

Amazon pays no federal income tax for 2018, despite soaring profits, report says

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Profits for online retail behemoth Amazon soared in 2018, but it paid no federal income tax for the second consecutive year, according to a report published Wednesday.

The Institute on Taxation and Economic Policy says the company is subject to a 21 percent tax rate on its U.S. [income](#). However, through various tax breaks and credits, the company will receive a tax rebate of \$129 million.

That's despite the company nearly doubling its profits to \$11.2 billion in 2018, up from \$5.6 billion the previous year, ITEP reported.

The organization explained the negative tax rate this way: "The fine print of Amazon's income tax disclosure shows that this achievement is partly due to various unspecified 'tax credits' as well as a tax break for executive stock options."

An April 2018 Motley Fool analysis declared that Amazon is a "master of tax avoidance."

CNN explains that the U.S. tax code allows companies that lose money to reduce their future taxable income. That has worked in Amazon's favor because its past has been marked with billions of dollars in losses and some of its profits come from global sources not subject to the U.S. tax code, the network explains.

CNN notes that the company has recently paid hundreds of millions of dollars in [state taxes](#) and more than a billion dollars in international taxes.

President Donald Trump has criticized Amazon for its tax practices in the past. In March 2018, Trump tweeted that the company pays "little or no taxes to state & local governments" and alleged the company abused the postal system.

In its analysis, ITEP criticized the Trump administration for the 2017 Tax Cuts and Jobs Act, which ITEP says did not close tax loopholes that profitable companies can use to avoid paying income taxes.

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