WALL STREET
PAY YOUR TAXES

WALL STREET CEOS, part of the misnamed “Fix the Debt” group, are pushing for cuts in lifeline benefits like Social Security, Medicare and Medicaid to reduce our national debt. But a big part of our debt comes from their refusal to pay their fair share in taxes—and they want to keep the loopholes in place so they can keep right on doing it.

Corporate tax-dodging costs us hundreds of billions of dollars every year. One of the most dangerous and costly loopholes allows corporations to avoid paying taxes on income they earn overseas. Take a look at what that means for five Wall Street banks:*

CITIGROUP, with 33 subsidiaries located in tax haven countries, has $35.9 billion in overseas accumulated earnings not taxed by the United States. If taxed, that would generate $9.5 billion. Now-former CEO Vikram Pandit’s 2011 compensation totaled almost $14.9 million.

JPMORGAN CHASE & CO., with 91 operations in tax havens, has $21.8 billion in overseas accumulated earnings the United States does not tax. If taxed here, that would add $4.9 billion to the U.S. tax coffers. CEO James Dimon’s total 2011 compensation was $23.1 million.

GOLDMAN SACHS, with 20 tax haven subsidiaries, does not pay U.S. taxes on $20.6 billion in overseas accumulated earnings. If the United States taxed that, it would total $3.3 billion. CEO Lloyd C. Blankfein had a total 2011 compensation of $16.1 million.

BANK OF AMERICA, with a whopping 310 subsidiaries in tax havens, has $18.5 billion in overseas accumulated income that would generate U.S. tax payments of $2.5 billion. CEO Brian T. Moynihan had a total 2011 compensation of nearly $8.1 million.

MORGAN STANLEY, which has 266 subsidiaries in tax havens, has almost $6.5 billion in accumulated overseas earnings. If taxed by the United States, that would generate $670 million. CEO James P. Gorman’s total 2011 compensation was nearly $13 million.

We can save that money—and protect critical social insurance programs—by taking these commonsense steps to close loopholes that cost our country, threaten the middle class and enrich the already wealthy:

- Eliminate the tax benefit corporations receive from sending jobs overseas ($583 billion);
- Close other corporate tax loopholes so Wall Street starts paying its fair share of taxes (hundreds of billions of dollars over 10 years);
- Tax the income of Wall Street hedge fund and private equity managers at the same rate as wage income ($21 billion);
- Collect a surtax of at least 5.6% on income greater than $1 million ($453 billion over 10 years) so fewer millionaires can avoid paying their fair share of taxes;
- Implement a “Buffett Rule” to ensure millionaires pay an effective tax rate of at least 30% on all their income ($47 billion);
- Limit the extra benefit of tax deductions for the richest 2% of Americans ($293 billion); and
- Collect a miniscule tax on Wall Street trading of foreign currencies, derivatives, bonds and stocks to discourage harmful speculation (more than $350 billion).

For more information, visit aflcio.org/protectourfuture

*Sources: Annual reports and proxy statements (data as of December 2011); Congressional Research Service, Tax Havens: International Tax Avoidance and Evasion, p. 3 (list of countries identified as tax havens) (January 23, 2013).

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