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Apple state aid case

record €13 billion fee and lessons for tax justice

A blog from MEP Sven Giegold

30 August 2016 will be an important day in EU-US relations. While France's Secretary of State for Trade announced that France will ask to stop the TTIP negotiations, Commissioner Vestager announced that Ireland gave illegal tax benefits - worth up to €13 billion - to Apple, one of the most emblematic US multinationals.

This is a bold move and one I and the Greens applaud. While this decision will make history for being the largest repayment of illegal state aid by a state so far, it is much bigger than just the story of one company being granted privileged tax deals by one country. This is a milestone in our fight for tax justice!

Europe can be the solution for tax justice, when it's greater than the sum of its parts. This is an important victory and a powerful example of how Europe can deliver international tax justice where individual states cannot. The decision is a clear example of the added value the European Union brings. At the same time as several EU Member States are selling themselves cheap to big companies, Commissioner Vestager stood up to defend the interests of European citizens. No single Member State would have dared to oppose Apple's tax dodging strategies or the enormous political pressure from the US government but Commissioner Vestager did, acting on behalf of 500 million citizens.

The United States government confirms it has no interest in promoting tax justice. The Greens already highlighted in May why the US should be considered one of the biggest tax havens on the planet. By threatening the European state aid investigation last week, they have taken off their masks: they prefer to defend the interests of their big corporations rather than promote greater international tax cooperation. Measured by objective criteria the US must feature on the common European list of tax havens due to be drawn up in 2017.

People power made tax avoidance illegal and Ireland should collect the €13 billion. Whenever a big company is caught dodging taxes, you can be sure that one of its principal excuses will be 'we are paying everything we are legally required to' - effectively saying that their tax avoidance is legal, that it is not an issue and we should simply move on. Today's decision effectively rubbishes that line of defence - although Ireland will benefit from recovering the €13bn, it is in fact as much to blame as the company for offering the tax incentives in the first place; that constitutes illegal state aid, as Vestager clearly stated.

As a long-standing advocate for tax justice, I've worked with many others to campaign and shine a light on the terrible consequences of tax avoidance, from the budget shortfall for funding public services to the erosion of our democracies by making one set of rules for the rich and another for everyone else. Today, I'm proud to see our efforts rewarded, to receive confirmation that special tax privileges for the rich and those who can spend huge resources on lobbying for themselves are behind us. The battle is not quite over, however: Ireland immediately announced its (almost certainly futile) intention to appeal the decision. As my friends from the Irish Greens put it, that is clearly "wasting their time."

We need to make sure that such special deals will never happen again. Apple is artificially registering almost all its foreign profits in Ireland in order to avoid paying taxes in countries where they sell iPhones and other products. It's time for other European Member States to investigate to what extent they have been cheated by Apple and ask for their money back. But it's also time to look to the future: these investigations are primarily about fixing the wrongdoings of the past. What we need now is serious corporate tax reforms: for example the Greens have been calling for some time for tax rulings to be available to the public. Reforms such as these can only take place at the European level to bring the tax justice our citizens deserve and expect. Europe showed us the way today. It's doable so let's not waste any more time!

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