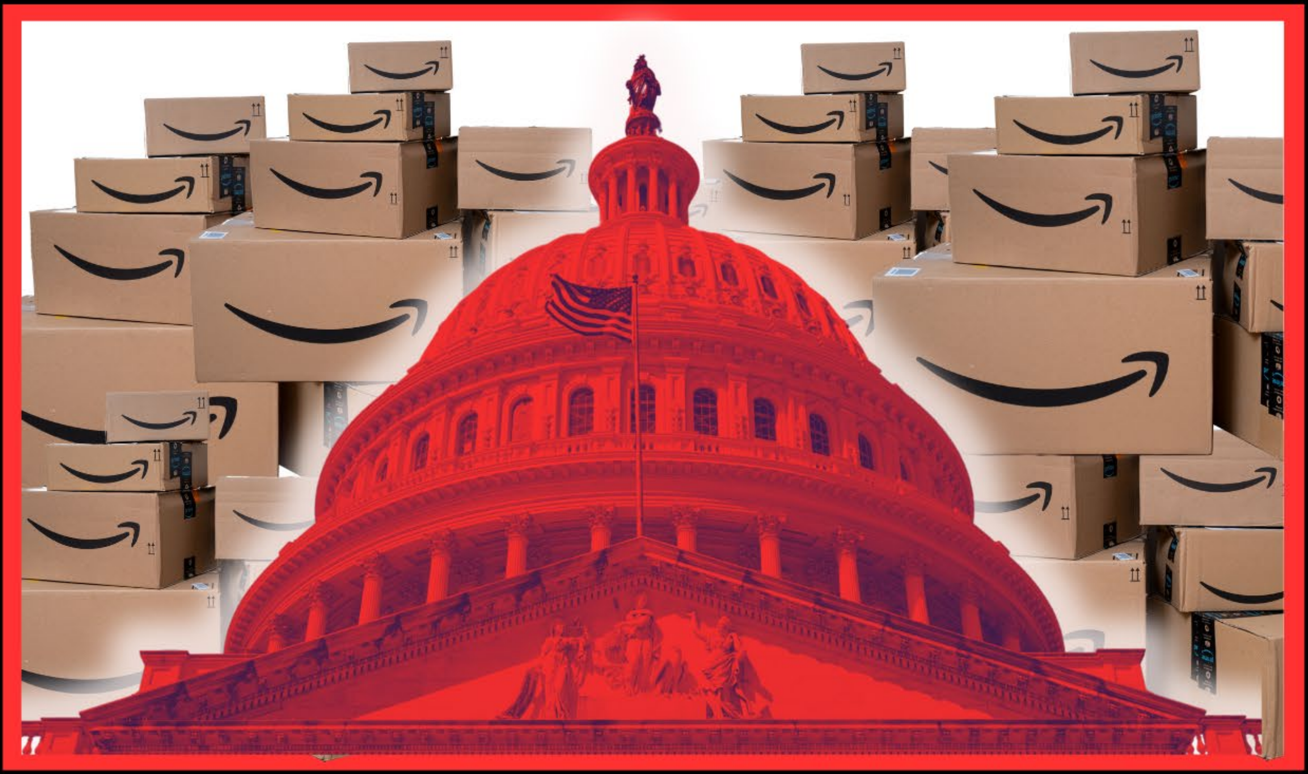

Amazon and Our Rigged Tax System

The stakes in the tax debate for the corporation and its executives versus workers and small business

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PowerSwitch Action

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About this report

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The Institute for Policy Studies is the nation's oldest multi-issue progressive research organization, founded in 1963. The Institute's Inequality.org website provides an online portal into all things related to the income and wealth gaps that so divide us, in the United States and throughout the world. Sign up for our weekly newsletter at: Inequality.org/subscribe.

The Athena Coalition is made up of 50+ organizations working together to break the dangerous stranglehold that corporations like Amazon have over our democracy, economy, and planet.

