from $21.1 billion to $42.6 billion, ranking the company 9th in the amount of offshore cash.

- **Google** reported operating 25 subsidiaries in tax havens in 2009, but since 2010 only discloses two, both in Ireland. During that period, it increased the amount of cash it had booked offshore from $7.7 billion to $33.3 billion. An academic analysis found that as of 2012, the 23 no-longer-disclosed tax haven subsidiaries were still operating.[29]

- **Microsoft** reported operating 10 subsidiaries in tax havens in 2007; in 2012, it disclosed only five. During this same time period, the company increased the amount of money it held offshore from $6.1 billion to $60.8 billion in 2012—70 percent of the company's cash—on which it would owe $19.4 billion in U.S. taxes. Microsoft ranks 4th for the amount of cash it keeps offshore.

Measures to Stop Abuse of Offshore Tax Havens

Strong action to prevent corporations and wealthy individuals from using offshore tax havens will not only restore basic fairness to the tax system, but will also help alleviate America's fiscal crunch and improve the functioning of markets.

Lawmakers should reform the corporate tax code to end the incentives that encourage companies to use tax havens, close the most egregious loopholes, strengthen tax enforcement, and increase transparency so that companies can't use layers of shell companies to shrink their tax burden.

End incentives to shift profits and jobs offshore.

- The most comprehensive solution to ending tax haven abuse would be to no longer permit U.S. multinational corporations to indefinitely defer paying U.S. taxes on the profits they attribute to their foreign entities. Instead, they should pay U.S. taxes on them immediately. "Double taxation" is not an issue because the companies already subtract any foreign taxes they've paid from their U.S. tax bill. This simple reform would raise nearly $600 billion over ten years, according to the Joint Committee on Taxation to.[30]
- Reject a "territorial" tax system. Tax haven abuse would be worse under a system in which companies could temporarily shift profits to tax haven countries, pay minimal tax under those countries' tax laws and then freely bring the profits back to the United States without paying any U.S. taxes. The Treasury Department estimates that switching to a territorial tax system could add $130 billion to the deficit over ten years.[31]

Close the most egregious offshore loopholes.

- Stop companies from licensing intellectual property (e.g. patents, trademarks, licenses) to shell companies in tax haven countries and then paying inflated fees to use them in the

United States. This common practice allows companies to legally book profits that were earned in the U.S. to the tax haven subsidiary owning the patent. Proposals made by President Obama and included in Senator Levin's CUT Loopholes Act could save taxpayers $20 billion over ten years, according to the Joint Committee on Taxation.[32]

- Treat the profits of publicly traded "foreign" corporations that are managed and controlled in the United States as domestic corporations for income tax purposes.

- Reform the so-called "check-the-box" rules to stop multinational companies from manipulating how they define their corporate status to minimize their taxes. Right now, companies can make inconsistent claims to maximize their tax advantage, telling one country they are one type of corporate entity while telling another country the same entity is something else entirely.

- Close the current loophole that allows U.S. companies that shift income to foreign subsidiaries to place that money in foreign branches of American financial institutions without it being considered repatriated, and thus taxable. This "foreign" U.S. income should be taxed when the money is deposited in U.S. financial institutions.

- Stop companies from taking bigger tax deductions than the law intends for the taxes they pay to foreign countries by simply requiring companies to report full information on foreign tax credits. Proposals to "pool" foreign tax credits would save $57 billion over ten years, according to the Joint Committee on Taxation.[33]

- End two expensive and unnecessary "tax extenders." In January Congress extended two costly—and wasteful—offshore tax loopholes as a part of the "fiscal cliff" deal. Every year Congress is asked to extend a raft of unrelated tax provisions known as "tax extenders." Congress tends to extend virtually all of them each year with little scrutiny because some measures enjoy broad support, such as annual adjustment of the Alternative Minimum Tax. The next time Congress considers the tax extenders, it should cut two expensive provisions that were temporarily inserted into the tax code years ago. Each rule makes it easier for multinational companies to stash their U.S. earnings offshore and avoid paying taxes on them. The first provision, known as the "active financing exception," adds $11.2 billion to the deficit over two years. Likewise, the "controlled foreign corporation (CFC) look-through rule" costs $1.5 billion over two years, according to estimates by the Senate Joint Committee on Taxation.[34]

