

Offshore tax cheat tricks likely saved Tesla hundreds of millions

By [Tom Bergin](#) and [Chris Kirkham](#)

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- Tesla likely shifted \$18 billion in profits offshore, saving at least \$400 million in U.S. taxes
- Tax experts say Tesla's Dutch and Singapore units almost certainly acted as conduits for profit shifting
- A recent Tesla filing suggests possible change in offshore structure, but likely tax savings remain significant

AMSTERDAM, April 20 (Reuters) - When Tesla released its annual report for U.S. regulators in January, the Texas-based automaker, led by the world's richest man, reported a federal tax bill of zero dollars for 2025.

That was nothing new.

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For all but one of the past 20 years, a period in which Tesla reported U.S. revenues totaling \$264 billion, the electric-vehicle manufacturer has declared owing no taxes to the American government. The most obvious reason for the low bill is a history of tax deductions related to losses Tesla incurred during more than a decade without profits. Green energy tax breaks offered by the federal government also cut Tesla some slack.

But a Reuters review of corporate filings by the company and foreign subsidiaries reveals another, and previously unreported, means of big savings: Tesla units in the Netherlands and Singapore in recent years posted \$18 billion in profits that were not taxed in those countries. Without the help of a financial maneuver, moreover, those profits would likely have been reported and taxed in the United States. A common corporate tactic known as profit shifting, the maneuver likely enabled savings of more than \$400 million on U.S. taxes, the analysis shows.

Reuters reviewed thousands of pages of regulatory filings by Tesla and its subsidiaries in 14 European, Asian and North American countries, as well as transcripts of presentations and public statements by Tesla executives. The news agency also interviewed over 20 equities analysts, auto-industry consultants, academics and tax professionals, including three U.S. tax experts who have testified more than a dozen times on such issues before

Congress. The tax experts reviewed the Reuters analysis and agreed that its conclusions and calculations regarding Tesla's apparent profit-shifting are realistic.

The big savings for Tesla counter claims by Elon Musk, the billionaire entrepreneur who is the company's chief executive and largest shareholder, that his businesses don't seek to avoid paying their fair share of U.S. taxes. The centibillionaire served last year as a government-slashing advisor to President Donald Trump and has worried openly about the U.S. federal budget deficit.

When campaigning with Trump before the 2024 election, Musk said he often spurned proposals to avoid higher tax bills. "I'm often pitched on these loopholes," he told a Pennsylvania audience that October. "I'm like, 'That sounds pretty shady. I don't think we should do that.'"

Neither Tesla nor Musk responded to Reuters' calls or emails seeking comment for this report. The Internal Revenue Service, the U.S. tax authority, didn't respond to requests for comment.

Reuters found no indication that Tesla's tax practices violate any laws. And Tesla would hardly be the first company to shift profits overseas.

The practice, while controversial, is a common maneuver through which multinational corporations use loopholes in tax law to save money by moving profit from one jurisdiction to another with more favorable tax rules. "It's not the way the international tax system should work," said Stephen Shay, a former deputy assistant secretary for international tax affairs at the U.S. Treasury and now an adjunct professor at Boston College Law School. Shay is one of the three prominent tax experts consulted by Reuters about Tesla's tactics.

Profit shifting by Tesla appears to have followed a decision early last decade to grant one or more foreign subsidiaries rights to its intellectual property, such as patents or know-how associated with its products. The move in effect would have allowed earnings once taxable in the United States, because the intellectual property was based there, to be posted in a jurisdiction where income from its use is taxed less.

Tesla hasn't publicly acknowledged profit shifting or explained what purpose its Dutch and Singaporean units serve in terms of tax planning.

But regulatory filings in Singapore show that a subsidiary there, Tesla Motors Singapore Holdings, received roughly \$18 billion in profits between 2023 and early 2025 from TM

International, a Dutch unit of which the Singapore subsidiary owns more than 99%. TM International, one of several Tesla units based in the Netherlands, is registered with Dutch authorities as a non-resident “partnership.” It lists no employees and isn’t required to file financial statements or pay Dutch taxes, the registry shows.

Neither Dutch nor Singapore filings give details about the partnership’s operations, its dealings with sister units that manufacture and distribute Tesla products, or how or where the partnership’s profits were generated. The filings in Singapore show that Tesla Motors Singapore Holdings is not taxed there on income derived from the partnership.

Spokespeople for the Tax Administration, the Dutch tax authority, and the Inland Revenue Authority of Singapore, that country’s tax agency, declined to answer questions about Tesla’s taxes. Both cited confidentiality rules preventing any comment.

Because of the structure of Tesla’s overseas subsidiaries, and the large profits reported by the partnership, the experts consulted by Reuters said the partnership almost certainly exists because of Tesla’s decision to move some of its intellectual property rights offshore. The partnership, they said, appeared to fulfill little purpose beyond acting as a financial conduit for income earned using those rights.