PowerSwitch Action is a national network forging a multiracial feminist democracy and economy through local organizing. Our network weaves strategic alliances amongst labor, neighborhood, housing, racial justice, faith, ethnic-based, and environmental organizations to switch governing power from corporations to everyday people.

Key findings

Jeff Bezos enjoys huge windfalls from the capital gains tax double standard.

- Since the 2017 tax reform, Amazon founder Jeff Bezos has pocketed $36.6 billion in capital gains from selling shares of his company stock. He owed $6.2 billion *less* in federal taxes on these gains than he would have if the 2017 Tax Cuts and Jobs Act (TCJA) had equalized the tax rates on income from wealth and income from work.

Amazon CEO Andrew Jassy has saved nearly $7 million from the top tax rate reduction.

- Amazon CEO Andrew Jassy has saved at least $6.6 million as a result of the TCJA's reduction in the top marginal tax rate from 39.6 percent to 37 percent. This analysis is based solely on the $263 million in salary and vested stock he pocketed between 2018 and 2024.

Typical Amazon employees are losing out on tax breaks enjoyed by the rich.

- In 2024, median pay at Amazon stood at just $37,181. At this low wage level, the typical Amazon worker is likely to be living paycheck to paycheck with little chance of benefiting from the discounted tax rates on capital gains.

- Of the 1.2 million employees participating in Amazon's 401(k) program in 2023, 72 percent had zero balances, meaning they could not afford to put any money aside in these tax-sheltered investment accounts.

Amazon workers pay more Social Security taxes than Jassy as a share of compensation.

- As a result of the fixed cap on Social Security payroll taxes, Jassy's contribution to this vital program amounted to just 0.4 percent of his taxable compensation in 2024, while the median worker's contribution came to 6.2 percent of salary.

Our rigged tax system weakens an already weak estate tax.

- If Congress extends the TCJA's weakened estate tax, Bezos and Jassy's heirs would enjoy savings of $5.6 million. If they eliminate the estate tax altogether, Jassy's heirs could avoid about $199 million in tax, and the Bezos family could avoid about $86 billion. The current estate tax does not apply to families with less than $28 million.

Amazon has benefited from loopholes and the slashing of the corporate tax rate.

- Amazon has used credits and loopholes to avoid paying even the sharply reduced TCJA corporate tax rate of 21 percent. If they *had* paid the full statutory corporate rate of 21 percent between 2018 and 2021, their IRS bill would've been $12.5 billion higher.

Introduction

Throughout Amazon's history, corporate tax advantages have been essential to the company's rapid growth and increasing market dominance, as well as the exploding wealth of the e-commerce giant's top executives.

In the early years, Amazon made a deliberate choice to avoid state sales taxes that fund our schools, healthcare, and other vital public services. For decades, that choice gave Amazon a crucial, unfair advantage against local bookstores, local toy stores, and other smaller retailers.

This report documents the additional ways that Amazon and its executives unfairly benefit from a rigged federal tax system that has long prioritized large corporations and wealthy executives over regular people. The 2017 Tax Cuts and Jobs Act (TCJA) only accelerated the concentration of economic and political power among the ultra-rich, while leaving ordinary working people far behind.

As Congress plunges into another major tax reform, this analysis focuses on the stakes in this debate for Amazon's top executives, typical employees, and the company as a whole. Because of strong secrecy protections regarding individual tax records, we rely primarily on Amazon's public disclosures regarding their executives' compensation and company stock sales. We also examine the tax implications of Amazon's median worker pay and employer contributions to tax-sheltered employee retirement funds.