- Stop companies from deducting interest expenses paid to their own offshore affiliates, which put off paying taxes on that income. Right now, an offshore subsidiary of a U.S. company can defer paying taxes on interest income it collects from the U.S.-based parent, even while the U.S. parent claims those interest payments as a tax deduction. This reform would save nearly $60 billion over ten years, according to the Joint Committee on Taxation.[35]

Strengthen tax enforcement and increase transparency.

- Require full and honest reporting to expose tax haven abuse. Multinational corporations should report their profits on a country-by-country basis so they can't mislead each nation about the share of their income that was taxed in the other countries.

Methodology

To calculate the number of tax haven subsidiaries maintained by the 100 largest publicly traded corporations, we used the same methodology as a 2008 study by the Government Accountability Office that used 2007 data (see note 5).

The list of 50 tax havens used is based on lists compiled by three sources using similar characteristics to define tax havens. These sources were the Organization for Economic Co-operation and Development (OECD), the National Bureau of Economic Research, and a U.S. District Court order. This court order gave the IRS the authority to issue a "John Doe" summons, which included a list of tax havens and financial privacy jurisdictions.

To determine the 100 largest publicly traded companies by revenue, we used the 2012 Fortune 500 list. It is available at: http://money.cnn.com/magazines/fortune/fortune500/2012/full_list/. A few companies on this list were excluded from this study because they were not publicly traded and therefore did not file 10-K reports with the SEC.

To figure out how many subsidiaries each company had in the 50 known tax havens, we looked at "Exhibit 21" of each company's 2012 10-K report, which is filed annually with the Securities and Exchange Commission (SEC). Exhibit 21 lists out every reported subsidiary of the company and the country in which it is registered. We used the SEC's EDGAR database to find the 10-K filings.

We also used 10-K reports to find the amount of money each company reported it kept offshore in 2012. This information is typically found in the tax footnote of the 10-K. The companies disclose this information as the amount they keep "permanently reinvested" abroad.

As explained in this report, 21 of the companies surveyed disclosed what their estimated tax bill would be if they repatriated the money they kept offshore. This information is also found in the tax footnote. To calculate the tax rate these companies paid abroad in 2012, we first divided the estimated tax bill by the total amount kept offshore. That number multiplied by 100 equals the U.S. tax rate the company would pay if they repatriated that foreign cash. Since companies receive dollar-for-dollar credits for taxes paid to foreign governments, the tax rate paid abroad is simply the difference between 35% - the U.S. statutory corporate tax rate—and the tax rate paid upon repatriation.

Appendix:
The Top 100 Publicly Traded Companies

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Exxon Mobil	1	36	Bermuda (1) Bahamas (17) Cayman Islands (1) Hong Kong (3) Luxembourg (2) Singapore (2) The Netherlands (5)	43000	Texas
Wal-Mart	2	0		19200	Arkansas
Chevron	3	18	Bermuda (11) Bahamas (5) Singapore (1) Liberia (1)	26527	California
Conoco Phillips	4	24	Luxembourg (1) Bermuda (5) Netherlands (8) Bahamas (1) Singapore (1) British Virgin Islands (1) Liberia (2) Cayman Islands (5)	2286	Texas
General Motors	5	15	Bermuda (2) Cayman Islands (2) Hong Kong (1) Ireland (1) Singapore (1) Switzerland (3) Netherlands (5)	5500	Michigan
General Electric	6	18	Bermuda (3) Bahamas (1) Ireland (2) Luxembourg (3) Netherlands (5) Singapore (4)	108000	Connecticut

