

2020 First Quarter Taxes

XBRL Elements: us-gaap: IncomeTaxExpenseBenefit

As at July 14, 2020

Introduction

Do the S&P 500 pay much in the way of taxes? Well, we are not going to show what they are paying this time, but we are going to look at how much they book as an expense. What's the difference, you ask. First, these are allocations based on one quarter's income, and the actual payment won't happen until after the fiscal year. And second, there are allocations made for deferred taxes, basically an estimation of the tax owed if something happens in the future. The easiest example is on the rise of an investment. You don't need to pay tax until you sell, but companies will figure out the tax burden so far, and book that to the fiscal period. That way, when a willing investment is sold, much of the tax cost has already been planned and expensed.

The method

We are pulling data for the most recent quarter (99 days long or less), and for quarters ending after January 30, 2020. For companies publishing six and nine month incomes only, their numbers were ignored.

Overall

369 of the 500 have a positive income tax expense, with 106 negative in the most recent quarter. (the remainder did not produce a number, for various reasons). But comparing this to the same quarter last year shows a dramatic difference, going from \$72.5 billion in total to \$24.7 billion.

Individual highlights

While it is often said that tech companies don't pay enough tax, they certainly adjust for it. Microsoft sits at number one, Apple at number two, and Facebook at number eight. Microsoft is the only one over \$2 billion, with Apple at \$1.9 and Facebook at \$959 million

The most income tax recovery is Berkshire Hathaway, booking \$13.3 billion in income tax recovery. This is far the biggest recovery, with Marathon Petroleum looking for a mere \$1.9 billion back. While he is unlikely to be involved in the tax calculation, Warren Buffett is one of the few rich people who says that he isn't paying enough in tax.

By Sector

Last year, all eleven sectors had a positive tax expense, while this year four did not – Energy, Financials, Real Estate, and Utilities. Financials took the biggest hit, accounting for \$26.9 billion drop of the \$47.9 billion total change. Most of this change came from Berkshire Hathaway and their \$19.3 billion drop, with the second place from of \$1.8 billion from JP Morgan.

Energy had 10 of 26 declare income tax expense, compared to 19 in the previous year. Only six saw improvements, with the largest being Marathon Oil, which just moved to a smaller tax refund.

One sector saw an increase in tax expense, and that was consumer staples, with a \$194 million improvement. While more companies saw tax benefits than the previous year (five vs three), the increases by Constellation Brands and General Mills outweighed the downturns in Coca Cola and Walgreens.

GICS Sector	2020 Q1	2019 Q1	Change
Communication Services	6,896,940,000	7,478,799,000	(581,859,000)
Consumer Discretionary	3,158,100,000	5,654,461,000	(2,496,361,000)
Consumer Staples	5,750,144,000	5,556,049,000	194,095,000
Energy	(4,682,870,000)	4,794,698,000	(9,477,568,000)
Financials	(5,684,301,000)	21,231,400,000	(26,915,701,000)
Health Care	5,495,751,000	7,145,218,000	(1,649,467,000)
Industrials	4,372,951,000	7,046,089,000	(2,673,138,000)
Information Technology	8,138,223,000	9,137,309,000	(999,086,000)
Materials	1,346,151,000	1,484,792,000	(138,641,000)
Real Estate	(121,321,000)	89,374,000	(210,695,000)
Utilities	(6,895,000)	2,929,554,000	(2,936,449,000)
Grand Total	24,662,873,000	72,547,743,000	(47,884,870,000)