

Apple suffers setback in fight against EU order to pay £11bn tax bill in Ireland

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Apple has suffered a setback in its battle against an order to pay an alleged €13bn (£11.3bn) tax bill in Ireland, after one of the top advisers to the European court of justice (ECJ) said a ruling in the tech company's favour should be set aside. It is the latest twist in a near 10-year saga over allegations that Apple received favourable tax status in Ireland which resulted in a €13bn benefit, in which the tech company sided with the Irish government in battling an order to pay up issued by Europe's competition watchdog. Ireland's finance minister, Michael McGrath, said he noted the opinion of the ECJ's advocate general, but that the country remained confident it did not breach any EU laws. "It has always been, and remains, Ireland's position that the correct amount of Irish tax was paid and that Ireland provided no state aid to Apple. "We now await the judgment of the court of justice of the European Union on this matter," he said. The case against Apple dates back to 2014, when the then-competition commissioner Margrethe Vestager launched an investigation into two tax rulings in Ireland that she suspected had artificially lowered the tax due since 1991. It found that in 2003 the company had been allowed an "effective corporate tax rate" of just 1% on its European profits and just 0.005% in 2014. Two years later the European Commission concluded that the benefits between 1991 and 2014 amounted to illegal state aid and ordered Ireland to recover the money. Apple and Dublin immediately challenged that decision. Three years ago the general court of the European Union annulled the European Commission's decision on the grounds that it had not shown the tax advantage was derived from tax rulings. On Thursday, the ECJ's advocate general, Giovanni Pitruzzella, sided with the commission, saying the court's judges should set aside the general court ruling and refer the case back to the lower tribunal. "The judgment of the general court on 'tax rulings' adopted by Ireland in relation to Apple should be set aside," Pitruzzella said in a non-binding opinion. He said the general court had committed "a series of errors in law" when it ruled that Brussels "had not shown to the requisite legal standard" that the profit Apple had made on sales of its products outside the US had to be attributed to their Irish branches. "It is therefore necessary for the general court to carry out a new assessment," said the ECJ in a statement. While proceedings drag on, Apple had to hand over the full amount, which Ireland has been holding in an escrow account.