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Berkshire Hathaway	7	7	Cayman Islands (1) Luxembourg (2) Netherlands (4)	7900	Nebraska
Fannie Mae	8	0			Washington D.C.
Ford Motor Co.	9	4	Mauritius (1) The Netherlands (2) Switzerland (1)	6600	Michigan
Hewlett-Packard	10	22	Bermuda (1) Cayman Islands (2) Costa Rica (1) Cyprus (1) Hong Kong (1) Ireland (3) Luxembourg (1) Netherlands (6) Singapore (4) Switzerland (2)	33400	California
AT&T	11	0			Texas
Valero Energy	12	15	Aruba (5) British Virgin Islands (3) Cayman Islands (2) Ireland (2) Luxembourg (1) Netherlands (2)	3500	Texas
Bank of America	13	316	Cayman Islands (176) Luxembourg (22) Singapore (10) Netherlands (37) Costa Rica (1) Mauritius (8) Ireland (10) Gibraltar (4) Bahamas (2) Switzerland (4) Hong Kong (10) Bermuda (3) Curacao (1) Jersey (17) Lebanon (1) Monaco (1) Virgin Islands (4) Guernsey (3) Turks & Caicos Islands (1)	17200	North Carolina
McKesson	14	1	Ireland (1)	3800	California

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Verizon	15	0		1800	New York
JPMorgan Chase	16	91	Cayman Islands (20) Luxembourg (8) Ireland (8) Bahamas (1) Mauritius (14) Switzerland (3) The Netherlands (5) Singapore (8) Hong Kong (9) British Virgin Islands (4) Barbados (1) Cyprus (1) Bermuda (2) Jersey (7)	25100	New York
Apple	17	3	Ireland (3)	82600	California
CVS Caremark	18	0			Rhode Island
I.B.M.	19	16	Bahamas (1) Barbados (1) Bermuda (1) Costa Rica (1) Hong Kong (1) Ireland (2) Latvia (1) Luxembourg (1) Malta (1) Mauritius (1) Netherlands (2) Seychelles (1) Singapore (1) Switzerland (1)	44400	New York
CitiGroup	20	20	Bahamas (5) Cayman Islands (1) Hong Kong (4) Ireland (2) Mauritius (1) The Netherlands (2) Singapore (3) Switzerland (2)	42600	New York

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Cardinal Health Group	21	11	Bermuda (1) British Virgin Islands (1) Cayman Islands (2) Hong Kong (1) Ireland (1) The Netherlands (1) Singapore (1) Malta (1) Switzerland (1) Luxembourg (1)	2200	Ohio
United Health Group	22	19	Bermuda (1) Cayman Islands (3) Hong Kong (1) Ireland (2) Jersey (1) Luxembourg (4) The Netherlands (5) Singapore (2)	94	Minnesota
Kroger	23	1	Hong Kong (1)		Ohio
Costco Wholesale	24	0			Washington
Freddie Mac	25	0			New York
Wells Fargo	26	77	Aruba (1) Barbados (1) Bahamas (3) Bermuda (6) Cayman Islands (27) Costa Rica (1) Hong Kong (7) Ireland (2) Jersey (1) Luxembourg (8) Mauritius (8) British Virgin Islands (1) The Netherlands (6) Singapore (4) Turks & Caicos (1)	1300	California
Procter & Gamble	27	43	Costa Rica (2) Hong Kong (2) Ireland (2) Luxembourg (5) Lebanon (1) The Netherlands (17) Singapore (5) Switzerland (9)	39000	Ohio

