world's largest retailer is now warning that higher payroll taxes, income tax refund delays and lofty gas prices will cause stagnant sales during the current quarter.

Feb. 22, 2013

Wal-Mart Stores Inc. beat expectations for its most recent fiscal quarter, but the world's largest retailer is now warning that higher payroll taxes, income tax refund delays and lofty gas prices will cause stagnant sales during the current quarter.

For the mega-chain's fourth quarter, which ended Jan. 31, profit boomed 10.6% to $1.67 per share from $1.51 per share during the same quarter a year earlier. The gauge outperformed Wal-Mart's forecast of up to $1.58 per share.

Executives attributed the surge to a lower-than-expected effective tax rate of 27.7%. The company also announced a dividend of $1.88 per share for fiscal year 2014 — an 18% boost.

Mike Duke, chief executive of the Bentonville, Ark. chain, said in a statement that he had "high expectations" for the coming year.

Same store sales at Wal-Mart U.S. — the business' biggest sector — increased 1% in the fourth quarter, representing the impact of an expanded layaway program and other holiday efforts.

But Wal-Mart had predicted that the measure would increase as much as 3%. During the same period a year earlier, same store sales for the segment swelled 1.5%.

Wal-Mart U.S., however, managed to gain market share in categories such as food, health and wellness, entertainment and toys. Net sales for the group rose 2.6% over the quarter to $64.7 billion.

Across all of Wal-Mart, revenue jumped 3.9% to $127.1 billion.

Around midday in New York, Wal-Mart stock was up nearly 3% at $71.05 a share.

“We are confident that our low prices will continue to resonate, as families adjust to a reduced paycheck and increased gas prices,” Simon said.

_______________-

Accounting • Income Tax • Taxes