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## **Apple, Microsoft and Eight Other Corporations Each Increased Their Offshore Profit Holdings by \$5 Billion or More in 2012**

### **92 Fortune 500 Corporations Boosted Their Offshore Stash by Over \$500 Million Each**

In recent years, multinational U.S.-based corporations have systematically accumulated staggering amounts of profits offshore. Much if not most of these profits were actually earned in the United States but have been artificially shifted to foreign tax havens to avoid U.S. corporate income taxes.

Ten particularly aggressive companies report that their offshore profit holdings have grown by more than \$5 billion each in just the past year. **Apple Inc.** reports adding \$28 billion in offshore cash in the past year, while **Microsoft's** offshore stash increased by \$16 billion.<sup>1</sup> Other Fortune 500 companies adding at least \$5 billion offshore in the past year include **Pfizer, Merck, Google,<sup>2</sup> Abbott Laboratories, Johnson & Johnson, Citigroup, IBM, and General Electric.** These ten companies increased their offshore profit holdings by a total of \$107 billion in just the past year.

#### 10 Corporations Adding at Least \$5 Billion to Offshore Profit Holdings in the Past Year

(\$-million) Corporation	Amount Added Offshore
Apple	\$ +28,300
Microsoft	+16,000
Pfizer	+10,000
Merck	+9,100
Google	+8,500
Abbott Laboratories	+8,100
Johnson & Johnson	+7,400
Citigroup	+6,700
International Business Machines	+6,500
General Electric	+6,000
<b>Total, these 10 corporations</b>	<b>\$ +106,600</b>

In the same year, 92 Fortune 500 corporations each boosted their reported offshore profit holdings by at least \$500 million. In total, these 92 corporations added an additional \$229 billion to their offshore profit hoards in 2012 alone. (See table on pp. 4-5.)

Under current law, so-called “foreign” corporate profits are not subject to U.S. tax unless and until the profits are repatriated into the United States. According to the congressional Joint Committee on Taxation, this indefinite deferral of tax on profits ostensibly earned or shifted overseas will cost the federal government about \$600 billion over the upcoming decade.<sup>3</sup>

But lobbyists for the multinationals are urging Congress to go even further, by *permanently* exempting from U.S. corporate income taxes all profits that U.S. corporations manage to have treated as “foreign.” Such a change would make it even more profitable for multinational corporations to shift jobs and profits out of the United States, and could cost the U.S. government hundreds of billions of dollars in additional lost revenues.

## **Over the Past Four Years, 48 Corporations Added \$518 Billion to their Offshore Profit Hoards**

Showing that 2012 is not an exception, over the past four years, 48 corporations each added at least \$3 billion to their offshore profit hoards. The total that these 48 companies added over four years was \$518 billion.

Some companies, of course, had even higher additions to their offshore profit hoards over the past four years. **Apple** Inc. topped the four-year list, adding \$65 billion to its offshore holdings of cash and marketable securities. Fourteen other corporations also added at least \$10 billion to their offshore profit holdings over the last four years. These were: **Microsoft, Pfizer, General Electric, Merck, Google, Abbott Laboratories, IBM, Cisco Systems, Hewlett-Packard,<sup>4</sup> Johnson & Johnson, Citigroup, Procter & Gamble, Oracle and PepsiCo.** (See table on p. 6.)

### **Offshoring is Much More Widespread**

The offshoring phenomenon goes well beyond the group of companies just highlighted. A December 2012 CTJ report shows that almost 300 Fortune 500 corporations have disclosed holding at least some profits overseas, and that these companies collectively held over \$1.6 trillion offshore at the end of 2011.<sup>5</sup>

Of this group, 47 corporations indirectly disclosed how much U.S. tax they would owe if their \$384 billion in offshore profit holdings were subject to U.S. corporate income tax. Just for these companies, the taxes due would total \$105 billion. These figures strongly indicate that most of those profits have been shifted out of the U.S. into foreign tax havens where the companies do no actual business.<sup>6</sup>

Michigan Senator Carl Levin recently observed that such practices may be legal, but they shouldn't be; ending the practice of deferral would render artificial profit shifting illegal and would restore significant revenues to the U.S. Treasury.

