

Apple 'avoiding billions in global taxes,' report claims

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An Apple Store is seen reflected in the window of a clothing store in San Francisco, California. Gadget giant Apple is avoiding billions of dollars in taxes by setting up small offices around the world to collect and invest the company's profits, according to The New York Times.

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Saturday's report said an office in Reno, Nevada, where the corporate tax rate is zero, was one of many that the California-based technology giant uses to legally sidestep state income taxes on some of its gains.

California's corporate tax rate is 8.84 percent.

Record sales of iPhones and [iPad tablet computers](#), particularly in China and other parts of Asia, saw Apple report last week that it made a \$39.2 billion profit in the quarter ended March 31.

The Times quoted Apple executives who said the Reno office and others in Ireland, the Netherlands, Luxembourg, the [British Virgin Islands](#) and other low-tax places were among the legal methods the company was using to reduce its global tax bill.

The newspaper said Apple had "devised corporate strategies that take advantage of gaps in the tax code," citing former executives who had helped craft those policies.

In Reno, Apple uses a subsidiary named Braeburn Capital to manage and invest the gadget company's money, the report said, and when those investments succeed, the Nevada address shields the profits from being subjected to tax.

Former executive Robert Hatta, who oversaw Apple's iTunes [retail marketing](#) and sales for European markets until 2007, said routing transactions through Luxembourg allowed them to be taxed at low rates.

"We set up in Luxembourg because of the favorable taxes," Hatta told the Times.

"Downloads are different from tractors or steel because there's nothing you can touch, so it doesn't matter if your computer is in France or England. If you're buying from Luxembourg, it's a relationship with Luxembourg."

In a statement to the Times, [Apple](#) said it "has conducted all of its business with the highest of ethical standards, complying with applicable laws and accounting rules."

"We are incredibly proud of all of Apple's contributions," it said, noting that the company "pays an enormous amount of taxes, which help our local, state and federal governments."

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