Individual billionaire and CEO tax benefits

Failure to close wealth tax loopholes

The TCJA did nothing to close the huge loopholes that allow wealthy individuals like Amazon CEO Andrew Jassy and founder Jeff Bezos to accumulate massive fortunes with minimal taxation. Both men have enjoyed jaw-dropping increases in the value of their personal holdings of Amazon stock since the legislation went into effect. Between February 2018 and February 2025, Jassy saw a 5,688 percent inflation-adjusted increase in the value of his shares to a total of $467 million. The value of Bezos's shares increased by 2,836 percent during this period to an estimated $217 billion.[1]

Under current rules, individuals do not owe any tax on capital gains until they sell the assets. This creates a huge incentive for the ultra-wealthy to hold onto their assets and simply borrow against them to avoid paying the capital gains tax. Whether Jassy or Bezos are utilizing this tax avoidance trick is not public information. But the practice is so widespread that a proposed tax on such borrowing would raise an estimated $100 billion over a decade.

If the ultra-wealthy hold onto assets until they die, their heirs will never be taxed on the increase in value of the assets. This "stepped-up basis" loophole is a key factor in the growth of intergenerational wealth dynasties.

Capital gains tax double standard

Jassy and Bezos have sold some Amazon shares since the 2017 tax reform, and those sales do trigger a tax — but only at the deeply discounted rate on long-term capital gains. While the top marginal tax rate on income from labor stands at 37 percent, the top rate on long-term capital gains (on assets held a year or longer) is just 20 percent.[2] This double standard in the tax code overwhelmingly benefits the wealthy, who own the vast bulk of investment assets. The TCJA left this double standard in place and a fix is not on the table in the forthcoming reform.

Bezos: Since the 2017 tax reform, the world's second-richest man has sold Amazon shares worth $36.7 billion. Bezos acquired these shares when the company went public in 1997 and the IPO price was $18.00, or $0.075 adjusted for several stock splits over the years. Based on that share price, Bezos enjoyed capital gains on his stock sales over the past seven years of more than $36 billion.

If the TCJA had lifted the capital gains tax rate up to the 37 percent top marginal rate on ordinary income, Bezos would've owed Uncle Sam $6.2 billion more on his gains from those sales. That sum is large enough to cover the cost of 647,381 public housing units for a year.

Bezos Savings from Discounted Capital Gains Tax Rate on Amazon Stock Sales Since the 2017 Tax Reform	
Number of shares sold, 2018-2024 (adjusted for 2022 stock split)	245,403,280
Value of shares sold, 2018-2024	$36,677,762,234
Capital gain (based on original, split-adjusted IPO price of $0.075 per share)	$36,659,356,988
Taxes owed at capital gains rate of 20%	$7,331,871,398
Taxes owed if capital gains and ordinary rates equalized at 37%	$13,563,962,086
Savings from discounted capital gains rate	$6,232,090,688

Source: Institute for Policy Studies analysis of Amazon Form 4 filings. (see methodology appendix)

Jassy: Between the beginning of 2018 and February 2025, Jassy sold 409,787 shares of Amazon common stock worth $213.7 million. We're not able to calculate his precise capital gains on these sales without knowing the value of these shares when Jassy acquired them. (Unlike Bezos who acquired his Amazon stock at the time of the IPO, Jassy has accumulated his shares through stock grants as part of his annual compensation packages.) But with Amazon shares quadrupling in value since 2017, it's reasonable to estimate that Jassy has pocketed capital gains of at least $100 million on these stock sales. If he "realized" $100 million by selling the stock, he would've owed just $20 million under the current preferential tax rate on long-term capital gains. If we taxed income from investments at the same rate as income from work, he would've owed $17 million more.

Bezos and Jassy have benefited not just from the discounted tax rate on capital gains. They've also benefited from the tax-free compounding of investment gains over many years. As tax

expert Bob Lord has highlighted, this loophole can reduce a wealthy investor's annual effective tax rate to as low as 4 percent. Ordinary workers, on the other hand, have taxes taken out of every paycheck. The Republican Majority's tax agenda would do nothing to close this giant loophole, which overwhelmingly benefits the ultra-rich.