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<sup>1</sup> A recent Senate Permanent Subcommittee on Investigations hearing revealed that Microsoft shifted 47 percent of the profits earned on products developed and sold in the U.S. to subsidiaries in foreign tax havens. [http://www.hsgac.senate.gov/subcommittees/investigations/media/subcommittee-hearing-to-examine\\_billions-of-dollars-in-us-tax-avoidance-by-multinational-corporations-](http://www.hsgac.senate.gov/subcommittees/investigations/media/subcommittee-hearing-to-examine_billions-of-dollars-in-us-tax-avoidance-by-multinational-corporations-)

<sup>2</sup> Google, Starbucks, and Amazon were recently called before a U.K. Parliament committee to answer charges that they were dodging U.K. taxes by artificially shifting profits to tax haven countries. See Rajeev Syal and Patrick Wintour, "MPs attack Amazon, Google and Starbucks over tax avoidance," The Guardian, December 2, 2012 available at <http://www.guardian.co.uk/business/2012/dec/03/amazon-google-starbucks-tax-avoidance>.

<sup>3</sup> See Joint Committee on Taxation, Estimates of Federal Tax Expenditures for Fiscal Years 2012-2017, Feb. 1, 2013 (JCS-1-13), page 30. The JCT report estimates that "deferral of active income of controlled foreign corporations" will cost \$265.7 billion over the 2013-17 period. Extrapolating out the following five years brings the 10-year cost to more than \$600 billion. <https://www.jct.gov/publications.html?func=startdown&id=4503>

<sup>4</sup> Hewlett-Packard was also the target of a recent Senate Permanent Subcommittee on Investigations probe. See [http://www.hsgac.senate.gov/subcommittees/investigations/media/subcommittee-hearing-to-examine\\_billions-of-dollars-in-us-tax-avoidance-by-multinational-corporations-](http://www.hsgac.senate.gov/subcommittees/investigations/media/subcommittee-hearing-to-examine_billions-of-dollars-in-us-tax-avoidance-by-multinational-corporations-).

<sup>5</sup> Citizens for Tax Justice, "Fortune 500 Corporations Holding \$1.6 Trillion in Profits Offshore," December 13, 2012, page 10. <http://ctj.org/pdf/unrepatriatedprofits.pdf>

<sup>6</sup> Eli Lilly, for example, reported that it would owe the full 35 percent U.S. corporate tax if it "repatriated" all of the \$20.6 billion it had parked overseas at the end of 2011. But since the U.S. gives a credit for any income taxes paid to foreign governments, that means that Eli Lilly has paid no income tax to any government on its offshore

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income. Which, in turn, means that the profits must have been artificially shifted from where they were actually earned into tax-free havens. Overall, the 47 corporations that disclosed what they would owe if they repatriated their offshore profits said that they would pay a U.S. tax of 27 percent. That implies that more than three-quarters of the profits (27%/35%) have never been taxed by any government. See Citizens for Tax Justice, "Which Fortune 500 Companies Are Sheltering Income in Overseas Tax Havens," Oct. 17, 2012.

[http://ctj.org/ctjreports/2012/10/which\\_fortune\\_500\\_companies\\_are\\_sheltering\\_income\\_in\\_overseas\\_tax\\_havens.php](http://ctj.org/ctjreports/2012/10/which_fortune_500_companies_are_sheltering_income_in_overseas_tax_havens.php)

