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## The Corporate Tax Regime and Industrial Policy in Ireland

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## **Abstract**

Industrial policy is a major tool of economic development. Ireland for example, has used tax incentives, with considerable success, to attract foreign direct investment. As a result Ireland's share of global ICT exports amounted to 12.7% in 2012, compared with 8% for the U.S. Apple and Google have become synonymous with these exports.

At the same time considerable public concern has emerged because of tax avoidance strategies used by multinational enterprises. A U.S. Senate report on Apple found that one subsidiary located in Ireland had no employees, income of \$22 billion in 2011 (64% of Apple global income), and paid \$10 million in tax. Ireland is equally important in the operation of other U.S. companies. This paper presents evidence of the extent to which U.S. firms in Ireland use tax minimisation strategies. For example firms using a 'double Irish' tax strategy , (including Apple Sales International), had pre-tax profits of at least in €32.8 billion in 2011, amounting to 19% of GDP.

Individual government and other initiatives, for example the OECD Base Erosion Profit Switching project, will result in tax regime change for foreign direct investment in Ireland and elsewhere. As a result firms and their advisors, may pursue alternative tax strategies. Hence proposals for country by country reporting may be the most significant long run reform, but to be really effective country by country reporting should be publicly available.

The paper concludes that a tax based industrial policy will not result in an innovative, research led economy. Rather it leads to an emphasis on tax reduction.

**JEL classification:** F23, H25, H26, H32, K34.

**Key words:** Foreign direct investment, Ireland, tax avoidance, tax reform.

## The Corporate Tax Regime and Industrial Policy in Ireland

There has been considerable debate about government interventions to enhance industrial development (Jacobson, 2015). Nevertheless many countries, in particular developing countries use industrial policy to “sustain growth and foster production transformation” (OECD, 2013, p. 88). In particular tax regimes designed to attract foreign direct investment (FDI) are commonly seen as a tool of economic development (Stewart, 2013b). At the same time some countries pursuing such policies have been described as tax havens (Sullivan, 2013; Karnitschnig and van Daalen, 2014). Ireland, Luxembourg, the Netherlands and Switzerland are referred to as the four OECD tax havens (Weyzig, p. 72) and have been accused of ‘beggar thy neighbour policies’. That is using low tax rates to attract FDI which creates jobs and increases tax revenues, but results in a consequent fall in tax revenues and employment in other countries. Low tax policies have resulted in controversial tax minimisation strategies.

For over 50 years attracting FDI using a favourable tax regime has been a major focus of industrial policy in Ireland. This paper examines some recent effects of these policies in terms of information and communication technology (ICT) exports; effective tax rates of U.S. firms with Irish subsidiaries, in particular Google and Apple; evidence is also presented for tax minimisation strategies such as the ‘double Irish’ and the associated growth in power and size of firms providing tax advice.

There has been considerable criticism of these favourable tax regimes. The paper considers proposals from the OECD (the Base Erosion Profit Switching programme - BEPS) to prevent harmful tax practices and recent announced investigations by the EU Competition Directorate. Finally the paper concludes that a tax based industrial policy is risky and will not result in long term economic success.

### **(1). Some Macroeconomic Effects of Tax reliefs**

From 1956 the main fiscal incentives were tax reliefs (profits on exports were tax free and extensive tax allowances were granted for depreciation) and capital and current grants from state agencies to private sector firm. Under EU rules, grants to enterprises have been reduced in value. Export sales relief was replaced by a general 10% corporate tax rate on manufacturing in 1980, which was in turn replaced by a 12.5% corporate tax rate on all sectors. This tax rate is often described as “the cornerstone of Irish industrial policy”<sup>1</sup>

Table (1) shows total foreign investment in Ireland for 2001 and the period 2005-2013. The Irish Financial Services Centre (IFSC) dominates foreign investment in the Irish economy. In 2013 IFSC investment was over 13 times the size of non-IFSC FDI and nearly 16 times the size of GNP. In 2001 IFSC investment was about 7 times direct investment and just over 6

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<sup>1</sup> See Speech by the Taoiseach at IBEC President’s Dinner, September 18<sup>th</sup>, 2014, available at <http://www.taoiseach.gov.ie/eng/News/>. The 12.5% corporate tax rate has also been described as policies have also been described as “the heart” of industrial policy, Minister for Finance, Budget speech, 14<sup>th</sup> October, 2014, available at

times GNP. FDI, excluding the IFSC, amounted to €98 billion in 2005, fell in 2006, and then rose to a peak of €181.3 billion in 2013. Total foreign investment in the IFSC rose from 2001 to 2007 fell slightly in 2008, reflecting the financial crisis, and has continued to rise since then.

Table (1)  
The Growth of the IFSC in Dublin: Total foreign Investment in Ireland (€ billion)<sup>1</sup>

	2001	2005	2006	2007	2008	2009	2010	2011	2012	2013
Direct	152.1	138.6	118.8	138.4	138.9	169.3	183.9	188.2	225.9	286.9
Of which Direct non- IFSC <sup>2</sup>	83.2	98.0	66.2	82.2	101.7	120.9	116.6	115.5	130.6	181.3
Portfolio	412.1	1025.9	1223.7	1329.9	1181.2	1352.6	1552.3	1727.9	1897.2	2064.6
Other	303.8	556.9	678.3	838.7	992.7	937.3	906.9	913.4	850.3	820.31
All Foreign Liabilities	868.0	1721.4	2020.8	2307.0	2312.8	2459.3	2643.1	2829.5	2973.4	3171.8
IFSC <sup>2</sup>	616.3	1300.2	1566.7	1727.0	1684.6	1786.5	1945.9	2152.2	2322.3	2395.3

Notes to Table (1)

(1) Current market prices.

(2) This number may understate IFSC type activities, as international financial firms are no longer required to locate at the Source: CSO (2014) Table (4) and CSO (2010) and (2008), International Investment Position, Table 1 and 3.

Table (1) shows that Ireland has been successful in attracting FDI, but fiscal incentives also give a powerful incentive to switch profits via 'profit switching transfer pricing'. Imported goods may be valued at an artificially low price to a low tax area and exported at an artificially high price to a higher tax area. These effects are particularly pronounced in the digital economy where profits are switched using royalty and license payments.

These effects result in distortions to aggregate data. Profit switching by multinational enterprises (MNE's) is evident for Ireland in a large balance of payments surplus on merchandise exports minus imports but a deficit or small surplus on the current account because of net payments abroad for services and because of dividend payments (Table 2). These flows are mostly associated with FDI and investment in the IFSC. Profit switching transfer pricing on merchandise trade has been a feature of Ireland's imports and exports for many years (Stewart, 1989).