Amazon typical worker: In 2024, median pay at Amazon stood at just $37,181.[3] At this low wage level, the typical Amazon worker is likely to be living paycheck to paycheck with little chance of benefiting from the discounted tax rates on gains from capital investments.

Low-wage workers also often miss out on opportunities for tax-deferred retirement savings. Amazon does offer a 401(k) plan with matching. For every $1 of employee contribution, the company will contribute $0.50, up to 4 percent of eligible pay. But the vast majority of Amazon employees do not benefit from this benefit. Of the 1,214,063 employees participating in the company's 401(k) program in 2023, 866,577 (72 percent) had zero balances, suggesting they could not afford to put any money aside in these tax-sheltered investment accounts.

Reduction of the top marginal tax rate on ordinary income

The TCJA lowered the top marginal income tax rate from 39.6 percent to 37 percent. Many Republicans in the administration and Congress, including House leader Mike Johnson, aim to extend this giveaway to the wealthy through this year's tax legislation.

Jassy: In 2024, Jassy's compensation subject to ordinary income taxes included a $365,000 salary and vested stock worth more than $38.4 million, for a total of $38.8 million.[4] A conservative estimate of Jassy's savings from the lowering of the top marginal income tax rate amounts to $989,960 in 2024 alone. To put that sum in perspective, it's 27 times as much as Amazon's median worker pay. Overall in the seven years since the TCJA has been in effect, Jassy's savings from this rate reduction amounts to an estimated $6.6 million. (see table below) That would be enough to cover the annual child care costs in a middle income state for 608 families.

Bezos: Like many corporate founders with enormous stock holdings, Bezos receives only nominal annual compensation. As executive chair in 2024, his taxable compensation amounted to just $81,840 in salary.[5] Little is known about Bezos's outside sources of income in recent years. But thanks to leaked IRS records for the years 2006-2018, we do know that despite his exploding wealth, Bezos paid just a 21.5 percent effective tax rate during this period, and in two years – 2007 and 2011 – he paid exactly zero in federal income taxes.

Typical Amazon worker: In 2024, the median employee at Amazon earned $37,181, up just 3.3 percent in real terms since 2018.[6] (By comparison, median rent went up 9.2 percent during this period.) With the TCJA's doubling of the standard deduction and changes in tax brackets, this Amazon worker might've seen a modest IRS bill reduction. But the 2017 reform failed to take other steps that would've made the tax code fairer for low-wage workers. For instance, the law's changes to the Earned Income Tax Credit resulted in an erosion of the value of this support for low-wage workers, and changes to the Child Tax Credit excluded millions of low-income families.

Andrew Jassy Estimated Savings from the TCJA's Reduced Top Marginal Tax Rate		
	Total taxable compensation (salary + vested stock)	**Reduction in tax liability under TCJA income tax rates**
2018	$27,944,599	$703,137
2019	$50,265,638	$1,275,728
2020	$41,654,134	$1,055,585
2021	$43,590,537	$1,105,479
2022	$32,185,510	$814,404
2023	$28,195,305	$714,776
2024	$38,840,495	$989,741
TOTAL	**$262,676,218**	**$6,658,851**

Source: Institute for Policy Studies analysis of Amazon proxy statement data. (see methodology appendix)

Regressive payroll taxes

The TCJA also failed to address the regressive nature of payroll taxes, which are assessed at the same rate (6.2 percent for Social Security and 1.45 percent for Medicare) regardless of income level. Moreover, Social Security taxes are capped (at $168,600 in 2024), meaning that a highly paid executive like Andrew Jassy stops paying into this vital social program just a few days into the year while a low-wage worker like Amazon's median wage employee has money withheld for Social Security in every paycheck.

In 2024, Jassy's contribution to this vital program amounted to just 0.4 percent of his taxable compensation. As a share of compensation, Amazon's median-paid worker, who earned $37,181 last year, contributed 6.2 percent — 15 times more than Jassy — to Social Security.