**92 Corporations Whose Offshore Profit Holdings Grew by  
\$500 Million or More in the Past Year (\$-million)**

Corporation	Headquarters	end of 2011	end of 2012	2012 growth
Apple	California	\$ 54,300	\$ 82,600	\$ +28,300
Microsoft	Washington	44,800	60,800	+16,000
Pfizer	New York	63,000	73,000	+10,000
Merck	New Jersey	44,300	53,400	+9,100
Google	California	24,800	33,300	+8,500
Abbott Laboratories	Illinois	31,900	40,000	+8,100
Johnson & Johnson	New Jersey	41,600	49,000	+7,400
Citigroup	New York	35,900	42,600	+6,700
International Business Machines	New York	37,900	44,400	+6,500
General Electric	Connecticut	102,000	108,000	+6,000
Oracle	California	16,100	20,900	+4,800
Cisco Systems	California	36,700	41,300	+4,600
Hewlett-Packard	California	29,100	33,400	+4,300
Procter & Gamble	Ohio	35,000	39,000	+4,000
Dell	Texas	12,300	15,900	+3,600
Honeywell International	New Jersey	8,100	11,600	+3,500
Coca-Cola	Georgia	23,500	26,900	+3,400
Intel	California	14,200	17,500	+3,300
J.P. Morgan Chase & Co.	New York	21,800	25,100	+3,300
Medtronic	Minnesota	14,912	17,977	+3,065
Philip Morris International	New York	15,000	18,000	+3,000
Qualcomm	California	13,500	16,400	+2,900
Amgen	California	19,500	22,200	+2,700
Wal-Mart Stores	Arkansas	17,000	19,700	+2,700
Occidental Petroleum	California	5,500	8,100	+2,600
Bristol-Myers Squibb	New York	18,500	21,000	+2,500
Apache	Texas	13,700	15,900	+2,200
McDonald's	Illinois	12,600	14,800	+2,200
Chevron	California	24,376	26,527	+2,151
Broadcom	California	2,110	4,170	+2,060
Caterpillar	Illinois	13,000	15,000	+2,000
Illinois Tool Works	Illinois	6,300	8,300	+2,000
eBay	California	10,000	11,900	+1,900
Kraft Foods	Illinois	8,400	10,200	+1,800
Dow Chemical	Michigan	12,741	14,504	+1,763
Baxter International	Illinois	8,900	10,600	+1,700
EMC	Massachusetts	6,400	8,100	+1,700
Eaton	Ohio	6,400	8,000	+1,600
Baker Hughes	Texas	1,000	2,600	+1,600
3M	Minnesota	7,100	8,600	+1,500
Danaher	District of Columbia	7,800	9,300	+1,500
Hess	New York	5,200	6,700	+1,500
Texas Instruments	Texas	4,120	5,540	+1,420
Gilead Sciences	California	5,840	7,250	+1,410
Berkshire Hathaway	Nebraska	6,600	7,900	+1,300
Air Products & Chemicals	Pennsylvania	4,052	5,278	+1,227
Murphy Oil	Arkansas	4,895	6,022	+1,127
Corning	New York	10,800	11,900	+1,100
Nike	Oregon	4,400	5,500	+1,100