Table (2)

Net Exports from Ireland, Payments for Services and current Balance 2001-2013 (€Billion)

	2001	2005	2006	2007	2008	2009	2010	2011	2012	2013
Merchandise	30.4	32.2	30.3	28.6	31.2	39.9	42.9	43.3	42.4	36.2
Services <sup>1</sup>	-12.4	-12.4	-11.3	-9.0	-14.9	-15.0	-14.1	-8.6	-7.0	0.2
Of which royalties and licenses	-10.4	-15.2	-16.8	-16.4	-23.3	-23.8	-26.8	-29.8	-30.0	-31.7
Primary Income <sup>2</sup>	-19.1	-25.9	-25.1	-29.1	-25.8	-28.6	-26.4	-32.1	-30.3	-26.3
Current account Balance	-0.75	-5.80	-6.5	-10.5	-10.7	-5.1	0.9	1.4	2.7	7.6

Notes to Table (2)

(1). Exports of services such as computer services are less than imports of services largely consisting of royalty/licence payments for every year except 2013.

(2) For a definition of primary income, see CSO, Dublin, BOP Quarterly Statistical Compilation Methodology, updated June 2014, available at :- <http://www.cso.ie/en/releasesandpublications/er/bop/balanceofinternationalpayments> and <http://www.cso.ie/en/media/csoie/surveysandmethodologies/surveys/bop/documents/pdfs/BopBkgdnotes.pdf>.

Because outflows of income are greater than inflows, GNP is lower than GDP for every year (Table 3). This is unusual amongst OECD countries. Luxembourg is another exception, with a GNP/GDP ratio of 42.8% for 2012.<sup>2</sup> Luxembourg also has a large international financial sector.

Table (3)

GDP versus GNP for Ireland (€ Millions)

	2005	2006	2007	2008	2009	2010	2011	2012	2013
GDP at Current Prices	163,462	178,297	189,933	186876	168114	164928	171042	172755	174791
GNP at current prices	139,201	155,033	163,413	161033	139596	138503	138915	142445	148529
Ratio %	85.2	87.0	86.0	86.2	83.0	84.0	81.2	82.5	85.0

Source:- National Income and Expenditure 2013, CSO July 2014, 2010, CSO, August 2011

Ireland's fiscal regime causes considerable distortions to aggregate data. Operating and financial strategies by MNE's pose particular problems for national income statisticians. However Ireland's fiscal regime is best known for issues other than the resulting distortion to national accounts.

While the bulk of foreign investment in Ireland consists of portfolio investment, real investment by firms such as Google and Apple has attracted most international interest. Comparative international data on exports of ICT services shows the importance of Ireland (Table 4). Ireland's share of global ICT exports amounted to 12.7% in 2012, compared with 7.9% for the U.S. Table (4) also shows that Ireland is different from other OECD 'tax havens', such as Netherlands where ICT exports are far lower. Luxembourg is ranked 18th in terms of ICT exports as a share of total world exports in 2012 (OECD (2013, p. 217).

<sup>2</sup> Defined as Gross National Income/Gross Domestic Product. Source: Eurostat and Statistics Portal Grand Duchy of Luxembourg.

Table (4)  
ICT Exports from Ireland and other countries for 2000 and 2012

Year	2000		2012	
	Total	% of world	Total	% of world
India	4647	5.8	49070	13.1
Ireland	5496	6.9	47556	12.7
Germany	5246	6.6	31206	8.3
USA	11069	13.8	29548	7.9
Great Britain	7155	8.9	26098	7.0
Netherlands	2583	3.2	11424	3.0
world total	80000		374200	

Source: Computer and Information and Communication sectors, Unctad Handbook of Statistics, p. 290 and 294. CSO, Service Exports 2012.

Apple and Google have become synonymous with these exports. The U.S. Senate Permanent Subcommittee on Investigations (PSI, 2013, p. 26) describes the production and distribution structure of the main subsidiary of Apple Ireland, Apple Sales International (ASI) as follows. ASI contracts with a firm in China to produce a finished products. These are then shipped from China to the final market. While on route ASI pays for the goods. The Report states (PSI, 2013, p. 27) “Once ASI took initial title of the finished goods, it resold the goods to the appropriate distribution entity, in most cases without taking physical possession of the goods in Ireland. The resulting value added from what is termed ‘contract production’ has been recently recognised in Irish economic statistics and has been described as having “potentially large impacts on measured GDP” (Department of Finance 2014, C.7).

## **(2). Effective Tax Rates**

### **Apple**

The U.S. Senate report (PSI, 2013) found that one subsidiary located in Ireland (Apple Sales International) had no employees, income of \$22 billion in 2011 and paid \$10 million in tax. This compares with income before tax for the Apple group of \$34 billion for 2011 and cash tax payments of \$3.3 billion. The U.S. Senate Report groups Ireland along with Bermuda and the Cayman Islands as a tax haven (p. 3) and states (p. 21) that “Ireland has essentially functioned as a tax haven for Apple, providing it with minimal income tax rates approaching zero”.

The low tax rate for ASI is explained by a tax strategy of:-

(1) Switching profits to Ireland via transfer pricing in particular relating to intellectual property (PSI, p. 5, p. 8);

(2) Key subsidiaries of Apple had “no declared tax residency anywhere in the world” and consequently paid no corporate tax (PSI, 2013, p. 4). In response to a question as to where a subsidiary of Apple (AOI) was managed and controlled, Apple replied “Apple has not made a determination regarding the location of AOI’s central management and control. Rather Apple has determined that AOI is not managed and controlled in Ireland” (PSI 2013, p. 23, footnote 93).

Table (5) shows profits and the income statement tax charge for ASI for the period 2004-2011.

Table (5)  
Profits and Taxes Paid for Apple Sales International (ASI) 2004-2011

Pre-Tax Profits	2004	2005	2006	2007	2008	2009	2010	2011
Pre-Tax profits \$billions	\$0.268	\$0.725	\$1.18	\$1.844	\$3.127	\$4.794	\$12.0	\$22.0
Tax charge in \$millions	\$2.1	\$3.9	\$6.5	\$8.9	\$14.9	\$3.653	\$7.0	\$10.0
Effective Tax Rate	0.78%	0.54%	0.55%	0.482%	0.476%	0.08%	0.06%	0.05%

Source: - PSI, (2013), p. 21, and Apple Sales International Accounts filed with the Australian Securities and Investment Commission.

