

APPLE ACCUSED OF USING LEGAL LOOPHOLE TO AVOID PAYING BILLIONS IN TAXES



Apple has been accused of avoiding paying taxes by manipulating rules that help it circumvent paying California's 8.4 percent state income tax on gains. Its modus operandi is that it has opened an office in Reno, Nevada, a mere 200 miles from its California headquarters. It collects and parks its profits here and thereby escapes the 8.4 percent tax laws prevailing in California as its Reno office does not fall under the California jurisdiction. Apple executives told Times, which published Apple's response to the allegations, that the Reno office and other offices in low-tax places were legal methods that the company was using to lessen its tax burden. The executives who had helped formed these strategies said, "Apple had "devised corporate strategies that take advantage of gaps in the tax code." Charles Duhigg and David Kocieniewski in their report have exposed that by "Setting up an office in Reno is just one of many legal methods Apple uses to reduce its worldwide tax bill by billions of dollars each year. As it has in Nevada, Apple has created subsidiaries in low-tax places like Ireland, the Netherlands, Luxembourg, and the British Virgin Islands — some little more than a letterbox or an anonymous office — that help cut the taxes it pays around the world." Reports of the company using similar methods to avoid paying taxes have come from other places across the globe that has helped Apple evade paying tax to the tune of billions of dollars. Apple answering the allegations said that they had created an "incredible number of jobs" and that a majority of their 47,000 employees work within the country. Earlier this year, an independent report from TechNet had revealed that Apple had created nearly 50,000 jobs in the country in just 4 years. It released a statement saying, "By focusing on innovation, we've created entirely new products and industries, and more than 500,000 jobs for U.S. workers — from the people who create components for our products to the people who deliver them to our customers. Apple's international growth is creating jobs domestically since we oversee most of our operations from California." In response to allegations of tax-evasions it said that it paid "enormous amounts" to various governments. In the first half of the year it has generated almost \$5 billion in federal and state income taxes. The company also went on to discuss its taxes, revealing that it pays an "enormous amount" to various governments. In the first half of its fiscal year 2012, Apple says it generated almost \$5 billion in federal and state income taxes, "including income taxes withheld on employee stock gains." The company revealed the philanthropic side of its activities, which they say, they prefer to keep under wraps, saying, "We have contributed to many charitable causes but have never sought publicity for doing so. Our focus has been on doing the right thing, not getting credit for it. In 2011, we dramatically expanded the number of deserving organizations we support by initiating a matching gift program for our employees." In conclusion, the company reiterated that "Apple has conducted all of its business with the highest of ethical standards, complying with applicable laws and accounting rules. We are incredibly proud of all of Apple's contributions."