“It’s entirely about shifting profits to low-tax jurisdictions,” said Reuven Avi-Yonah, a University of Michigan tax law professor. The two other tax experts consulted by Reuters – Shay, the former Treasury Department official, and Stephen Curtis, a Denver-based economist who has advised the U.S. Department of Justice – agreed with the assessment.

“EVERYTHING IS DECIDED IN AUSTIN”

Because of the complexities of tax law, and the different disclosures required in disparate jurisdictions, it can be challenging, even for experts and tax authorities, to trace the cross-border movement of a multinational’s profits. Tracking Tesla’s earnings and consequent tax obligations is no exception.

Only for one year since its founding in 2003 has Tesla reported an estimated annual tax liability to the U.S. government. On that occasion, 2023, the company said it expected to owe the federal government \$48 million for that year. It’s not clear from the regulatory filings or other documentation reviewed by Reuters what made 2023 different or what the estimate reflected.

It was also not possible to ascertain whether Tesla actually paid that \$48 million, or made other tax payments to the federal government before 2025. Until a regulatory change last year, U.S. corporations were obliged only to report an annual estimate of taxes owed – not actual taxes once paid. The final sums paid each year can also differ from estimates in regulatory filings because tax credits or liabilities could be applied after an estimate is reported.

Still, the regulatory filings show that Tesla has reported far bigger tax obligations abroad over the years than it has in the United States, even though sales in the U.S. market historically dominated its revenues and still account for roughly half its turnover, despite recent gains in foreign markets. According to the documents, Tesla has reported foreign tax liabilities since its founding of \$6.4 billion – more than 130 times as much as the sole U.S. tax estimate of \$48 million it reported for 2023.

One reason may be a move taken years before Tesla became profitable and that likely established the mechanism through which the Dutch and Singaporean units received the \$18 billion in untaxed profits.

In its 2015 annual report, Tesla disclosed it had forged a so-called “cost-sharing arrangement” with undisclosed subsidiaries abroad. Neither the report nor other documentation reviewed by Reuters says exactly when the arrangement was made or explains its intended purpose.

Both the U.S. Congress and the IRS have argued that these arrangements can be vehicles for tax avoidance. Microsoft, for instance, has been battling a 2023 claim by the IRS that the company owed more than \$28 billion in taxes related to profit shifting. The company has denied wrongdoing.

Many of Tesla’s overseas operations are managed through Tesla Motors Netherlands, a subsidiary based at 122 Burgemeester Stramanweg, a grey-and-red metal-clad building in southeast Amsterdam. The modest property, adorned with Tesla logos, includes a vehicle showroom, a repair shop and a few offices. In 2023 and 2024, the last years for which figures are available, Tesla Motors Netherlands reported annual revenues of \$28 billion, almost 30% of the parent company’s total turnover each of those years.

The filings and other documentation reviewed by Reuters don’t make clear how or what portion of those revenues may have accounted for the profits reported by the Singapore unit’s Dutch partnership.

When a Reuters reporter stopped by the Amsterdam building last year, an executive who identified himself as Stephan Werkman said the company structure is all managed from Tesla headquarters an ocean away. “Everything is decided in Austin,” he said, standing near a Model X with open gullwing doors. “The tax structure is managed in the United States.”

Werkman’s LinkedIn profile lists his title as “EU Finance Director.”

In Tesla’s latest 10-K, the annual report to U.S. regulators in January, there was a possible hint that Tesla may have recently discontinued the arrangement that allowed the Dutch and Singaporean subsidiaries to report billions in profit. On page 84 of the report, Tesla disclosed that more than 90% of its global profits in 2025 were earned in the United States. During the five years prior – starting in 2020, the first full year for which the company posted a profit – the U.S. accounted for just 27% of its global profits, according to Tesla reports over the period.

The January 10-K doesn’t disclose why the percentage climbed nor describe any shift in Tesla operations or earnings that would explain it.

The tax experts consulted by Reuters said one reason could be a change by Tesla in the offshore structure that created the profits for the Dutch and Singaporean subsidiaries. The news agency couldn’t determine if such a change as yet has affected any recent income at the two units.

Even if discontinued, the tax experts said, the arrangement has likely already helped Tesla reduce its U.S. tax burden by at least \$400 million. The figure is based on a headline corporate tax rate of 21%, continued profitability at Tesla, and stored-up tax breaks the company hasn’t yet applied. Because the profit-shifting reduced its U.S. tax bill in recent years, those breaks remain usable once Tesla owes taxes to the federal government.

Reporting by Tom Bergin in Amsterdam and Chris Kirkham in Los Angeles. Editing by Tom Lasseter, Brian Thevenot and Paulo Prada.