The Apple subsidiaries in Ireland which account for 64% of recent group profits are important in explaining the tax rate for the entire Apple group.

Apple (SEC Form 10K 2013, p. 34) states:-

“The Company’s effective tax rates for all periods differ from the statutory federal income tax rate of 35% due primarily to certain undistributed foreign earnings, a substantial portion of which was generated by subsidiaries organized in Ireland, for which no U.S. taxes are provided because such earnings are intended to be indefinitely reinvested outside the U.S.”

Table (6) shows various measures of effective tax rates for Apple for the period 2006-2014. Table (6) also shows that one measure of effective tax rates based on cash flows (ETR 2, column 8) is considerably lower than the effective tax rate reported in company accounts (ETR1 column 7). For 2011 the tax savings on the Irish subsidiary at \$7.7 billion (pretax income of \$22 billion \*0.35) are larger than reported tax savings for either the year 2011 or 2012.

Table (6) shows that while the Apple group pays corporation tax (although below the U.S. nominal rate of 35%), very little corporation tax is paid outside the U.S. (See Table 6, Tax on foreign earnings and ETR 4). A similar pattern exists for other U.S. MNE’s. Apple discloses both overseas accumulated earnings and the tax due if those earnings were repatriated. Most U.S. firms do not disclose this information and state in their Form 10K filings that it is ‘not practicable’ to do so. This data if disclosed, can be used to provide an accurate estimate of overseas effective tax rates, but on the accumulated total of unremitted

overseas earnings, rather than on annual earnings (Donohoe, et al, 2012). This measure involves estimating tax paid on unremitted earnings as the difference between the U.S. statutory rate of 35% and tax shown as due if remitted as disclosed in SEC filings (Form 10K). For Apple the estimated overseas tax rate on unremitted earnings was 2.4% for 2014.

Table (6)  
Tax Payments and Effective Tax Rates for Apple (\$ million)

	Group Pre-tax profits	Tax shown in income statement	Cash Tax Paid	Foreign earnings	Tax on Foreign Earnings	Foreign Tax Savings	ETR1 %	ETR2 %	ETR3 %	ETR4 %	ETR5 %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)
2014	50483	13973	10026	33600	1489	4944	26.1	18.7	16.3	4.4	2.4
2013	50155	13118	9128	30500	1133	4614	26.2	18.2	16.0	3.7	1.8
2012	55763	14030	7682	36800	713	5895	25.2	13.8	13.0	1.9	1.3
2011	34205	8283	3338	24000	602	3898	24.2	9.8	9.3	2.5	1.2
2010	18540	4527	2697	13000	-93	2125	24.4	14.5	13.8	-0.7	
2009	12066	3831	2997	6600	310	647	31.8	24.8	15.4	4.7	
2008	8947	2828	1267	4600	200	500	32	14.2	13.4	4.3	
2007	5008	1512	863	2200	87	297	32	17.2	16.2	4.0	
2006	2818	829	194	1500	84	224	29	6.9	6.4	5.6	

Source: Form SEC 10K for various years. The data relates to periods ending September in each year.

Definitions of effective tax rate (ETR) used in table (6).

ETR1 = Tax rate as shown in company accounts defined as Tax charge/pre-tax profit from the Income Statement (column 7).

ETR2 = Tax rate defined as cash tax payments (from cash flow statement) /pre tax profits (column 8).

ETR 3 = Cash tax payment/ (accounting depreciation + pre-tax profit). Depreciation is included in the denominator because depreciation as reported in company accounts is not a tax deductible expense (column 9).

ETR 4 = tax charge on non U.S. profits/ Non U.S. profits (column 10).

ETR 5 = Tax rate on unremitted profits (column 11).

## Google

Ireland is equally important in the operations of Google. Google has substantial operations in the U.K., employing 1500 (Public Accounts Committee, 2012, Q461) and generated \$18 billion in sales (13% of global sales) in the period 2006-2011 (Q201, 2013). Yet just \$16 million was paid in UK corporation taxes in this period. The Public Accounts Committee concluded (2013, p. 5):-

“Google defends its tax position by claiming that its sales of advertising space to UK clients take place in Ireland—an argument which we find deeply unconvincing on the

basis of evidence that, despite sales being billed from Ireland, most sales revenue is generated by staff in the UK. It is quite clear to us that sales to UK clients are the primary purpose, responsibility and result of its UK operation, and that the processing of sales through Google Ireland has no purpose other than to avoid UK corporation tax”.

Other countries such as France and Germany face similar issues in relation to Google (Fouquet and Mawed, 2012).

A Google subsidiary in Ireland (Google Ireland Ltd.) accounts for 92% of Google sales outside the U.S. Google Ireland sales amounted to €15.023 and €12.457 billion for 2012 and 2011 respectively, but resulted in a pre-tax profit of €153 million for 2012 and €24 million for 2011, largely due to unexplained payments referred to as “administrative expenses” of €10.9 and €9.02 billion. This is likely to be royalty payments paid to its parent, Google Ireland Holdings, which is registered in Ireland but “administered from Bermuda” (Public Accounts Committee, 2012, Q475). The Address of Google Ireland Holdings is given as c/o Google Bermuda Ltd. Clarendon House, 2 Church St. Bermuda, the same address as law firm, Conyers, Dill and Pearman (CDP).<sup>3</sup>

Google Ireland Holdings is an unlimited company and hence no accounts are published. Google operations in Ireland are central to Google’s non-U.S. operations and are the best known example of a ‘double Irish’ tax strategy. Published accounts also show just over half of the Irish subsidiary tax charge consists of foreign withholding tax. Google has been widely described as transferring royalty payments to a Dutch affiliate before transferring them to Bermuda (the Dutch Sandwich). In 2010 a ‘practice statement’ was issued by the Irish tax authorities which allowed royalties to be paid by an Irish tax resident company to a foreign company without deducting withholding taxes. Hence it is no longer necessary for example, to route royalty payments from Ireland to Bermuda via the Netherlands (Mason, Hayes and Curran, 2011).

There are considerable implications for group tax payments given that Google locates most of its non-U.S. income in Ireland.

Google (Form 10K December, 2013, p. 81) states:-

“Although we file U.S. federal, U.S. state, and foreign tax returns, our two major tax jurisdictions are the U.S. and Ireland” and “Substantially all of the income from foreign operations was earned by an Irish subsidiary” (Google Form 10K, 2013, p. 81).

