



Tuesday, 30 August, 2016

State aid: Ireland gave illegal tax benefits to Apple worth up to €13 billion

The European Commission has concluded that Ireland granted undue tax benefits of up to €13 billion to Apple. This is illegal under EU state aid rules, because it allowed Apple to pay substantially less tax than other businesses. Ireland must now recover the illegal aid. Commissioner Margrethe **Vestager**, in charge of competition policy, said: *"Member States cannot give tax benefits to selected companies – this is illegal under EU state aid rules. The Commission's investigation concluded that Ireland granted illegal tax benefits to Apple, which enabled it to pay substantially less tax than other businesses over many years. In fact, this selective treatment allowed Apple to pay an effective corporate tax rate of 1 per cent on its European profits in 2003 down to 0.005 per cent in 2014."* Following an in-depth state aid investigation [launched in June 2014](#), the European Commission has concluded that two tax rulings issued by Ireland to Apple have substantially and artificially lowered the tax paid by Apple in Ireland since 1991. The rulings endorsed a way to establish the taxable profits for two Irish incorporated companies of the Apple group (Apple Sales International and Apple Operations Europe), which did not correspond to economic reality: almost all sales profits recorded by the two companies were internally attributed to a "head office". The Commission's assessment showed that these "head offices" existed only on paper and could not have generated such profits. These profits allocated to the "head offices" were not subject to tax in any country under specific provisions of the Irish tax law, which are no longer in force. As a result of the allocation method endorsed in the tax rulings, Apple only paid an effective corporate tax rate that declined from 1% in 2003 to 0.005% in 2014 on the profits of Apple Sales International. This selective tax treatment of Apple in Ireland is illegal under EU state aid rules, because it gives Apple a significant advantage over other businesses that are subject to the same national taxation rules. The Commission can order recovery of illegal state aid for a ten-year period preceding the Commission's first request for information in 2013. Ireland must now recover the unpaid taxes in Ireland from Apple for the years 2003 to 2014 of up to €13 billion, plus interest. A full press release is available online in [EN](#) and all other EU languages. Commissioner **Vestager** will give a press conference on the decision at 12 pm CET, watch live [here](#).

The EU at the G20 summit in Hangzhou: Joint letter of Presidents Juncker and Tusk

In a joint letter to Heads of State and Government of the European Union, Presidents **Juncker** and Tusk highlight the key issues to be discussed at the G20 summit in Hangzhou (China) on 4 and 5 September 2016. Both Presidents call upon the G20 to continue playing a role in tackling the international refugee crisis, and to keep jobs, growth, and investment at the top of the G20 agenda. Furthermore, they outline the EU's expectations for this G20 summit for policy areas like international tax transparency, financial regulatory reform, trade, sustainable development and climate change. Read the full letter [here](#). See [here](#) for more details on the G20 summit.

COMING UP

4-5 September: The EU at the G20 summit in Hangzhou, China The President of the European Commission, Jean-Claude Juncker, and the President of the European Council, Donald Tusk, will represent the European Union at the G20 summit in Hangzhou (China), from Sunday 4 to Monday 5 September 2016.

Wednesday 14 September: President Juncker delivers his State of the Union address at the European Parliament Jean-Claude Juncker, will deliver his State of the Union address at the European Parliament. The speech will be followed by a plenary debate.



Find out [here](#) what will be discussed next week in the European Commission, the European Council and the European Parliament.