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Archer-Daniels-Midland	28	3	Cayman Islands (1) Netherlands (3) Switzerland (1)	7200	Illinois
AmerisourceBergen	29	0		93	Pennsylvania
INTL FCStone	30	6	British Virgin Islands (1) Ireland (1) Netherlands (2) Singapore (2)	130.7	New York
Marathon Petroleum	31	2	Bermuda (2)		Ohio
Walgreen	32	11	Bermuda (1) Hong Kong (1) Luxembourg (4) Mauritius (1) Singapore (2) Switzerland (2)		Illinois
AIG	33	21	Bahrain (2) Bermuda (6) Cyprus (1) Guernsey (1) Hong Kong (2) Ireland (3) Lebanon (1) Liechtenstein (1) Singapore (3) Switzerland (1)		New York
MetLife	34	26	Bermuda (1) British Virgin Islands (1) Cayman Islands (7) Cyprus (2) Hong Kong (4) Ireland (8) Singapore (1) Switzerland (2)	2400	New York
Home Depot	35	0		2700	Georgia
Medco Health Solutions	36	9	Ireland (1) The Netherlands (7) Switzerland (1)		New Jersey
Microsoft	37	5	Ireland (3) Luxembourg (1) Singapore (1)	60800	Washington
Target	38	0		52	Minnesota

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Boeing	39	1	Bermuda (1)	263	Washington
Pfizer	40	174	Barbados (1) Bermuda (5) British Virgin Islands (1) Cayman Islands (1) Costa Rica (3) Hong Kong (10) Ireland (32) Jersey (8) Luxembourg (40) Panama (7) The Netherlands (54) Singapore (9) Switzerland (3)	73000	New York
PepsiCo	41	160	Barbados (1) Bahamas (1) Bermuda (18) British Virgin Islands (2) Cayman Islands (5) Costa Rica (2) Curacao (10) Cyprus (14) Gibraltar (3) Hong Kong (9) Ireland (14) Latvia (1) Liechtenstein (1) Luxembourg (25) Mauritius (2) Panama (1) The Netherlands (34) Singapore (2) Switzerland (6)	32200	New York
Johnson & Johnson	42	55	Ireland (18) Hong Kong (1) Luxembourg (4) Netherlands (11) Singapore (1) Switzerland (20)	49000	New Jersey

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Dell	44	78	Bahrain (1) Barbados (1) Bermuda (2) British Virgin Islands (2) Cayman Islands (4) Costa Rica (2) Hong Kong (6) Ireland (9) Jersey (1) Lebanon (1) Luxembourg (3) Mauritius (2) Panama (1) The Netherlands (27) Singapore (11) Switzerland (5)	19000	Texas
WellPoint	45	3	Ireland (3)		Indiana
Caterpillar	46	76	Bermuda (8) Cayman Islands (1) Costa Rica (1) Hong Kong (13) Ireland (2) Jersey (1) Luxembourg (10) Netherlands (16) Panama (3) Singapore (8) Switzerland (13)	15000	Illinois
Dow Chemical	47	89	Bahrain (3) Bermuda (7) Virgin Islands (1) Costa Rica (2) Hong Kong (7) Ireland (3) Luxembourg (3) Mauritius (3) Panama (1) The Netherlands (39) Singapore (10) Switzerland (10)	14504	Texas
United Technologies	48	23	Cayman Islands (1) Hong Kong (2) Ireland (1) Luxembourg (8) The Netherlands (7) Singapore (1) Switzerland (3)	22000	Connecticut

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Comcast Corp.	49	20	Hong Kong (2) The Netherlands (8) Singapore (8) Switzerland (2)		Pennsylvania
Kraft Foods	50	2	The Netherlands (2)	24	Illinois
Intel	51	11	Cayman Islands (6) Costa Rica (1) Hong Kong (1) The Netherlands (3)	17500	California
UPS	52	3	Hong Kong (1) British Virgin Islands (1) Luxembourg (1)	3575	Georgia
BestBuy	53	32	Bermuda (1) Hong Kong (2) Ireland (3) Luxembourg (1) Mauritius (7) The Netherlands (16) Switzerland (1) Turks & Caicos (1)	2500	Minnesota
Lowe's	54	0		36	North Carolina
Prudential Financial	55	34	Barbados (1) Bermuda (4) British Virgin islands (1) Cayman Islands (12) Hong Kong (3) Ireland (1) Jersey (2) Luxembourg (7) Singapore (3)	1747	New Jersey
Amazon	56	2	Luxembourg (2)	1500	Washington
Merck	57	151	Bermuda (14) Cayman Islands (1) Costa Rica (2) Cyprus (3) Hong Kong (6) Ireland (31) Latvia (1) Lebanon (1) Luxembourg (3) Panama (5) The Netherlands (53) Singapore (12) Switzerland (19)	53400	New Jersey

