**HERALD** THURSDAY,

## **Why are you paying more tax** than Amazon and Netflix?

This tax season, mil- that at another time). check of hundreds of mil- the case. lions of dollars.

sucks too, but I'll get into company paid \$0, and this ing tax credits for executive

From 2012 to 2017, Ama-

individuals are subject to at an average rate of 11.4% federal income taxes. For on over \$8 billion in proftheir money through work, marginal tax rate for corpo-

year the company will be lions of Americans will be On the other hand, the receiving a \$129 million rereceiving smaller refunds corporate tax rate is 21%. bate. Netflix didn't do much from the IRS, or worse, a It would be reasonable to better, either. The streambill. At the same time, two assume that companies like ing service paid \$0 in tax in of the most profitable com- Amazon and Netflix would 2017, and their tax rate was panies in the country are pay 21%, or at least close 1% for 2018. This is despite not only avoiding paying to that figure, after applying Netflix boasting 139 miltaxes altogether, but one is deductions and other tax lion paying subscribers in receiving a federal rebate credits. This has not been 2018, with a profit of about \$845 million. Unfortunately, this is a

Both corporations and zon paid federal income tax longstanding problem with though the company does the tax code, not simply a result of Republicans' Tax those individuals who earn its, almost half the highest Cuts and Jobs Act going into effect. In 2017, after the rates are anywhere from rations now and less than raking in \$5.6 billion in US financial accounting pur-10% to 37%. For those of one-third the marginal tax profits, Amazon paid \$0 in poses the company only has us who live off investment rate for corporations be-federal income tax. They income, marginal tax rates fore 2018, which was 35%. achieved this zero-dollar are 0%, 15% and 20% (this In both 2017 and 2018, the tax bill in in part by claim-

stock options.

stock options exercise these options. To illustrate with an example, say two years ago (when the stock price was \$140) the company issued stock options with an exercise price of \$140. Say that now, the stock price is \$340, and the employees cash in their options. The company issues them shares of stock, and the company gets a tax deduction of \$200 per share even not actually have any cash expenses (on a cash basis, the company is actually up \$140 per share). In fact, for the time it is granted. Netflix did the same, as better recommendations for the U.S.

well as something even what shows you might like The company gets a tax more ridiculous. To lower to stream, but alas. deduction when people with their tax contribution, Netflix claimed a number of fective tax rate of 1% is research and development fundamentally unfair, and credits. This credit doesn't Amazon getting a refund is just mean that research is absurd. But, after Repubdeductible (like any other licans' tax overhaul in late expense), but that (for the 2017, one can be sure their eligible R&D costs) the tax rate being lower than federal government actually that of middle class Ameripays 100% of the costs one cans is now absolutely by of two ways. A company can design and not a mistake. either take 100% of the eligible R&D costs and deduct two extremely successful it from whatever they owe, companies have lower efor have it added to their re- fective tax rates than the avfund. Interestingly, in all of erage middle class Amerithe discussions of that cred- can, but here we are. it that I read, members of Congress were always talk- managing director at Blacking about inventing lifesav- Rock, Inc. and Chair of the ing drugs to cure cancer or Patriotic Millionaires, a something similar. I never coalition of high-net worth the much smaller expense heard anyone discuss the Americans concerned about of the value of the option at need for taxpayers to pay the destabilizing concentra-

Obviously, Netflix's ef-

There's no reason why

\*Morris Pearl is a former for research into making tion of wealth and power in

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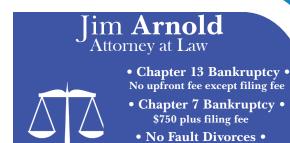












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