While TCJA supporters claimed the tax cuts would "pay for themselves," the overall cost of the law is projected to climb to as much as $1.9 trillion over a decade. Congressmembers who voted for the TCJA have turned around and pointed to the ballooning national deficit to justify calls for slashing social programs that help low-wage workers.

Weakening an already weak estate tax

Jassy and Bezos: These Amazon executives are among the approximately 0.2 percent of Americans wealthy enough for their fortunes to be subject to the estate tax before it's passed on to heirs. The TCJA's doubling of the estate tax exemption, if extended as part of this year's tax reform package, would deliver each of their families at least $5.6 million in tax savings.[7]

The Senate Majority Leader and many other Republicans want to eliminate the estate tax entirely. If they succeed, Jassy's heirs could avoid about $199 million in tax, and the Bezos family could avoid about $86 billion (based on recent estimates of each man's net worth.)

Amazon typical worker: Not affected by the estate tax. The exemption in 2025 stood at $28 million per couple.

Estate Tax Savings		
	Extension of weak Trump-GOP estate tax (one-time family savings)	**Elimination of estate tax (one-time family savings)**
Andrew Jassy	$5.6 million	$199 million
Jeff Bezos	$5.6 million	$86 billion
Typical Amazon worker	$0	$0

Source: Institute for Policy Studies analysis, based on recent estimates of executive wealth. (see methodology appendix)

Corporate tax benefits

Slashing of the corporate tax rate

The TCJA slashed the top corporate tax rate from 35 percent to 21 percent. This was by far the biggest giveaway in the 2017 Trump-GOP tax law, reducing federal revenue by an estimated $1.3 trillion over a decade. Overall, the benefits of this corporate tax cut have skewed heavily towards the wealthy, with one study finding that workers in the bottom 90 percent of the income scale saw no gains whatsoever.

Amazon has used myriad tax credits and other loopholes to avoid paying even the new, sharply reduced 21 percent rate. According to the Institute on Taxation and Economic Policy, the company paid an average effective corporate tax rate of just 5.1 percent during the first four years under the 2017 law — even though it recorded strong U.S. profits in every one of these years. In 2018, they actually recorded a *negative* tax rate, meaning they raked in more tax credits and subsidies than they paid the IRS.

If Amazon had paid the full statutory corporate income tax rate of 21 percent between 2018 and 2021, their IRS bill would've been $12.5 billion higher. That sum could've covered the cost of 244,200 Head Start slots every year for four years. If they'd paid the full 35 percent statutory rate that was in effect before the TCJA, they would've paid $23.5 billion more.

Amazon's Corporate Tax Avoidance 2018-2021 ($billions)					
	2021	**2020**	**2019**	**2018**	**4-year total**
U.S. pretax income	35.1	19.6	13	10.8	78.6
Federal income tax paid	2.1	1.8	0.162	-0.129	4.0
Effective federal income tax rate	6.1%	9.4%	1.2%	-1.2%	5.1%
Federal income tax if Amazon had paid the full 21% statutory rate	7.4	4.1	2.7	2.3	16.5
Federal income tax if Amazon had paid the full 35% rate in effect before 2018	12.3	6.9	4.6	3.8	27.5

Source: Institute for Policy Studies analysis of Institute on Taxation and Economic Policy data.

Amazon has also avoided corporate income taxes in the United States and in Europe by setting up shell companies that transfer profits to subsidiaries in tax haven countries like Luxembourg, a maneuver unavailable to small businesses. This tax dodging builds on Amazon's history of using e-commerce sales tax exemptions that once existed in most U.S. states to gain advantage over brick and mortar stores and gain market dominance, as the Institute for Local Self-Reliance has documented.

