

EC Hits Apple With €13 billion Tax Bill!

Written by Marco Attard
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Following a lengthy investigation the European Commission (EC) concludes the Irish government granted "undue tax benefits" to Apple-- leading to a tax bill worth up to €13 billion plus interest.



According to Reuters the sum is 40x bigger than any previous EC demand to a company in a tax-related case. However it can be reduced if other countries do like Ireland and demand more tax from Apple.

Ireland already has a relatively low corporation tax rate of 12.5%, but Apple managed to get a deal from the Irish government of a corporate tax rate of just 1% in 2003. This was lowered even further to 0.005% in 2014. Such selective tax treatment is deemed illegal under EU state rules, and as a result EC demands the Irish government has to recover unpaid taxes for the 2003-2014 period.

The investigation kicked off in 2014 following claims the Irish government broke EU laws with tax rulings agreed with Apple in 1991 and 2007.

"Member States cannot give tax benefits to selected companies— this is illegal under EU state aid rules," Commissioner Margrethe Vestager says. "The Commission's investigation concluded that Ireland granted illegal tax benefits to Apple, which enabled it to pay substantially less tax than other businesses over many years. In fact, this selective treatment allowed Apple to pay an effective corporate tax rate of 1% its European profits in 2003 down to 0.005% in 2014."

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For the curious, as of June 2016 the Apple money bin holds around \$231.5 billion in cash, cash equivalent and marketable securities. Of this total 92.8% is squirreled away in any number of foreign subsidiaries. Apple filings state the company paid \$2.67 billion in taxes during the latest quarter at an effective tax rate of 25.5%.

Of course the iPhone maker will not give up a cent of taxes without a fight, insisting "the European Commission has launched an effort to rewrite Apple's history in Europe, ignore Ireland's tax laws and upend the international tax system in the process. The Commission's case is not about how much Apple pays in taxes, it's about which government collects the money. It will have a profound and harmful effect on investment and job creation in Europe."

Apple is not the only mega-corporation recently hit with an EC tax bill-- Amazon and McDonald's face similar tax probes in Luxembourg, while Starbucks has been ordered to cough up €30 million to the Dutch government.

Go [State Aid: Ireland Gave Illegal Tax Benefits to Apple Worth Up to €13 Billion](#)

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