

# NEWS CORP HACKING THE TAX CODE

**The parent company of Fox News, the Wall Street Journal and the New York Post is under investigation in the UK for hacking into the cell phones of private citizens. In the US, News Corp's ethical shortcomings extend to their income tax record.**



## NEW YORK POST

### THE WALL STREET JOURNAL.

## HOW DID THEY DO IT?

**Loopholes/tax breaks.** News Corp takes advantage of net operating loss carry-overs in order to avoid paying income taxes. News Corp reported \$1.7 billion in total carry-forwards in 2011, and \$3.1 billion in total deferred tax assets. News Corp also takes advantage of tax breaks such as the Empire State Film Production tax credit.

**If News Corp paid the New York State income tax rate, the company would have paid an additional \$294 million in state taxes, 2008-10.\***

### Lobbyists: \$7.06 Million

News Corp spent **\$7.06 million on lobbying** at the federal level in 2011, on such issues as the tax treatment of multinational media companies. News Corp retains Greenberg Traurig as its lobbying firm in New York State; the firm has lobbied for News Corp on tax-related issues such as film production tax credits and newspaper sales taxes.

### Accountants: \$35.6 Million

News Corp spent \$35.6 million on auditing firm Ernst & Young in 2011, including \$14.2 million on tax fees "for tax compliance and tax consultations for domestic and international operating units."

**If News Corp paid the full corporate income tax rate, the company would have paid an additional \$1.17 billion in federal income taxes, 2008-10.**

**Tax havens.** According to a 2009 GAO report, of the 100 largest publicly-held corporations News Corp had the third most subsidiaries in tax havens (163). In 2011, News Corp lobbied in favor of a free trade pact with Panama which will make it harder for the US to crack down on tax-sheltered corporations there (News Corp has a Panama subsidiary).

**Tax exemptions.** News Corp has won major tax subsidies from NY in the form of sales and property tax (not income tax) exemptions worth up to \$45 million.

### Politicians: \$2.9 Million

At the federal level, News Corp employees have spent \$2.9 million on campaign contributions to politicians in the past four years, and nearly \$12 million since 1989.

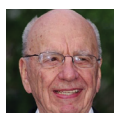
# NEWS CORP'S TAX DODGING BY THE NUMBERS

**NEWS CORP'S PROFITS, 2008-2010: \$8.65 billion**

NEWS CORP'S STATE INCOME TAX BILL, 2008-10	<b>\$318 million</b>	NEWS CORP'S FEDERAL INCOME TAX BILL, 2008-10	<b>\$1.75 billion</b>
<b>NEWS CORP'S STATE INCOME TAX RATE, 2008-10</b>	<b>3.7%</b>	<b>NEWS CORP'S FEDERAL INCOME TAX RATE, 2008-10</b>	<b>21%</b>
NY STATE CORPORATE INCOME TAX RATE	<b>7.1%</b>	FEDERAL CORPORATE INCOME TAX RATE	<b>35%</b>
NYS INCOME TAX RATE FOR A FAMILY OF FOUR MAKING \$58,000	<b>4.1%</b>	FEDERAL INCOME TAX RATE FOR A FAMILY OF FOUR MAKING \$58,000	<b>8.91%</b>

1. Assuming all income is taxed at the New York State income tax rate (the weighted state avg. is 6.2%)

## NEW YORKERS BENEFITTING FROM NEWS CORP'S TAX SCHEMES



**Rupert Murdoch**  
Chairman and CEO

**\$33.3 million in 2011, or \$16,600 per hour**

### Houses (at least 5):

- New York (5th Avenue, paid \$44 million)
- Beverly Hills (8,700 sq ft, 11 bedrooms, paid \$14 million)
- Beijing's Forbidden City (Confucian-style mansion w/ underground swimming pool)

- Melbourne
- London
- Recently sold his Oyster Bay, NY mansion (\$9 million) and California ranch (\$17 million)

### Yachts: 2

**Plane:** Boeing 737 private business jet, worth \$60 million

### OTHER TOP EXECUTIVES

**Chase Carey,**  
Deputy Chairman, President, & CFO  
**\$30.2 million (\$15,500 per hour)**

**James R. Murdoch,**  
Deputy Chairman; President & coo, News International  
**\$17.9 million**

**David F. Devoe, CFO**  
**\$18.2 million**

**Roger Ailes, Chairman & coo**  
**\$15.6 million**

**Total: \$115 million** in executive compensation for five executives in 2011

#### SOURCES:

Citizens for Tax Justice and Institute on Taxation and Economic Policy report, "Corporate Taxpayers and Corporate Tax Dodgers, 2008-2010." <http://www.ctj.org/corporatetaxdodgers/CorporateTaxDodgersReport.pdf>

Citizens for Tax Justice and Institute on Taxation and Economic Policy report, "Corporate Tax Dodging in the Fifty States, 2008-2010," <http://www.ctj.org/corporatetaxdodgers50states/CorporateTaxDodgers50StatesReport.pdf>

News Corp 2011 proxy statement: <http://www.sec.gov/Archives/edgar/data/1308161/000119312511239655/ddef14a.htm>

News Corp annual report: <http://www.sec.gov/Archives/edgar/data/1308161/000119312511221637/d10k.htm>

"Rupert Murdoch's Tax Play," Huffington Post, 10/19/11: [http://www.huffingtonpost.com/2011/10/19/rupe-murdoch-corporate-tax-panama-trade-deal\\_n\\_1018600.html](http://www.huffingtonpost.com/2011/10/19/rupe-murdoch-corporate-tax-panama-trade-deal_n_1018600.html)

## COMPANY JET USE

Flights to vacation hotspots Martha's Vineyard, Monterey, California, Bozeman, MT, St Maarten, and Nice, France accounted for nearly 20% of News Corp's corporate jet flights from 2007-2010, according to an analysis in *Aviation International News*.

## TAX FAIRNESS AND TAX REFORM ARE GOOD FOR NEW YORK

Governor Cuomo and the Legislature did right by New Yorkers last year when they made the Personal Income Tax more progressive and more fair with a new Millionaires Tax and middle-class tax cuts.

We need to keep it going in 2012: reform corporate taxes to close loopholes and stop the special deals for big business and the 1%.

**New York shouldn't cut programs for the poor, slash pensions for workers, stop services for seniors and cut colleges if we can close corporate loopholes and enforce tax laws as an alternative.**

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