

Ireland is a doormat state when it comes to tax: a plac...

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Ireland is claiming today that it is not responsible for Apple paying low rates of tax.

Quite emphatically that is not true. Ireland is completely complicit in this low tax rate and in the process is guilty of deliberately undermining the tax revenues of states around the world and of destroying fair competition in international markets.

It does that in several ways.

First it offers a low tax rate, although I would stress that this is a long way from being the main issue. This is actually little more than an advertising hoarding for the fact that what Ireland really offers now is a virtual "no tax" regime.

Second, it does this not by offering a low tax rate but by offering businesses who locate in Ireland, whether in reality or by way of an internet file server or two, the chance to record no taxable profits in Ireland. That's its real crime.

It achieves this in turn in two ways. First it does not have any effective transfer pricing rules, so goods, services, asset, royalties, management fees and other "costs" that reduce Irish profits to next to nothing can all move out of Ireland to tax havens without questions being asked. Second, it has no controlled foreign company rules to challenge tax haven abuse.

But, most important of all is Ireland's national policy of turning a blind eye to corporate tax abuse. It has no choice by do that because if you use tax to lure companies in to your state - as Ireland does - you can't then question the tax affairs of those companies once they have arrived or they'll leave again. You know they're tax transient: that's the only reason why these companies are in Ireland. At the hint of a tax investigation they'll leave.

The result is that Ireland is a 'doormat state' - a place where large companies can wipe the stain of their tax avoidance from their feet via the local tax system, leave the dirt behind for a modest fee and move their cleaned up money on to wherever they want.

And that's by choice. It may be the result of historical legacy but that does not matter. No one is changing it, and that's the choice now. And for that they deserve all the criticism they're getting.