## 92 Corporations Whose Offshore Profit Holdings Grew by \$500 Million or More in the Past Year (\$-million)

Corporation	Headquarters	end of 2011	end of 2012	2012 growth
Kimberly-Clark	Texas	8,400	9,500	+1,100
Goldman Sachs Group	New York	20,630	21,690	+1,060
Agilent Technologies	California	4,213	5,200	+987
Yum Brands	Kentucky	1,700	2,600	+900
Cognizant Technology Solutions	New Jersey	2,906	3,754	+848
National Oilwell Varco	Texas	3,789	4,620	+831
CA	New York	1,198	1,999	+801
American Express	New York	7,700	8,500	+800
Colgate-Palmolive	New York	3,500	4,300	+800
Bank of New York Mellon Corp.	New York	3,500	4,300	+800
Mosaic	Minnesota	1,400	2,200	+800
Praxair	Connecticut	7,200	8,000	+800
PPL	Pennsylvania	1,200	2,000	+800
Cummins	Indiana	1,500	2,300	+800
Thermo Fisher Scientific	Massachusetts	4,680	5,420	+740
Morgan Stanley	New York	6,461	7,191	+730
Goodyear Tire & Rubber	Ohio	3,000	3,700	+700
H.J. Heinz	Pennsylvania	4,400	5,100	+700
Johnson Controls	Wisconsin	5,700	6,400	+700
Mattel	California	4,500	5,200	+700
MetLife	New York	1,700	2,400	+700
Franklin Resources	California	4,900	5,600	+700
Visa	California	1,900	2,600	+700
Western Union	Colorado	3,700	4,400	+700
Boston Scientific	Massachusetts	10,346	11,041	+695
Deere	Illinois	2,597	3,209	+612
BlackRock	New York	1,516	2,125	+609
Applied Materials	California	1,000	1,600	+600
Autoliv	Michigan	3,400	4,000	+600
Becton Dickinson	New Jersey	3,800	4,400	+600
Biogen Idec	Massachusetts	2,700	3,300	+600
MasterCard	New York	1,500	2,000	+600
McKesson	California	3,300	—	+600
St. Jude Medical	Minnesota	2,200	2,800	+600
Starwood Hotels & Resorts	New York	2,300	2,900	+600
Stryker	Michigan	5,646	6,232	+586
Allergan	California	2,505	3,084	+578
PPG Industries	Pennsylvania	2,920	3,476	+556
Paccar	Washington	3,375	3,900	+525
Costco Wholesale	Washington	2,646	3,162	+516
Starbucks	Washington	987	1,500	+513
Jabil Circuit	Florida	1,300	1,800	+500
Owens-Illinois	Ohio	2,000	2,500	+500
<b>Total these 92 corporations</b>		<b>\$ 1,133,761</b>	<b>\$ 1,358,671</b>	<b>\$ +228,910</b>

Note: figures are for 2010 & 2011 if 2012 report has not yet been filed.

Source: Company 10-K Annual Reports

## 48 Corporations Whose Offshore Profit Holdings Grew by \$3 billion or More in the Past 4 Years (\$-billion)

Corporation	08-12 growth*	Rank
Apple	\$ +65.2	1
Microsoft	+42.8	2
Pfizer	+30.5	3
General Electric	+24.0	4
Merck	+22.2	5
Google	+21.0	6
Abbott Laboratories	+19.4	7
International Business Machines	+18.4	8
Cisco Systems	+17.2	9
Hewlett-Packard	+16.9	10
Johnson & Johnson	+16.8	11
Citigroup	+15.3	12
Procter & Gamble	+14.0	13
Oracle	+12.0	14
PepsiCo	+10.3	15
J.P. Morgan Chase & Co.	+9.4	16
Medtronic	+8.2	17
Amgen	+7.9	18
Coca-Cola	+7.9	19
Qualcomm	+7.8	20
Intel	+7.4	21
Wal-Mart Stores	+7.0	22
Honeywell International	+6.5	23
Chevron	+6.1	24
Caterpillar	+6.0	25
Dell	+6.0	26
Kraft Foods	+5.9	27
Dow Chemical	+5.8	28
McDonald's	+5.6	29
Eli Lilly	+5.5	30
Goldman Sachs Group	+5.5	31
Ford Motor	+5.3	32
Bristol-Myers Squibb	+4.5	33
Berkshire Hathaway	+4.1	34
Gilead Sciences	+4.1	35
eBay	+4.0	36
Philip Morris International	+4.0	37
Broadcom	+3.9	38
Baxter International	+3.8	39
EMC	+3.8	40
Kimberly-Clark	+3.7	41
Corning	+3.6	42
Las Vegas Sands	+3.4	43
Hess	+3.3	44
Morgan Stanley	+3.2	45
Eaton	+3.1	46
Stryker	+3.0	47
3M	+3.0	48
<b>Total, these 48 corporations</b>	<b>\$ +518.3</b>	

Note: figures are for 2010 & 2011 if 2012 report has not yet been filed.

Source: Company 10-K Annual Reports