Amazon has used a significant share of its tax windfalls to further enrich wealthy executives and shareholders. Between 2019 and 2023, Amazon spent $6 billion on stock buybacks, a maneuver that artificially inflates the value of shares. This, in turn, inflates the value of executive stock-based pay. To put that figure in perspective, Amazon's stock buyback outlays came to 2.8 times as much as the company spent contributing to their workers' 401(k) accounts during this period, according to Institute for Policy Studies analysis. And more buyback spending is likely to come. As of the end of 2024, Amazon had $6.1 billion remaining under a board-approved share repurchase plan.

Amazon has also invested significant sums in aggressive anti-union tactics to undercut the efforts of workers at several of their facilities to gain a fairer share of the rewards from their labor through collective bargaining.

By paying less in taxes and expanding its market dominance, Amazon is now able to charge exorbitant fees on online sellers trapped on their marketplace. These fees, which are now 45 percent of sellers revenue, are essentially a monopoly tax on smaller businesses.

Potential new corporate windfalls in this year's tax package

Many in Congress reportedly support reinstating a lucrative R&D expensing tax break that could save Amazon $22.7 billion. A further corporate rate cut to just 15 percent might also be on the table, despite an estimated cost of $522 billion over the next decade.

A pro-worker and small business fair tax agenda

Instead of new tax giveaways for corporate CEOs and other ultra-wealthy Americans, we need tax reform that lifts up ordinary families and small businesses, and discourages runaway executive pay and extreme wealth concentration at the top. Key elements of a pro-worker and small business fair tax agenda:

Raise the corporate tax rate, make it progressive, and close loopholes

The corporate income tax is one of the fairest ways of raising revenue because it overwhelmingly comes out of the pockets of wealthy shareholders. Corporate tax rates should also be progressive, starting low for normal returns that reflect fair markets and then increasing sharply on high profits indicative of monopoly power. We also support strengthening the Corporate Alternative Minimum Tax and fully implementing a global tax agreement that sets a 15% minimum tax regardless of where profits are earned.

Tax corporations with excessive CEO pay

Higher taxes on companies with wide CEO-worker pay gaps would create an incentive to rein in executive pay and raise worker wages while generating significant revenue for vital public investments. The Curtailing Executive Overcompensation (CEO) Act would apply an excise tax to companies with pay ratios above 50 to 1. The Tax Excessive CEO Pay Act would tie a company's federal corporate tax rate to the size of the gap between its CEO and median worker pay.

Increase the new stock buybacks tax

The Stock Buyback Accountability Act would raise the current 1 percent excise tax on buybacks to 4 percent, a move that would discourage this wasteful practice while generating an estimated $166 billion in new revenue over the next decade.

Use tax policies to support worker power

Congress should reinstate a tax deduction for union dues and pass the No Tax Breaks for Union Busting Act so businesses can no longer claim tax deductions for interfering with unionization campaigns.

Use tax policies to support small businesses

Congress should implement equitable, bottom-up tax reform that delivers real benefits to America's smallest businesses. On top of raising rates and closing loopholes to level the playing field between small businesses and large, particularly multinational corporations, Congress should provide sufficient IRS funding to support small businesses and crack down on tax dodging by larger companies.

Adopt a billionaire tax and/or a wealth tax

The ultra-wealthy are able to avoid taxes by holding their assets and borrowing against them. A billionaire income tax would tax new investment income each year, whether that income is "realized" or not. A wealth tax would apply to total accumulated wealth above a very high threshold.

Tax income from wealth at least as high as income from work

Preferential tax treatment for capital gains income disproportionately helps the ultra-wealthy: over 75 percent of the benefit goes to the richest 1% of households. Income from working a job should not be taxed at up to twice the rate of living off the proceeds of great wealth.

Lift the Social Security wage cap

The wealthiest Americans should pay their fair share into the system. The Social Security Expansion Act would subject all income above $250,000 to the Social Security payroll Tax.

Raise top marginal tax rates

Congress should raise the current top income tax bracket and create additional higher marginal tax brackets to make the tax code more progressive.