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Lockheed Martin	58	0		211	Maryland
Coca Cola	59	13	British Virgin Islands (1) Cayman Islands (3) Cook Islands (1) Costa Rica (1) Hong Kong (1) Ireland (2) Luxembourg (1) The Netherlands (1) Singapore (2)	26900	New York
Express Scripts Holding	60	6	Ireland (1) The Netherlands (4) Switzerland (1)	65.6	Missouri
Sunoco	61	5	Bermuda (3) The Netherlands (2)		Pennsylvania
Enterprise Products Partners	62	0			Texas
Safeway	63	8	Barbados (1) Bermuda (1) British Virgin Islands (2) Hong Kong (2) Macau (1) The Netherlands (1)	1300	California
Cisco Systems	64	47	Bahrain (1) Bermuda (7) Costa Rica (1) Cyprus (1) Hong Kong (6) Ireland (8) Jordan (1) Latvia (1) Luxembourg (2) Mauritius (2) Panama (1) The Netherlands (10) Singapore (4) Switzerland (2)	41300	California
Sears Holding Company	65	2	Hong Kong (1) Bermuda (1)		
Walt Disney Company	66	9	Bermuda (1) Hong Kong (1) Ireland (1) Luxembourg (2) The Netherlands (3) Singapore (1)	566	California

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Johnson Controls	67	0		6400	Wisconsin
Morgan Stanley	68	299	Bermuda (4) Cayman Islands (128) Cyprus (4) Gibraltar (15) Hong Kong (19) Ireland (9) Isle of Man (1) Jersey (13) Luxembourg (52) Malta (4) Mauritius (5) The Netherlands (32) Singapore (9) Switzerland (4)	7191	New York
Sysco Corporation	69	7	Cayman Islands (2) Hong Kong (2) Ireland (1) The Netherlands (2)	910.6	California
FedEx	70	0		1000	Tennessee
Abbott Laboratories	71	107	Bahamas (3) Barbados (1) Bermuda (7) Cayman Islands (4) Costa Rica (2) Cyprus (2) Gibraltar (6) Hong Kong (4) Ireland (18) Latvia (1) Lebanon (1) Luxembourg (14) Malta (1) Panama (2) The Netherlands (27) Singapore (6) Switzerland (7) Virgin Islands (1)	40000	Illinois
DuPont Chemical	72	17	Bermuda (2) Hong Kong (1) Luxembourg (5) The Netherlands (4) Singapore (1) Switzerland (4)	13	Delaware
Google	73	2	Ireland (2)	33300	California

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
Hess Corporation	74	8	Cayman Islands (6) The Netherlands (2)	6700	New York
Supervalu	75	5	Bermuda (4) Cayman Islands (1)		Minnesota
United Continental Holdings	76	1	Bermuda (1)		Illinois
Honeywell International	77	5	Luxembourg (1) Singapore (1) Switzerland (3)	11600	New Jersey
CHS Inc.	78	10	Bermuda (1) Cyprus (2) Hong Kong (1) The Netherlands (1) Singapore (2) Switzerland (3)		Minnesota
Humana	79	1	Cayman Islands (1)		Kentucky
Goldman Sachs Group	80	22	British Virgin Islands (1) Cayman Islands (6) Hong Kong (2) Ireland (3) Mauritius (4)	21690	New York
Ingram Micro	81	41	Barbados (1) Bermuda (1) British Virgin Islands (6) Cayman Islands (5) Costa Rica (1) Hong Kong (4) Lebanon (1) Luxembourg (5) Mauritius (2) The Netherlands (6) Singapore (7) Switzerland (2)	2100	California
Oracle	82	5	Ireland (5)	20900	California
Delta Airlines	83	2	Bermuda (1) Ireland (1)		Georgia

