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Congress of the United States
House of Representatives

November 28, 2011

Mr. Douglas H. Shulman
Commissioner
Internal Revenue Service
1111 Constitution Ave NW Room 3241
Washington DC 20224

Dear Mr. Shulman:

According to a March 24 *New York Times* article, General Electric (GE) paid no federal taxes in the U.S. in 2010. Meanwhile, the Congressional Research Service found that the Chinese State Tax Administration and *China Tax* magazine have recognized GE as a top corporate taxpayer in China. It is noteworthy that GE, which pays no federal taxes in its home country, is honored for being a significant source of tax revenue to China.

Further, a November 17 article on the *Weekly Standard's* Web site reported that GE's 2010 electronic tax filing to the IRS would be equivalent to 57,000 printed pages; more than 19 feet tall of stacked printed pages. A return of this magnitude was clearly necessary to take advantage of every loophole and earmark in the tax code to avoid paying federal taxes.

I write to request the estimated cost to taxpayers of processing 57,000 pages worth of GE's 2010 tax return. Specifically, how many hours of IRS employees' time was spent reviewing this return and what was the total cost to the government?

I look forward to your response.

Best wishes.

Sincerely,

Frank R. Wolf
Member of Congress

GE Filed 57,000-Page Tax Return, Paid No Taxes on \$14 Billion in Profits

John McCormack

November 17, 2011 1:11 PM

General Electric, one of the largest corporations in America, filed a whopping 57,000-page federal tax return earlier this year but didn't pay taxes on \$14 billion in profits. The return, which was filed electronically, would have been 19 feet high if printed out and stacked.

The fact that GE paid no taxes in 2010 was widely reported earlier this year, but the size of its tax return first came to light when House budget committee chairman Paul Ryan (R, Wisc.) made the case for corporate tax reform at a recent townhall meeting. "GE was able to utilize all of these various loopholes, all of these various deductions--it's legal," Ryan said. Nine billion dollars of GE's profits came overseas, outside the jurisdiction of U.S. tax law. GE wasn't taxed on \$5 billion in U.S. profits because it utilized numerous deductions and tax credits, including tax breaks for investments in low-income housing, green energy, research and development, as well as depreciation of property.

"I asked the GE tax officer, 'How long was your tax form?'" Ryan said. "He said, 'Well, we file electronically, we don't measure in pages.'" Ryan asked for an estimate, which came back at a stunning 57,000 pages. When Ryan relayed the story at the townhall meeting in Janesville, there were audible gasps from the crowd.

Ken Kies, a tax lawyer who represents GE, confirmed to THE WEEKLY STANDARD the tax return would have been 57,000 pages had it been filed on paper. The size of GE's tax return has more than doubled in the last five years.

Ryan used the data point to underscore the irrationality of the corporate income tax code. He also contrasted GE with UPS to make the point that the corporate income tax code doesn't make sense. "UPS paid a 34 percent effective tax rate," while its biggest foreign competitor, DHL, paid a 24 percent tax rate, Ryan said.

The problems with the corporate taxes occur because "Republicans and Democrats, both parties, sit in Congress and they're picking winners and losers," Ryan said. The solution, according to the Wisconsin congressman: "Get rid of those loopholes and lower tax rates by a corresponding amount. Don't lose revenue, but for every loophole you pull out, and deny a company from being able to get this little carveout, you can lower the rates so we can be more competitive with our competitors overseas. We want to stem the bleeding of jobs going overseas, of foreign companies buying U.S. companies and taking headquarters overseas."

Ryan is hopeful that President Obama will work with Republicans on corporate tax reform. "This is the one thing I think we've got some bipartisan agreement on," he said.

Update: [GE responds](#).

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