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## Boeing's Reward for Paying No Federal Taxes Over Last Three Years? A \$35 Billion Federal Contract

Despite reporting nearly \$10 billion in domestic pre-tax profits between 2008 and 2010, the Boeing Corporation, which was granted a contract worth as much as \$35 billion to build airplanes for the federal government earlier this week, did not pay a dime of U.S. federal corporate income taxes during this three-year period.

In particular:

- In 2010, Boeing reported \$4.4 billion in pre-tax profits, and paid just 0.3 percent of its pre-tax income in federal income taxes.
- In 2009, Boeing reported \$1.5 billion in pre-tax profits, but didn't pay any federal income tax at all on those profits. Instead, the company claimed an outright tax rebate of \$132 million.
- In 2008, the company reported \$3.77 billion in pre-tax profits, and paid a paltry 1.2 percent federal income tax rate on those profits.
- Over the three-year period from 2008 to 2010, the company didn't pay a dime of its profits in federal taxes, and actually received a rebate of \$75 million. Its pretax U.S. profits over this period were \$9.7 billion.

The data, which are based on Boeing's tax filings with the Securities and Exchange Commission, don't make it clear exactly which tax avoidance mechanisms Boeing used to reduce its tax liabilities in this way. But a 2008 report from the General Accounting Office found that Boeing had 38 subsidiaries located in foreign tax havens.<sup>1</sup>

**Corporate Tax Payments by Boeing Corporation, 2008 to 2010**

\$-millions	2010	2009	2008	2007-09
	<b>Pretax US Profits</b>	\$ 4,447	\$ 1,493	\$ 3,774
<b>Federal Income Taxes</b>	13	-132	44	-75
<b>Effective Federal Tax Rates</b>	0.3%	-8.8%	1.2%	-0.8%

"Throughout the competition for this

lucrative federal contract, Source: Boeing Corporation 10-K report for 2010.

Boeing has tried to position itself as the company that supports America," said Bob McIntyre, executive director of Citizens for Tax Justice. "But its shocking success in avoiding payment of US corporate income taxes tells a very different story."

<sup>1</sup> General Accounting Office, *Large U.S. Corporations and Federal Contractors with Subsidiaries in Jurisdictions Listed as Tax Havens or Financial Privacy Jurisdictions*, <http://www.gao.gov/new.items/d09157.pdf>.