

# Apple sent billions offshore to avoid Australia tax, report says

March 6 2014, by Martin Parry

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Apple shifted billions in untaxed profits from its Australian operations to Ireland over the past decade, a report said Thursday, as the government vowed to stop global companies from dodging their fair share of tax.

An investigation by the Australian Financial Review obtained 10 years worth of financial accounts for Apple Sales International—an arm of the organisation it described as the "secretive" Irish company at the heart of the group's global [tax](#) arrangements.

The newspaper said the US tech giant moved an estimated Aus\$8.9 billion (US\$8.1 billion) in untaxed profits from Australia to a tax haven structure in Ireland, paying just 0.7 percent of its turnover in tax.

Last year, Apple declared pre-tax earnings in Australia of only Aus\$88.5 million after sending an estimated Aus\$2 billion from its Australian sales to Ireland via Singapore, it reported.

Apple in Australia declined to comment to AFP, but the company has previously said it has complied with the law and done everything required by the tax office. There is no suggestion it has done anything illegal.

Finance Minister Mathias Cormann said in response to the report that the government was determined to recover tax that companies have inappropriately avoided and that Canberra was pursuing the issue through the G20.

"Businesses operating around the world are not necessarily paying their fair share of tax where they're earning their profits," he said, without naming any firm.

"Our view is, and that is a view that's shared around the world, businesses should pay their fair share of tax where they earn profits."

Trade Minister Andrew Robb added to the Australian Broadcasting Corporation: "In most cases the companies are doing what is legal, but is it fair?"

"Is it what they should do as companies that are benefiting greatly from the Australian commerce?"

"No they're not, and we've got to look in a global sense at how to tackle this problem, that's why it's on at the G20."

Concerns are mounting that global companies, particularly those involved in the digital and Internet sectors, can reduce their tax bills by shifting profits around the world to areas where rates are lowest.

Ahead of a meeting of G20 finance ministers in Sydney last month, IMF chief Christine Lagarde said accounting for revenues from global businesses was a "big ongoing problem and process".

She urged governments to radically rethink international tax arrangements to deal with it.

The G20 meeting agreed to new measures to crack down on international tax evasion, including the automatic exchange of information between member nations.

The Organisation for Economic Cooperation and Development is

expected to present a report looking at the increasingly digitalised global environment to another G20 meeting in Cairns, in northern Australia, in September.

Apple and other multinational US companies have also been under fire in the US Congress, with lawmakers accusing them last year of using a web of foreign subsidiaries to dodge taxes.

Senators Carl Levin and John McCain held a hearing last May that examined offshore profit shifting and tax avoidance by Apple through the use of three Irish subsidiaries that claimed they were not tax residents anywhere, saving tax on billions of non-US income.

Apple chief Tim Cook told the hearing the issue was "complex" and often misunderstood.

Research into the California-based multinational's global tax minimisation strategy by Antony Ting, senior lecturer in Taxation Law at the University of Sydney Business School, is due to be published in the prestigious British Tax Review next month.

Ting told AFP that the figures given in the Australian Financial Review's investigation were not surprising.

"Apple has been successful in avoiding tax of US\$44 billion worldwide in the last four years alone," he said, citing his research, adding that other multinationals were doing the same.

"But its structures are perfectly legal. That is the problem and governments should be doing more to close down these loopholes."

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