Table (7) shows profits, tax and measures of effective tax rates for the Google group for the period 2006-2013. Table (7) shows:-

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<sup>3</sup> Source: B1 of Google Ireland Holdings filed at Companies Registration Office, Dublin

(1) Various measures of effective tax rates (columns 7, 8 and 9) are far below the U.S. statutory rate of 35%. A major reason for this is the low tax rate on earnings of Irish subsidiaries.

(2) Google pays corporation tax on group profits (column 3) but pays very little tax on foreign earnings (column 5 and 10). Hence the vast bulk of corporation tax payments are in the U.S.

Table (7)  
Profits Tax and Effective Tax Rates (ETR) for Google (\$ million)

	Group Pre-tax profits	Tax shown in income statement	Cash Tax Paid	Foreign earnings	Tax on Foreign Earnings	Foreign Tax Savings	ETR1 %	ETR2 %	ETR3 %	ETR4 %
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
2013	14496	2282	1932	8668	743	2282	15.7	13.3	10.5	8.6
2012	13386	2598	2034	8075	432	2598	2.2	15.2	12.4	4.4
2011	12326	2589	1471	7633	248	2589	21.2	11.9	10.4	3.2
2010	10796	2291	2175	5848	154	2291	21	20.1	17.8	2.9
2009	8381	1861	1896	4802	140	1861	22.2	22.6	19.1	3.1
2008	5853	1626	1224	3794	71	1626	27.8	20.9	16.6	2.4
2007	5674	1470	882.7	2466.6	51.2	1470	25.9	15.6	13.3	2.1
2006	4011	933	537.7	1318.4	28.5	933	23.3	13.4	11.7	2.2

Source: SEC Filings, Form 10K various years.

Table (8) shows data for 30 U.S. MNE's which are Intellectual Property and with subsidiaries in Ireland (see appendix I). As in the case of Apple and Google, several firms identify Ireland together with the U.S. as the main tax jurisdictions:-

Adobe Systems states (Form 10K, November, 2013, p. 84):-

"Our major tax jurisdictions are the U.S., Ireland and California".

Symantec (Form 10K for 2013, p. 93) states:-

"Our most significant tax jurisdictions are the U.S., Ireland and Singapore".

Synopsys (Form 10K for 2013, p. 6) states:-

"Our foreign headquarters for financial and tax purposes is located in Dublin, Ireland".

Table (8) shows the amount of foreign earnings each year, the foreign tax charge and the accumulated total of foreign earnings for the period 2006-2013. The table shows that even though foreign earnings vary between 54% and 67.7% of total earnings (column 3), they account for between 26.2% and 33.7% of the tax charge in the income statement (column 6). Thus even though most profits are earned outside the U.S. , most corporate tax is paid to the U.S. The foreign tax charge as a % of foreign (non US) earnings has fallen from around 15% at the beginning of the period to around 11% for 2013 (column 5). Effective tax rates on foreign earnings based on cash tax payments are likely to be even lower.

Table (8) also shows that unremitted earnings increased approximately 2.5 times in the period 2006-2013, from \$203 billion to \$559 billion (column 8). The current U.S. Government has proposed a tax on unremitted profits of U.S. companies at 14% and a continuing tax of 19% and reducing the standard rate of corporation tax from 35% to 28% (U.S. Government 2015, pp. 56-57). Such changes if introduced, would have a dramatic effect on U.S. MNE corporate tax strategies. The proposal also envisages that 85% of tax already paid could be credited against U.S. tax due.<sup>4</sup> This could result in an increase in nominal corporate tax rates in low tax countries as countries would have an incentive to raise corporate tax rates (and tax revenue) given that most of the tax paid could be offset against U.S. taxes due. However because the proposed tax credit is not 100% of taxes paid, nominal tax rates of foreign profits of U.S. resident MNE's (combining the U.S. and the foreign tax charge) would rise slightly as foreign tax rates rose<sup>5</sup>.

Table (8)  
Overseas Earnings and Tax Reported on earnings for U.S. Groups with substantial operations in Ireland \$ millions 2006-2013<sup>1</sup>

Year	No. of firms <sup>1</sup>	Foreign Earnings	% of Total Earnings	Foreign Tax charge <sup>2</sup>	Foreign Tax Charge/ Foreign Earnings %	Foreign Tax Charge as % of Total Tax Charge shown in income statement %	Tax charges for individual firms % (ETR 4)		Unremitted Overseas Earnings
							Mean	median	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	
2013	26	125006	62.9	13751	11.0	32.0	3.4	10.0	559229
2012	26	132788	64.8	12797	9.6	27.5	12.6	7.7	482629
2011	29	122662	66.1	13804	11.3	31.7	9.9	8.9	427392
2010	28	102079	61.5	11909	9.9	26.2	5.9	7.8	330844
2009	27	87357	65.7	10746	12.3	33.7	14.1	11.0	257555
2008	24	80107	66.7	8737	10.9	29.3	12.8	9.4	225035
2007	27	64159	54.7	9371	14.6	32.3	16.3	10.9	199109
2006	25	53257	54.0	8172	15.3	32.8	13.3	12.6	202966

Source: SEC Filings – Form 10K various years.

Notes:

(1). Number of firms vary because those firms reporting losses were excluded, newly quoted firms and firms subject to takeovers/going private.

(2). Defined as the sum of current and deferred tax charges.

### 3. Evidence for the ‘Double Irish’

In the Budget Statement in October 2014 the Minister for Finance announced the ending of the ‘double Irish’ tax strategy from the year 2020.<sup>6</sup> It is not known how many companies

<sup>4</sup> See Victor Fleischer “Obama’s Budget Seeks International Minimum Tax for Corporations”, New York Times, February 3, 2015.

<sup>5</sup> That is until the foreign tax rate/0.85 = proposed continuing tax.

<sup>6</sup> In the Budget Statement (2015), the Minister for Finance stated “I am abolishing the ability of companies to use the “Double Irish” by changing our residency rules to require all companies registered in Ireland to also be tax resident”. The Finance Bill 2014 (section 38) states “Subject to subsection (2), a company which is incorporated in the State shall be regarded for the purposes of the Tax Acts and the Capital Gains Tax Acts as resident in the State”. Subsection (2) provides an exemption which is likely to be important in future tax minimisation strategies. KPMG (2014, p. 9) state :- “If a company

incorporated in Ireland, are as in the Apple case, not resident in any country for corporate tax purposes. It was stated in response to a Parliamentary Question that “owing to the obligation of the Revenue Commissioners in relation to confidentiality of taxpayer information and the small number of companies involved, .. .. they are precluded from providing the information” (Minister for Finance Written Parliamentary answer 25<sup>th</sup> June 2013).

