

Report: Amazon Earned Billions In 2017, But Paid No U.S. Income Taxes

Matthew Gardner asks, 'For states contemplating tax incentives for Amazon, the salient question is: what do you give a tax avoider who already has everything?'

BUSINESS

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According to *CNN Money*, Amazon founder and CEO Jeff Bezos is **officially** the richest person of all time. According to documents, his company made more than \$5 billion in 2017 and didn't pay a dime of federal income taxes?

This is evident from Amazon's **Form 10-K**, which is an annual report required by the U.S. Securities and

Exchange Commission (SEC), meant to give a summary of a company's fiscal performance

In a **blog post** published on the Institute on Taxation and Economic Policy's official website, Matthew Gardner, senior fellow at the institute, detailed what he calls Amazon's "decades-long strategy of exploiting state sales tax loopholes." During the previous five years, Gardner asserted, Amazon paid a federal income tax rate of just 11.4 percent. During the same time period, the company reported profits of \$8.2 billion.

The Institute on Taxation and Economic Policy (ITEP) is a non-partisan think tank that works on state and federal tax policy issues

Furthermore, according to the same institute, the Trump administration's corporate tax cuts — although they have taken effect on January 1 — include a special clause for companies that have managed to postpone past tax liability. The clause, which essentially rewards companies like Amazon for postponing the taxation of their income, is the source of Amazon's \$789 million windfall.

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In September 2017, Amazon announced that it would be building a second headquarters. As *Quartz* reported, Amazon initially **received** 238 bids from cities all over the United States, but narrowed the list down later on. This caused a bidding war, with participating cities competing against each other, offering tax breaks, free land, and various incentive packages. Only a few

politicians have spoken up against this, most notably **Rohit Ro Khanna**, U.S. Democratic representative for California's 17th congressional district, who told *The Intercept*, "The cities should not compete against each other in a race to the bottom. It's absurd for the taxpayers to offer subsidies to one of the richest companies in the world."

Matthew Gardner is of similar opinion.

“For states contemplating tax incentives for Amazon, the salient question is: what do you give a tax avoider who already has everything?”

The Nation's Stacy Mitchell, meanwhile, believes that Amazon does not yet have everything, but it certainly aims to. In her words, "Amazon doesn't just want to dominate the market — it wants to become the market."

In an extensive **report**, Mitchell criticized the tech giant's monopolistic tendencies, as well as the lack of government intervention, quoting Chamath Palihapitiya, a venture capitalist and owner of the

Golden State Warriors, who said that Amazon is a “multitrillion-dollar monopoly hiding in plain sight.”

According to *Statista*, Amazon’s market value is in the neighborhood of **\$427 billion**, which makes it the fourth most valuable company in the United States, after Apple, Alphabet, and Microsoft.