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
World Fuel Services	85	29	Bahamas (1) British Virgin Islands (1) Cayman Islands (4) Costa Rica (6) Gibraltar (2) Ireland (1) Luxembourg (2) The Netherlands (9) Singapore (3)	934.5	Florida
Plains All American Pipeline	87	2	Luxembourg (2)		Texas
Aetna	89	10	Bermuda (4) Cayman Islands (1) Hong Kong (2) Ireland (1) Singapore (2)		Connecticut
Sprint Nextel	90	7	Bermuda (1) Hong Kong (1) Ireland (1) The Netherlands (1) Singapore (1) Switzerland (2)	154	Kansas
News Corp.	91	134	Bermuda (1) British Virgin Islands (26) Cayman Islands (18) Gibraltar (1) Hong Kong (26) Ireland (1) Luxembourg (9) Mauritius (17) The Netherlands (26) Singapore (6) Switzerland (3)	8400	New York
General Dynamics	92	15	Bermuda (1) Cyprus (1) Gibraltar (1) Hong Kong (2) The Netherlands (1) Singapore (3) Switzerland (7)	1600	Virginia
Allstate Corporation	93	0			Illinois
HCA Holdings	94	7	Bermuda (1) Cayman Islands (1) Luxembourg (2) Switzerland (3)		Tennessee

Company	Rank by Revenue	Tax haven Subsidiaries	Location of Tax Haven Subsidiaries	Amount Held Offshore ($ millions)	State Located
American Express	95	22	Bahrain (1) Hong Kong (2) Jersey (5) Luxembourg (3) The Netherlands (6) Netherland Antilles (1) Singapore (2) Switzerland (2)	8500	New York
Tyson Foods	96	20	British Virgin Islands (1) Cayman Islands (1) Hong Kong (10) Luxembourg (4) Mauritius (1) The Netherlands (3)	230	Arizona
Deere	97	4	Luxembourg (2) Singapore (1) Switzerland (1)	628	Illinois
Murphy Oil	98	21	Bahamas (20) Singapore (1)	6020	Arizona
Philip Morris International	99	7	The Netherlands (3) Switzerland (4)	18000	New York
Tesoro	101	0		30	Texas
3M	102	13	Bermuda (1) Hong Kong (1) Luxembourg (3) The Netherlands (1) Singapore (4) Switzerland (3)	8600	Minnesota
Time Warner	103	4	The Netherlands (3) Singapore (1)	1900	New York
Northrup Grumman	104	0		2.116	Virginia
DirecTV	105	15	Barbados (1) British Virgin Islands (1) Cayman Islands (5) Costa Rica (1) Mauritius (2) The Netherlands (4) St. Lucia (1)	11	New York
Total:		**2,686**		**$1.17 Trillion**	

Endnotes

1 Government Accountability Office, "Business and Tax Advantages Attract U.S. Persons and Enforcement Challenges Exist", GAO-08-778, a report to the Chairman and Ranking Member, Committee on Finance, U.S. Senate (July 2008), available at http://www.gao.gov/highlights/d08778high.pdf

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8 Kate Linebaugh, "Firms Keep Stockpiles of 'Foreign' Cash in U.S.," *Wall Street Journal*, 22 January 2013, http://online.wsj.com/article/SB10001424127887323301104578255663224471212.html

9 Kimberly A. Clausing, "The Revenue Effects of Multinational Firm Income Shifting," Tax Notes, 28 March 2011, 1580-1586

10 Phineas Baxandall and Dan Smith, "Picking up the Tab," U.S. PIRG, April 2013. http://www.uspirg.org/reports/usp/picking-tab-2013

11 "China to Become World's Second Largest Consumer Market", Proactive Investors United Kingdom, January 19, 2011 (Discussing a report released by Boston Consulting Group), available at http://www.proactiveinvestors.co.uk/columns/china-weekly-bulletin/4321/china-to-become-worlds-second-largest-consumer-market-4321.html (visited 3/31/12)

12 The number of subsidiaries registered in tax havens is calculated by authors looking at exhibit 21 of the company's 2013 10-K report filed annually with the Securities and Exchange Commission. The list of tax havens comes from the Government Accountability Office report cited in note 5.