In reply to a Parliamentary Question (May 28<sup>th</sup> 2013) the Minister for Finance stated that the numbers of companies registered in Ireland but not resident for corporate tax purposes and their names “are not available as they are not separately compiled” (Dail written answer 28<sup>th</sup> May 2013). This reply is somewhat surprising as two days later in reply to another Parliamentary Question (30<sup>th</sup> May 2013) relating to companies registered in Ireland but not resident for corporate tax purposes, it was stated that the Revenue Commissioners would “seek confirmation from a company as to how it is structured and would verify that all relevant corporation tax rules have been correctly applied”.

From an examination of publicly available files in Company House Dublin, 21 subsidiaries were identified as using a ‘double Irish’ tax structure (Table 9). A number of other firms were also identified with similar organisational features (for example, unlimited corporate structure and the location of the company secretary in a tax haven) but could not be conclusively identified as using a “double Irish” tax strategy. These are:- Boston Scientific Ltd, Cisco Systems Internetworking, EMC International Company, Facebook International Holdings Unlimited company, Fireeye, and OMJ Manufacturing. A Pepsi-Cola Subsidiary ‘Concentrate Manufacturing Company’, has had a parent located at Clarendon House, 2 Church St. Bermuda since 1986 (the address of law firm CDP), where the current company secretary is listed as an employee. The company secretary for Boston Scientific Ltd., Cisco Systems Internetworking and EMC International Company were also listed as employees of CDP, Bermuda.

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is regarded as resident in another country under the terms of a tax treaty between Ireland and that other country, it will not be considered to be resident in Ireland”.

Table (9)  
Some Features of Bi-located companies subsidiaries<sup>1</sup>

	corporate tax Location	Location of Secretary and other information	Additional stated Location of accounting records	Other tax payments
Abbott Laboratories Vascular Enterprises Ltd.	CDP, Bermuda	Illinois, U.S.	Abbot Park, Illinois, U.S.A.	Refers to VAT; Refers to social welfare costs
Abbott Mature Products International Ltd. <sup>2</sup>	CDP, Bermuda	Bermuda	Abbot Park, Illinois, U.S.A.	
Adobe Software Trading Company Ltd <sup>3</sup> .	Not Disclosed	City West Business Campus		Refers to VAT Refers to social welfare costs
BMC Software European Holdings	Cayman Islands	N. Gray, Cayman Islands	2101, City West Boulevard, Houston, Texas	Refers to social welfare costs for 2010
Forest Laboratory Holdings <sup>4</sup>	Bermuda	New York		
Gilead BioPharmaceutical Ireland Ltd <sup>5</sup>	Bahamas	Castro Valley, California	Gilead Sciences, Lakeside Drive, Foster City, California	
Google Ireland Holdings	CDP, Bermuda	1395, Marinovitch Way, Los Altos, California		No accounts published
Kijiji International Ltd <sup>6</sup>	Luxembourg	San Jose california	Atrium Buildings Blancharstown	
Linkedin Technology Ltd. <sup>7</sup>	Isle of Man	Isle of Man		
McAfee Ireland Holdings Ltd <sup>8</sup>	Bermuda	Goodbody Secretarial, Dublin		Accounts state 'Turnover excludes VAT'
Medtronic Vascular Connaught <sup>9</sup>	Cayman Islands	Barbara Padega, West Bay, Grand Cayman, Cayman Islands	Medtronic Cardio Vascular, 357 Unocal Place, Santa Rosa, Ca.	
Medtronic Vascular Holdings Ltd <sup>10</sup>	Cayman Islands	Barbara Padega, West Bay, Grand Cayman, Cayman Islands	Medtronic Cardio Vascular, 357 Unocal Place, Santa Rosa, Ca.	
Microsoft Ireland Research (MIR)	CDP, Bermuda	Matsack Trust, Dublin		No accounts published
Novell Software International	Cayman Islands	Avalon Management Ltd, Grand Cayman, Cayman Islands	1800, South Noveil Place, Utah, U.S.	
Overture Search Services Holco Ltd. <sup>11</sup>	Cayman Islands	N. Gray, Cayman Islands, Intertrust Trustees, Cayman Islands.	Pinacle 1, Block B8, East Point Business Park, Dublin, 3.	
Sandisk Manufacturing <sup>12</sup>	CDP, Bermuda	Shanghai, China, formerly Hillview Drive, California		
SFDC International <sup>13</sup>	Isle of Man	Ramsey, Isle of Man.	Salesforce.com EMEA, Sarl, Lake Geneva Centre, Building A, Route de la Longerele 9, Morges Switzerland"	
Symantec <sup>14</sup> Holdings Ltd	Jersey	Ogier Corporate Services (Jersey) Ltd.	Company Hq, 350 Ellis St., Mountain View, California, 94043, U.S.A	
Synopsys Ireland Ltd. <sup>15</sup>	CDP Bermuda	Bermuda.	2, Church St. Hamilton Bermuda. 'Supplemental records' are kept at 800, East Middlefield Road, Mountain View California	Refers to 'social welfare' costs.
VMWare Bermuda Ltd <sup>16</sup>	Bermuda	D. Smith, 17 Mountainwood Court, Hillsborough, California.	3401 Hillview Avenue, Palo Alto, Calif. U.S.and company address at Parnell House Ballincollig, Co. cork	
Yelp Ireland Holding Co. Ltd <sup>17</sup>	Isle of Man	Laurence Wilson, Oakland, California		