Conclusion

Amazon is a perfect case study in what is wrong with our tax code. Unfair tax benefits that flow to multinational corporations and wealthy executives have allowed Amazon to grow into a behemoth that is able to squash independent small business, demand tax subsidies from counties and states, send armies of lobbyists to DC, and treat its workers poorly. The public bears the costs.

This rigged system not only leaves the wealthy even wealthier — it comes at the expense of public investments needed for national economic prosperity into the future.

Endnotes

[1] Institute for Policy Studies analysis of beneficial stock ownership data reported in Amazon proxy statements filed in 2018 and 2025. Bezos also maintains voting power over the 4 percent of Amazon stock his ex-wife MacKenzie Scott received as part of their divorce settlement.

[2] High earners also pay a 3.8 percent Net Investment Income Tax, which went into effect in 2013.

[3] Notice of 2025 Annual Meeting of Shareholders and Proxy Statement, Amazon.com, Inc., p. 88.

[4] *Ibid*, p. 74.

[5] *Supra* n3, p. 68.

[6] Per Amazon's 2018 Proxy filing, the median salary at the company was $28,836 in 2018. Real wage increase from 2018 calculated the Bureau of Labor Statistics inflation calculator.

[7] *See* Americans for Tax Fairness, "Trump & Musk Families Could Save Billions From Republican Tax Plans," March 31, 2025. A 2021 ProPublica report found that more than half of the 100 richest Americans already exploit special trusts to avoid estate taxes altogether. Information on whether Amazon executives have set up such special grantor retained annuity trusts (GRATs) is not public.

Appendix: Methodology

Jeff Bezos windfalls from the capital gains tax double standard

This analysis is based on Amazon stock sales since the TCJA, based on the company's Form 4 filings with the SEC, known as insider trading reports. Bezos acquired his holdings of Amazon stock at the time the company went public in 1997 with an IPO price of $18.00. After adjusting for the company's five stock splits over the years, that IPO price is $0.075. One of the stock splits occurred during our study period (a 20-for-1 split on June 3, 2022). We adjusted the number of shares sold prior to this date for that split. We then calculated the difference between the value of Bezos's stock sales and the IPO value of those shares to determine his capital gains. Information on additional capital gains Bezos might've received from outside investments is not public.

Andrew Jassy savings from the TCJA's reduction of the top marginal tax rate

Because of a lack of public information, this analysis assumes Jassy did not use special deductions or other tax avoidance tricks that are widely available to the ultra-rich. Our calculations are based on tax brackets for a single filer (although Jassy is married, his spouse's income is not public).

The analysis is based on Jassy's cash salary and the value realized from vested stock, as reported in the company's annual proxy statements filed with the SEC. These forms of compensation are taxable as ordinary income. For the purpose of this exercise, we assumed that Jassy did not make an election under Internal Revenue Code Section 83(b), which allows recipients of restricted stock grants to pay taxes on this compensation immediately, based on the grant date estimated value, rather than waiting until it vests.

We did not analyze the impact of the TCJA's cap on state and local tax (SALT) deductions. Even if we had access to the information needed for such analysis, this is unlikely to have had a significant impact, since Jassy lives in Seattle, and Washington state, because of its generally low state and local taxes, is the 4th-least affected state by the SALT cap. Information on additional ordinary income Bezos might've received from other sources is not public.

Bezos and Jassy estate tax savings

The TCJA doubled the amount of wealth exempt from the estate tax. After annual inflation adjustments, the exemption is $28 million per couple in 2025. For any family with wealth in excess of that amount, the one-time saving for heirs from the TCJA reform works out to $5.6 million (40 percent of the additional $14 million exemption).

Our calculations of the windfalls Bezos and Jassy heirs could receive if the estate tax is abolished are based on recent estimates of each man's net worth ($215 billion for Bezos for *Forbes* real-time tracker and $492 million for Jassy) and the current 40 percent tax rate on estates above the exemption amount.