

Apple slams EU as epic court battle over tax bill begins

September 17 2019, by Catherine Kurzawa



The EU has taken a 13-billion-euro bite out of Apple

Apple went on the offensive against Brussels in an EU court on Tuesday, fighting the European Commission's landmark order that the iPhone-maker reimburse Ireland 13 billion euros (\$14 billion) in back taxes.

The EU's tax demand, made three years ago, "defies reality and common sense," Apple's lawyer Daniel Beard told the EU's lower General Court.

The commission's "conclusion... is wrong," he added at the start of two days of hearings.

Lawyers for the world's biggest company faced EU officials in the Luxembourg court, challenging a decision that CEO Tim Cook slammed at the time as "total political crap" with no basis in law.

Ireland, which is similarly appealing the decision, lashed out at the EU's "astonishing" interpretation of tax law.

"The Commission decision simply ignores Irish laws," Ireland's representative Maurice Collins told judges.

The commission's historic decision was delivered in August 2016 by Competition Commissioner Margrethe Vestager, a shock decision that put Europe at the forefront of an emerging effort to rein in the power of America's largest technological companies.

The EU accuses Apple of parking untaxed revenue earned in Europe, Africa, the Middle East and India in Ireland, which has become a European hub for US-based big tech.

This privilege allegedly gave Apple an advantage over other companies, allowing it to avoid Irish taxes between 2003 and 2014 of around 13 billion euros which, according to Brussels, constituted illegal "state aid" by Ireland.

An EU lawyer pushed back at Apple and Ireland's arguments, insisting that the iPhone-maker was on the hook to pay taxes in Ireland.

The judges are not expected to hand down their decision before 2020. Any appeal would then go the EU's highest court, the European Court of Justice, for a final ruling that could land as late as 2021.



Apple CEO Tim Cook, in charge of the world's biggest company, has called the EU tax case "total political crap"

'Rewrite history'

Apple fiercely rejects the tax bill, while the US government insists the order by Brussels constitutes a major breach of international tax law.

"The European Commission has tried to rewrite Apple's history in

Europe, to ignore Ireland's tax laws and, in doing so, to disrupt the international tax system," Tim Cook said in an open letter in 2016.

The group insists that it is in the United States, where the company invests in research and development and thus creates wealth, that it must pay taxes on the revenue in question.

This became possible after a major tax overhaul in the US at the end of 2017 that allowed Apple to repatriate profits made abroad. Apple has promised to pay Washington a tax bill of \$37 billion, in addition to the taxes already paid in the United States.

That argument is "perfectly irrelevant", said the commission's lawyer.

"There is no tax mismatch here," said the lawyer.

The two days of hearings are taking place in a tense trade context between the EU and the United States. President Donald Trump accuses Europeans of deliberately attacking American technology giants.

The EU's competition supremo, Vestager, has in particular been accused by Trump of "hating" the US. He has slammed her as the "tax lady" because of the investigations and heavy fines imposed on US tech firms such as Google.

Pending the conclusion of the case, Apple has blocked the funds in an escrow account: a total of 14.3 billion euros after interest.

The group, which has been present in Ireland since the 1980s, employs around 6,000 people in Cork, the country's second-largest city.

The first indications of how the Apple case may finish will come as early as September 24 when the same EU court will rule on whether Vestager

was right to demand unpaid taxes from Starbucks and a unit of Fiat Chrysler.

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