

Apple appeals EU order to collect \$14B in back taxes

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In this Sept. 5, 2014, file photo, the Apple logo hangs in the glass box entrance to the company's Fifth Avenue store in New York. Apple is appealing a European Union order to collect a record 13 billion euros (\$14 billion) in taxes, following a similar appeal by Ireland. The move comes about four months after EU competition authorities said Apple owed back taxes based on the way it reports European-wide profits through Ireland. (AP Photo/Mark Lennihan, File)

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euros (\$14 billion) in back taxes based on the way it reports European-wide profits through Ireland.

The move follows a similar appeal Sunday by Ireland.

Ireland charges the Cupertino, California-based company only for sales within Ireland. EU Competition Commissioner Margrethe Vestager said the arrangement let Apple use two shell companies incorporated in Ireland to report its Europe-wide profits at effective rates well under 1 percent.

In a statement Monday, Apple said the EU took "unilateral action and retroactively changed the rules, disregarding decades of Irish tax law, U.S. tax law as well as global consensus on tax policy."

"If their opinion is allowed to stand, Apple would pay 40 percent of all the corporate income tax collected in Ireland, which is unprecedented and, far from leveling the playing field, selectively targets Apple," Apple said. "This has no basis in fact or law and we're confident the ruling will be overturned."

Apple says it has a worldwide income tax rate of around 26 percent.

The Irish and Apple appeals set the stage for a titanic legal battle that has implications for more than 600 U.S. multinationals based in Ireland and thousands more using tax-avoidance vehicles globally.

The EU's Department of Finance has pledged to close rules permitting shell companies, though global companies could avoid that obstacle by shifting the same accounting strategies to other countries beyond the EU's wrath.

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