13 The amount of money that a company has parked offshore and the taxes the company would owe if they repatriated that income can also be found in the 10-K report; however, not all companies disclose the latter.

14 See note 12.

15 See note 12.

16 Calculated by the authors based on revenue information from Pfizer's 2012 10-K filing.

17 Scott Thurm and Kate Linebaugh, "More U.S. Profits Parked Abroad, Saving on Taxes," *Wall Street Journal*, 10 March 2013, http://online.wsj.com/article/SB10001424127887324034804578348131432634740.html.

18 Audit Analytics, "Foreign Indefinitely Reinvested Earnings: Balances Held by the Russell 3000," 1 May 2013.

19 Zion, Varsheny, and Burnap, "Parking Earnings Overseas," Credit Suisse, 26 April 2011, cited by Senate Permanent Subcommittee on Investigations, "Offshore Profit Shifting and the U.S. Tax Code—Part 2," 21 May 2013.

20 See note 6.

21 Kimberly A. Clausing, "Multinational Firm Tax Avoidance and U.S. Government Revenue," August 2007; See note 9 for more recent study.

22 Citizens for Tax Justice, "Apple is not Alone" 2 June 2013, http://ctj.org/ctjreports/2013/06/apple_is_not_alone.php#.UeXKWm3FmH8.

23 California passed a $96.3 billion budget for the new fiscal year. See http://www.sfgate.com/news/article/State-lawmakers-OK-96-3-billion-budget-4601574.php

24 The U.S. Department of Education budget is $68.4 billion. See U.S. Department of Education, "Overview: Budget Office—U.S. Department of Education," accessed 5 July 2013, available at http://www2.ed.gov/about/overview/budget/index.html?src=ct

25 Senate Permanent Subcommittee on Investigations, "Offshore Profit Shifting and the U.S. Tax Code—Part 2," 21 May 2013, available at http://www.hsgac.senate.gov/subcommittees/investigations/hearings/offshore-profit-shifting-and-the-us-tax-code_-part-2.

26 Companies get a credit for taxes paid to foreign governments when they repatriate foreign earnings. Therefore, if companies disclose what their hypothetical tax bill would be if they repatriated "permanently reinvested" earnings, it is possible to deduce what they are currently paying to foreign governments. For example, if a company discloses that they would need to pay the full statutory 35% tax rate on its offshore cash, it implies that they are currently paying no taxes to foreign governments, which would entitle them to a tax credit that would reduce the 35% rate. This method of calculating foreign tax rates was original used by Citizens for Tax Justice (see note 21).

27 Jeffrey Gramlich and Janie Whiteaker-Poe, "Disappearing subsidiaries: The Cases of Google and Oracle," March 2013, 8.

28 See note 25.

29 See note 27.

30 "Fact Sheet on the Sanders/Schakowsky Corporate Tax Fairness Act," February 7, 2012, http://www.sanders.senate.gov/imo/media/doc/CORPTA%20FAIRNESSFACTSHEET.pdf

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32 Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in the President's Fiscal Year 2013 Budget Proposal," March 12, 2012, https://www.jct.gov/publications.html?func=startdown&id=4413.

33 Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in the President's Fiscal Year 2013 Budget Proposal," March 12, 2012, https://www.jct.gov/publications.html?func=startdown&id=4413.

34 Joint Committee on Taxation, "Estimated Revenue Effects of the Chairman's Mark As Modified To The Provisions Of The "Family And Business Tax Cut Certainty Act Of 2012," August 2, 2012https://www.jct.gov/publications.html?func=startdown&id=4482

35 Joint Committee on Taxation, "Estimated Budget Effects of the Revenue Provisions Contained in the President's Fiscal Year 2013 Budget Proposal," March 12, 2012, https://www.jct.gov/publications.html?func=startdown&id=4413.