#### Notes to Table (9)

- (1). Data Source: filings at Companies Registration Office. All companies are incorporated in Ireland and hence the company auditor is located in Ireland. All companies are registered in Ireland, hence books of account must be maintained in Ireland. If a company is 'unlimited' no accounts are filed.
- (2). The address for corporate tax purposes is law firm Conyers, Dill and Pearman (CDP) located at Clarendon House, 2, Church St. Bermuda, who provide company administration and other services. See Annual Report and accounts December 2011, note 7.
- (3) Adobe Software Trading company moved its registered office from Barbados to Bermuda and then to Dublin in 2007. In 2006 the registered office was given as Ram Re House, Hamilton, Bermuda. Note (7) to the accounts states that the Adobe Software Trading Company is not subject to Irish corporate tax. According to filings at Companies Registration Office the new address from 16th June 2008 is Citywest Business Park.
- (4) See Jesse Drucker, "Companies Dodge \$60 Billion in Taxes Even Tea Party Condemns, Bloomberg May 13, 2010. Accounts of Forest Laboratories Holdings for 31<sup>st</sup> March 2006 state the 'place of business' is in Hamilton, Bermuda.
- (5) Note 5 of accounts for 2012 states "The Company is tax resident in Bahamas".
- (6) A subsidiary of Paypal, note 8 of 31 December accounts 2011, state, "The company is tax resident in Luxembourg". Over 80 % of income consisted of "royalty revenue".
- (7) December 2011 Accounts, note 3, state "as the company is an Isle of Man resident, no corporation tax is chargeable".
- (8) See note 6 accounts for 2011
- (9) Accounts for year ending April 2012, corporation tax is zero and note 5 states "The company is not subject to corporation tax in its country of residence"
- (10) Accounts for year ending April 2012, corporation tax is zero and note 8 state "The company is not subject to corporation tax in its country of residence"
- (11) A subsidiary of Yahoo. The web site of Intertrust Cayman states it is "the largest trust and corporate services provider in Cayman, offers a full range of corporate, fiduciary, fund administration and company secretarial services".
- (12) Accounts for 2006 note 6 state "profits are outside the charge to corporation Tax.
- (13) January 2012 accounts, note (6) state "profits arising in the company for the year of assessment 2012 will be subject to tax at the Isle of Man standard rate of 0%", and (p. 5):- "Books and accounting records are maintained" in Geneva.
- (14). The web site of Ogier states "The Ogier Group provides legal, trust, fund and corporate administration services across the world's major independent financial centres.
- (15) Company accounts states it "operates from its Business address Clarendon House, 2 Church St. Bermuda"
- (16). This firm is a subsidiary of EMC. Note 6, Annual report and accounts for Dec. 2012 state that "Profits are not within the charge to Irish tax", The address of the company solicitor is given as Appleby Services (Bermuda) Ltd. Canon's Court 22 Victoria St. Hamilton, Bermuda.
- (17) Annual Report and Accounts 2012, note 3 State "the company is tax resident in the Isle of Man".

Table (9) shows that six of the 21 firms use the same business address in Bermuda, as that of a law firm (CDP). Total pre-tax income of 20 of 21 bi-located subsidiaries identified, amounted to €15.8 billion in 2011<sup>7</sup>. Including Apple Sales International, income amounted to €32.8 billion. amounting to 19% of GDP. The tax rate for several of these firms is not 12.5%, but zero and slightly above zero for the rest.

#### **(4). Other Tax Minimisation Strategies**

Firms may pursue a variety of tax minimization strategies. Intel Ireland Ltd. for example, is incorporated in the Cayman Islands (since 1994), but has its "principal place of business" in Leixlip, Ireland (CRO, Dublin, Form F7, 2014, SEC Form 10K, 2013, exhibit 21.1).

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<sup>7</sup> No financial information was available for one firm, Sandisk Manufacturing as it is unlimited.

A subsidiary of PepsiCo, PepsiCo Global Investment Holdings was registered in Ireland but located for corporate tax purposes in the Netherlands Antilles. This subsidiary was liquidated in 2011 with assets of just over \$1 billion and retained profits of \$400 million. For the period 2004-2011 the tax rate on corporate profits calculated as tax charge in the income statement/Pre-tax profit, was just under 0.09%. Thus interest payments were tax deductible, but interest receipts were largely tax free.

A 2009 Tax Ruling for another Pepsico subsidiary, Pepsi Bottling Group in Luxembourg states:- “the effective management and control of PBG Beverages, an Irish subsidiary of PBG Midwest Holdings S.A.R.L., was transferred from Ireland its original place of incorporation to Bermuda”. This took place as part of a complex chain of restructuring involving Irish, Bermuda and Luxembourg based subsidiaries (Luxleaks Pepsi Tax Ruling 2009 appendix 1, p. 10).

Luxembourg Tax Rulings detail tax minimization strategies using complex restructurings by over 340 separate firms, of which three relate to firms also using a “double Irish” tax strategy. For example a Luxembourg tax ruling relating to Abbott Laboratories show details of 79 separate restructurings of subsidiaries in five different countries as part of a single tax plan (Abbott Laboratories Tax Ruling 2009, pp. 10-11)<sup>8</sup>.

Some firms located in Ireland are also organized as subsidiaries of parent firms incorporated in the Netherlands (for example Dell, Hewlett Packard, IBM, NCR). Recent evidence has drawn attention to the use of Luxembourg subsidiaries in tax reduction strategies.<sup>9</sup> But it is likely that the Netherlands functions as an equally if not more important centre for MNE tax minimization strategies. For example a Netherlands based Microsoft subsidiary, Microsoft International Holdings B.V., sold €1.5 billion of bonds to Nokia in return for purchasing the Devices and Services business of Nokia (Nokia Communications 6 September, 2013). Of 19 groups identified as operating a ‘double Irish’ tax structure, 18 also had identifiable affiliates located in the Netherlands compared with 11 in Luxembourg. The number of identified affiliates in the Netherlands was also larger (72 versus 36)<sup>10</sup>.

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<sup>8</sup> The five countries are:- Bahamas, Cyprus, Gibraltar, Luxembourg and the Netherlands. Tax rulings involving Covidien (a company whose headquarters are in Ireland although managed from the U.S.) also detail extensive and complex restructurings (see <http://www.icij.org/project/luxembourg-leaks>).

<sup>9</sup> See ICIJ, Luxembourg Leaks: Global Companies' Secrets Exposed, available at <http://www.icij.org/project/luxembourg-leaks>. See also Simon Bowers, Guardian 3th November 2014, “Luxembourg tax files: how tiny state rubber-stamped tax avoidance on an industrial scale”; Vanessa Houlder, “Leak Reveals scale of corporate tax deals with Luxembourg, Financial Times, November 6th 2014.

<sup>10</sup> It is likely that not all subsidiaries have been identified. Group annual reports increasingly only list subsidiaries that are considered “significant”, Jessica Holzer, “From Google to Google the incredible vanishing subsidiary”, Wall St Journal, May 22, 2013. In addition corporate structures may change. The Huffington Post comments in relation to changes in corporate structure at Microsoft :- “The rotating cast of companies that Microsoft lawyers created and then departed from offers a window into the whack-a-mole game that tax authorities are forced to play in order to collect revenue from multinational companies” Huffington Post, “Microsoft’s Bermuda Subsidiaries Subject to Tax Inquiry, Documents Show”, Huffington Post, January, 31, 2014.

