

Apple's pernicious call to legitimise tax abuse to adva...

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At long last Apple is receiving high profile attention for its tax avoidance, which is probably the biggest such activity in the world. As the [FT reports this morning](#):

US congressional investigators on Monday accused Apple of avoiding paying billions in taxes around the world by exploiting loopholes and using Irish subsidiaries that are not tax residents of any country.

The Senate permanent subcommittee on investigations released a 40-page report on Apple's international tax structure ahead of a hearing that will shine a harsh political spotlight on the US technology group.

"Apple sought the Holy Grail of tax avoidance," said Carl Levin, the Democrat who chairs the panel and will lead the hearing. "It has created offshore entities holding tens of billions of dollars, while claiming to be tax resident nowhere."

The accusation, almost inevitably, focuses on the use of an intermediary state for making sales - Ireland in this case - and the subsequent stockpiling of wholly unproductive cash in a tax haven. The sums involved are staggering: the company has more than \$100 billion in tax havens in cash, [in turn a part of \\$1.9 trillion stashed by US companies in this way](#).

Now this is, without doubt, incentivised by the US tax system which only taxes profits in the US when repatriated to that country, which then encourages US companies to abuse the law in other states, hide cash in tax havens and bolster their balance sheets tax free with money for which they have no use, bar boosting executive share option based pay, which this process fuels towards the stratosphere (and which no doubt explains it, in large part since it clearly has little or no shareholder benefit as they can't access these funds).

What's Apple's solution? Tim Cook of Apples is apparently one of many CEOs lobbying for large US companies to be allowed to bring this cash back into the US tax free.

I sincerely hope the US resists that temptation. Rewarding the world's largest

companies for their tax abuse, their use of tax havens, and their flagrant abuse of the law in many countries by seeking to avoid the tax they owe in those places by the use of what are glaringly obviously tax driven and otherwise artificial commercial structures would be a reward to those seeking to undermine the rule of law, democracy and our way of life, [as I have already argued this morning](#).

That's why the US has to also resist the pernicious calls to legitimise the unacceptable to advance the wealth of a few at cost to the world at large.