

Tesla Reported Zero Federal Income Tax on \$2 Billion of U.S. Income in 2024

Elon Musk's company avoided almost all federal income tax on nearly \$11 billion of U.S. income over three years

Tesla, the most valuable automaker in the world valued at over \$1 trillion, did not pay any federal income tax last year.

Tesla's annual financial report, released this morning, shows the company enjoyed \$2.3 billion of U.S. income in 2024 on which it reports precisely zero current federal income tax. Over the past three years, the Elon Musk-led company reports \$10.8 billion of U.S. income on which its current federal tax was just \$48 million. That comes to a three-year federal tax rate of just 0.4 percent – more than 50 times less than the statutory corporate tax rate of 21 percent.

Tesla Current Federal Income Tax Rates, 2022-2024

Year	U.S. Current Federal Income	Current Federal Income Tax	Current Federal Tax Rate
2022	\$5.5 billion	\$0	0%
2023	\$3.1 billion	\$48 million	1.5%
2024	\$2.3 billion	\$0	0%
3-year total	\$10.8 billion	\$48 million	0.4%

Source: Institute on Taxation and Economic Policy, January 2025

Tesla saved half a billion in taxes last year using accelerated depreciation. Tax breaks for executive stock options shaved a quarter billion off the company's tax bill. Unspecified "U.S. tax credits" were good for \$300 million of tax savings. Musk's company also used net operating losses to offset current year income, although it's hard to know how much of that affects U.S. income rather than the company's far-larger foreign income.

Congress might give Tesla even more tax breaks. A bill passed by the House of Representatives in the previous Congress would have retroactively reinstated a provision allowing full expensing of research and development expenses which could save the company up to \$2.4 billion in taxes.