‘Special Financial Institutions’ in the Netherlands, owned by non-residents received and disbursed approximately €4000 billion per annum in recent years. For 2010 outflows from dividends, interest and royalties amounted to €115 billion and inflows €153 billion (Ministry for Finance, Netherlands, 2013, p. 8). Interest and royalty flows are not taxed. The nominal tax rate on dividends is 15%, but the effective tax rate is under 1% (Source: Algemene Rekenkamer, Netherlands Court of Audit, Press Release, 6 November, 2014).

Implementing complex tax strategies involving chains of subsidiaries in multiple jurisdictions results in considerable expenditures. These user costs are reflected in the growth of revenues to providers of tax advice as discussed in the next section.

## 5. Other Effects: The Growth of the Tax Avoidance Industry

One effect of the growth of tax minimisation strategies and industrial policy based on fiscal and other incentives is that it encourages the growth of tax strategies and the tax avoidance industry (Stewart 2013b). Tax legislation is complex. Introducing tax concessions aimed at one sector while attempting to preserve the existing tax base adds to this complexity. Firms wishing to avail of fiscal incentives must necessarily use the services of skilled professionals. Firms providing such services have grown large and powerful, in both lobbying for and influencing changes in the tax code. The UK Committee of Public Accounts (2013) states “the large accountancy firms sit on tax advisory panels and also second staff to government to provide technical advice when tax legislation is amended or created” (Public Accounts Committee, 2013, p. 9). The Public Accounts Committee also expressed concern on “the way that the four firms appear to use their insider knowledge of legislation to sell clients advice on how to use those rules to pay less tax” (p. 9).

Table (10) shows that global tax advice revenues for the big four accounting firms for 2008-13, are large and have remained largely unaffected by the global financial crisis.

Table (10)  
Revenues from Tax Practice for Big Four Accounting Firms (\$ Million)

Global Revenue	PwC <sup>1</sup>	Deloitte <sup>2</sup>	Ernst & Young <sup>3</sup>	KPMG <sup>4</sup>	Total
2013	8175	6100	6946	4970	26191
2012	7944	5900	6579	4860	25283
2011	7600	5600	6011	4690	24012
2010	7100	5400	5671	4150	22321
2009	6900	5700	5822	4090	22512
2008	7500	6000	6142	4730	24372

Notes

- (1). PwC annual review, available at [www.pwc.com/annualreview](http://www.pwc.com/annualreview) and PWC Global Pressroom. Refers to year end 30<sup>th</sup> June
- (2). Refers to year end of May, Source: Deloitte Global Report available at <http://public.deloitte.com/media/0565/1-performance-numbers.html> and Deloitte Press Releases.
- (3). Refers to June each year. Global Review, Ernst & Young. Source Ernst and Young Press Releases
- (4). Refers to September each year. Source: KPMG press releases.

## 6. Reaction: The OECD Base Erosion Profit Switching Programme

As a result of public and government concern with the tax avoidance strategies of MNE's, the OECD/G20 has developed proposals (OECD, 2013b) aimed at reforming the taxation of the international tax system in particular as it affects MNE's<sup>11</sup>. The executive summary of these proposals states that the challenge of the digital economy is:- "To ensure that profits are taxed in the jurisdiction where economic activities generating the profits are performed and where value is created" (OECD/G20 2014b, p. 4). The explanatory statement also states the OECD/G20 BEPS project "has reinvigorated the fight against harmful tax practices" and that this work focuses on "reducing the distortionary influence of taxation on the location of mobile financial and service activities, thereby encouraging an environment in which free and fair tax competition can take place" (OECD, 2014b, p. 6).

Although some OECD proposed reforms will reduce harmful tax practices for example country by country reporting, other proposals will not. For example the OECD Discussion Draft on Transfer Pricing, recommends using "arms length transactions" in determining profits of subsidiaries (OECD, 2014, Par. 84). Identifying "arms length transactions" may both be impossible and inappropriate, in particular in the case of MNE's operating in sectors that are highly concentrated and Intellectual Property intensive.

Kay (2012) argues that the rationale for all MNE's is that businesses are not independent. Rather the profitability of MNE's comes from economies of scale and scope which cannot be captured by an independent firm.

A major focus of BEPS project is on treaty change to prevent harmful tax practices (OECD, 2013b, p. 24). However in the case of the 'double Irish) tax strategy with the exception of one firm 'located' in Luxembourg, all countries where Irish incorporated companies are regarded as resident for corporate tax purposes have no tax treaty with Ireland (Bermuda, Cayman Islands, Isle of Man, Jersey). It is difficult to predict how treaty change will affect 'bi-location' tax strategies, for example firms may continue to be incorporated in Ireland but could be located for corporate tax purposes in a jurisdiction which has a tax treaty with Ireland (see footnote 6). Shire Pharmaceuticals provides an example of the separation of country of incorporation, which is Jersey, with no employees and corporate tax residence, which is Ireland, with less than 2% of corporate employees. The U.S. is the main location of revenues, income and employees (Public accounts Committee 2014, Q 134-Q139).

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<sup>11</sup> For example The G20/OECD are developing a number of policies "to ensure that profits are taxed where economic activities generating the profits are performed and where value is created", OECD 2014a, p.4. The G8 Lough Erne (June 18, 2013) communiqué Stated " Countries should change rules that let companies shift their profits across borders to avoid taxes, and multinationals should report to tax authorities what tax they pay where", available at:- <http://www.g8.utoronto.ca/summit/2013lougherne/lough-erne-declaration.html>

## 7. Reaction; Tax Incentives and the European Commission.

Tax Rulings by individual countries, have proved controversial, for example rulings enabling the non taxation of Apple in Ireland. The U.S. Senate concluded that “Apple had negotiated a special corporate tax rate of less than two per cent” from the Irish Government (PSI, 2013, p. 2).

The European Commission has undertaken investigations and published initial conclusions in relation to revenue authorities tax rulings on transfer pricing arrangements for Apple Computer operating in Ireland, Starbucks operating in the Netherlands, Fiat and Amazon operating in Luxembourg (European Commission Press Release, June 11, 2014). The investigations are being conducted by the Directorate General for Competition on the basis that tax rulings have resulted in granting “selective tax advantages” which constitute state aid (Almunia, 2014). In all four cases the Commission formed a preliminary view that illegal State aid was granted and announced a formal investigation<sup>12</sup>.

