http://www.theverge.com/2016/5/5/11604704/apple-tax-evasion-cupertino-mayor-barry-chang-reform

Cupertino's mayor says Apple is 'not willing to pay a dime' in taxes

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Cupertino Mayor Barry Chang is not pleased with Apple, the most valuable corporation in the world and the city's largest and most economically flush resident. In an [interview with *The Guardian* posted today](http://www.theguardian.com/world/2016/apr/14/us-corporations-14-trillion-hidden-tax-havens-oxfam), Chang assailed Apple for evading taxes and hiding profits in offshore accounts, saying, "Apple is not willing to pay a dime." He says the company's practices are leaving Cupertino — the home of both Apple's current headquarters and the [new 2.8 million-square-foot "Spaceship" campus](http://www.theverge.com/2016/4/3/11355654/apple-campus-2-spaceship-april-drone-video) — overcrowded and decrepit.

"They’re making profit, and they should share the responsibility for our city, but they won’t," Chang said. "They abuse us." Apple pays a [tax rate of about 2.3 percent](http://www.theguardian.com/world/2016/apr/14/us-corporations-14-trillion-hidden-tax-havens-oxfam) thanks to loopholes in the system, *The Guardian*reports, and paid the city of Cupertino $9.2 million from 2012 to 2013, despite [housing around $181 billion overseas](http://ctj.org/ctjreports/2015/10/offshore_shell_games_2015.php#executive). Chang says the company should pay far more, and he tried to force Apple to give $100 million to Cupertino for infrastructure projects. The motion was struck down by the city council.

"I’m not going to back down," Chang added. "Raising taxes is not popular, but I’m not afraid. We are the center of technology, and our public transit system is old and embarrassing. And the politicians have no backbone. They get scared." Apple says it now pays Cupertino tens of millions of dollars in additional sales and property taxes, some attributable to the construction of its new campus, and will generate billions for local businesses once the new building is completed.

Apple CEO Tim Cook has also said in the past his company is abiding by the law, and that's true. The current US tax system allows for such practices as the "[double Irish](http://www.theverge.com/2013/7/11/4511064/as-cash-piles-grow-nations-struggle-to-patch-tech-industrys-tax-loopholes)." The move lets corporations set up headquarters in low-tax countries like Ireland and funnel profits to subsidiaries in tax havens like the Cayman Islands or Bermuda. If adjusted to hold Apple accountable for money held overseas, the iPhone maker would owe around $59.2 billion in taxes, according to non-profit research group Citizens for Tax Justice.

In an [interview with *60 Minutes* last December](http://www.theverge.com/2015/12/18/10617146/tim-cook-calls-tax-evasion-total-political-crap), Cook said criticism of Apple's tax practices is "total political crap." He said the US tax code should be reformed to allow companies to bring profits home without paying what Apple considers an exorbitant 35 to 40 percent corporate tax rate. We're starting to see some changes on that front, with reports that [Ireland is moving to close its tax loopholes](http://www.theverge.com/2014/10/14/6974857/ireland-closing-double-irish-tax-loophole) enjoyed by many of the world's biggest tech, energy, and pharmaceutical companies. Yet without changes to the US tax system, corporations will still find a new Ireland to move their money through, and Apple is no exception.

http://www.bloomberg.com/news/articles/2016-01-15/apple-may-be-on-hook-for-8-billion-in-taxes-after-europe-probe

Apple May Be on Hook for $8 Billion in Taxes in Europe Probe

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Apple Inc. may be facing a hefty tax bill in Europe.

The world’s largest company could owe more than $8 billion in back taxes as a result of a European Commission investigation into its tax policies, according to an analysis by Matt Larson of Bloomberg Intelligence. Apple, which has said it will appeal an adverse ruling, is being scrutinized by regulators who have accused the iPhone maker of using subsidiaries in Ireland to avoid paying taxes on revenue generated outside the U.S.

The probe dates back to 2014 and a decision could come as soon as March.

The European Commission contends that Apple’s corporate arrangement in Ireland allows it to calculate profits using more favorable accounting methods. Apple calculates its tax bill using low operating costs, a move that dramatically decreases what the company pays to the Irish government. While Apple generates about 55 percent of its revenue outside the U.S., its foreign tax rate is about 1.8 percent. If the Commission decides to enforce a tougher accounting standard, Apple may owe taxes at a 12.5 percent rate, on $64.1 billion in profit generated from 2004 to 2012, according to Larson, a litigation analyst for Bloomberg Intelligence.

Tax Bills

Apple is perhaps the highest-profile case of U.S. companies facing scrutiny from officials in Europe. Starbucks Corp., Amazon.com Inc. and McDonalds Corp. also have had its tax policies questioned.

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Several senators came to the defense of U.S. companies on Friday. In a letter to U.S. Treasury Secretary Jack Lew, bipartisan members of the Senate Finance Committee asked the administration to make sure that European regulators won’t impose retroactive penalties like those that would hit Apple. The senators said the companies may be facing "discriminatory taxation" and that the U.S. government should consider retaliatory measures if European tax authorities follow through with their actions against Apple and others.

"Predictable tax policy fosters a fair and stable environment for business and investment," the senators wrote in a [letter to Lew](http://www.finance.senate.gov/chairmans-news/finance-committee-members-push-for-fairness-in-eu-state-aid-investigations-%22%20%5Ct%20%22_blank%22%20%5Co%20%22Link%20to%20Letter). "Going back in time to penalize taxpayers under a new law, or a new interpretation of an existing law without notice, runs counter to that objective."

In October, Apple listed scrutiny of its taxes as a risk factor to investors. In addition to European regulators, the U.S. Internal Revenue Service has also examined the company’s tax returns, Apple said. Were the tax rates to change, Apple’s "financial condition, operating results and cash flows could be adversely affected," the company said in its financial [statement](http://investor.apple.com/secfiling.cfm?filingID=1193125-15-356351&CIK=320193" \t "_blank" \o "Link to Apple’s Financial Report) for fiscal 2015.

Apple Chief Executive Officer Tim Cook has denied that the company uses tricks to avoid paying taxes. In a recent interview on CBS Corp.’s "60 Minutes," he called the criticism the company has faced from U.S. lawmakers "political crap." He said the tax system is outdated and needs to be updated for a digital economy.