

Microsoft fights \$29 bn US back tax claim

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The US Internal Revenue Service is asking that Microsoft pay a whopping \$29 billion in unpaid taxes from 2004 to 2013, the company said in an official filing on Wednesday.

The case puts further focus on the international tax practices of major multinationals that have been accused in recent years of shifting [revenue](#) to lower tax jurisdictions in an effort to avoid [higher taxes](#) in their major markets.

"We disagree with the proposed adjustments and will vigorously contest the (demand) through the IRS's administrative appeals office and, if necessary, judicial proceedings," the [company](#) said in its filing to the US markets authority.

In a blog post, Microsoft said the issue with the IRS was with its transferring of revenue across international jurisdictions during the period.

The [practice](#), called cost-sharing, is used by "many large multinationals...because it reflects the global nature of their business," the company said.

"We strongly believe we have acted in accordance with IRS rules and regulations and that our position is supported by case law," the blog post added.

Reached by AFP, the IRS said it was against US law for it to either confirm or deny an ongoing tax case.

Microsoft said that the appeal process with the IRS would take years and if it failed, the company would fight the claim in the courts.

The Windows maker said the demand emerged out of a decade-long discussion with the IRS "about how we allocated our income and expenses for tax years beginning as far back as 2004."

"We have changed our corporate structure and practices since the years

covered by the audit, and as a result, the issues raised by the IRS are relevant to the past but not to our current practices," it said.

Microsoft added that "since 2004, we have paid over \$67 billion in taxes to the US."

The accounting practices of US big tech companies have long posed a problem for authorities.

Governments have accused companies such as Apple, Amazon or Microsoft of shifting revenue through low or zero tax jurisdictions in order to escape taxation in their main markets and maximize profits.

This spurred a major international agreement among 140 countries brokered by the Organization for Economic Cooperation and Development (OECD) that is designed to better share and regulate the tax revenue of the giants.

The OECD on Wednesday published a draft agreement implementing a major part of that deal with hopes of having it ratified by the end of the year.

In the EU, authorities in 2016 ordered Apple to pay 13 billion euros (\$14 billion) in back taxes over similar accounting practices, but Brussels lost an appeal to Apple and is awaiting the outcome of a further [appeal](#).

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