The governments of all four countries have issued similar statements to the effect that they expect to be exonerated. For example in relation to Starbucks the Dutch Deputy Finance Minister is quoted as stating “I am confident that this investigation will ultimately show that no state aid has been provided”. In relation to Apple the Irish Minister for Finance stated that “Ireland is confident that there is no state aid rule breach in this case”. Even though Ireland would benefit from any tax payments the Minister also stated that “we will defend all aspects vigorously”<sup>13</sup>.

Given the narrow parameters within which transfer pricing rules are decided, in particular the emphasis on comparable arm’s length pricing, the optimism of the four Governments that no case will be found against them is not without justification.

The OECD/BEPS initiative emphasises multilateral action which is also favoured by MNE’s. Governments accused of unfair tax practices may also support multilateral action as they argue that tax avoidance issues arise because of the reluctance of governments collectively to harmonise tax rates (Traynor and Bowers, 2014). An associated argument is that countries critical of low tax regimes are being hypocritical because of their own very favourable tax regimes (Stewart (2014).

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<sup>12</sup> See European Commission State aid:- SA.38373 (2014/C) (ex 2014/NN) (ex 2014/CP) – Ireland Alleged aid to Apple; State aid SA.38374 (2014/C)(ex 04/NN(ex2014/CP) – Netherlands Alleged aid to Starbucks; State aid SA. 38375 (2014/NN) (ex 2014/CP) – Luxembourg Alleged aid to FFT (a Fiat subsidiary); State aid SA.38944 (2014/C) – Luxembourg Alleged aid to Amazon by way of a tax ruling; Further investigations into Ireland and other countries are also possible (Gaspard Sebag and Aoife White, “Microsoft Taxes Said to Face Scrutiny as EU Quizzes Luxembourg”, Bloomberg, July 4, 2014.

<sup>13</sup> For Apple and Ireland see Department of Finance Press Release 11th June 2014; For Starbucks see Alex Barker and Vanessa Houlder, “EU Confronts Netherlands over Starbucks deal”, Financial Times November 14, 2014); For Amazon see Vanessa Houlder, Duncan Robinson and Alex Barker in Brussels, “Amazon probe steps up pressure over tax deals”; For Fiat see Financial Times, October 7 2014; Alex Barker and Vanessa Houlder, “Brussels probes Luxembourg over tax deal for Fiat”, Financial Times September 20, 2014; For Apple see Department of Finance Press Release 11th June 2014.

But there has also been unilateral action by individual countries as in the case of the UK which introduced an additional tax on profits diverted from the UK using “artificial arrangements” (H.M. Treasury, 2014, par. 1.243) and survey evidence indicates firms expect further unilateral action via legislation (Deloitte, 2014, p.2). Unilateral action has also taken the form of challenging tax structures through the courts. There has been a considerable increase in tax challenges of corporate tax residence in recent years by various countries (PWC, 2012).

## 8. Conclusion

The focus of the OECD BEPS programme has been on the elimination of harmful tax practices. The focus of the European Commission has been on tax policies that result in unfair “tax competition”<sup>14</sup>. A favourable corporate tax regime may also harm the country providing tax concessions. Tax incentives erode the tax base in a number of ways (1) through direct tax loss which may or may not result in higher tax revenues; (2) through the use of tax incentives in unanticipated ways. This may be further exacerbated by lobbying by affected groups. As a result tax incentives tend to diffuse both to other sectors and geographically. The net result of low corporate tax policies is that the burden of taxation shifts to activities and individuals that are unable to avoid tax, which can be encapsulated in the phrase “only the little people pay taxes” (Frank, 2009).

The main influence on investment decision making is the possibility of making a profit. A primary focus on tax strategy is a distraction, and according to survey and other evidence is not a major determinant of real as distinct from financial investment<sup>15</sup>.

A tax based industrial policy will not result in an innovative, research led economy. A tax based industrial policy leads to an emphasis on tax reduction. Those skilled in knowledge of the tax system become senior management. In turn their skills require constant updating and they become dependent on tax advisors. In Ireland in 2013, there were over 22,000 members of the Institute of Chartered Accountants, and 61% are described as working in business (Institute of Chartered Accounts in Ireland, 2014, p. 12). The dominance of accounting/taxation specialists in senior managerial positions is at the expense of those skilled in new product development, production expertise, logistics, and marketing. The tax avoidance industry and those firms skilled in understanding the tax system and selling tax services become large and powerful and may exert considerable influence in formulating tax policy and legislation. Other problems arise from what the New York Times describe “as a

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<sup>14</sup> See EU Press release “State aid: Commission investigates transfer pricing arrangements on corporate taxation of Apple (Ireland) Starbucks (Netherlands) and Fiat Finance and Trade (Luxembourg), Brussels, 11<sup>th</sup> June 2014.

<sup>15</sup> Ernst and Young (2014, p. 13) ranks corporate taxation as eighth in factors that influence key location decisions behind factors such as labor costs, transport and logistics infrastructure. See also evidence summarized in Varley Report (2007).

dangerous race to the bottom” which will make the taxation of mobile taxation by any nation impossible (New York Times, 2014).

Long run economic success will not follow from countries introducing tax haven type features of which a low corporate tax rate is an essential feature.

European Commission rulings in combination with the OECD BEPS project, may result in substantial change to the tax regime for FDI in Ireland and other countries. These changes may in turn cause affected companies and their advisors, as well as some governments, to seek replacement incentives. Hence the proposals for country by country reporting (OECD, 2014c,) may be the most significant reform in the long run, but to be really effective country by country reporting should be publicly available<sup>16</sup>.

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<sup>16</sup> This could also be done by individual countries. For example all company tax records are publicly available in Denmark. See Government of Denmark, <http://skat.dk/skattelister>.

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## Appendix 1

### U.S. Companies with subsidiaries in Ireland included in Study

Name of Group	Name of Group	Name of Group
Abbott Laboratories	eBay	Macafee
Adobe Systems Inc	EMC	Microsoft
Amazon	Google	Medtronic
Analog	Hewlett-Packard	NCR
AOL	IBM	Oracle
Apple	Intel	Pfizer
BMC Software	Facebook	San Disk
Boston Scientific	Forest Laboratories	Symantec
Cisco	Linkedin	Synopsys
Dell	Gilead Sciences	Yahoo



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