

European Union Orders Apple to Pay \$14.5 Billion to Ireland For Breaking Tax Laws



Brussels, August 31 (RHC)-- European Union antitrust regulators ordered the U.S.-based Apple corporation to pay up to \$14.5 billion, or 13 billion euros, in taxes to the Irish government after ruling that a special scheme to route profits through Ireland was illegal.

Apple was found guilty of funneling all sales through two companies in Ireland to avoid taxation in other EU countries where the products were actually sold. The huge penalty is some 40 times bigger than the previous known demand by the European Commission to a company in such a case.

Commissioner Margrethe Vestager, in charge of competition policy, said during a press conference: "Member states cannot give tax benefits to selected companies, this is illegal under EU state aid rules ... This selective treatment allowed Apple to pay an effective corporate tax rate of 1 percent on its European profits in 2003 down to 0.005 percent in 2014."

A European Commission press release on the subject stated that the practice gave Apple a "significant advantage" over other

companies that are under the same tax rules. The commission ordered Ireland to recover the unpaid taxes for the period from 2003 to 2014, including interest.

The commission found Apple guilty of avoiding "taxation on almost all profits generated by sales of Apple products in the entire EU ... due to Apple's decision to record all sales in Ireland rather than in the countries where the products were sold."

It therefore stated that: "If other countries were to require Apple to pay more tax on profits ... over the same period under their national taxation rules, this would reduce the amount to be recovered by Ireland."

Apple has said it will appeal the decision, as its shares were down 3 percent premarket after EU ordered the company to pay 13 billion euros in taxes to Ireland.

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