

## Caplin & Drysdale Attorneys Featured in Newsweek: How Google and Apple Make Their Taxes Disappear

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*Newsweek*

Caplin & Drysdale's H. David Rosenbloom was featured in *Newsweek* regarding practices used by multinational companies to shift profits into tax havens. For the complete article, please visit *Newsweek's* website.

*Excerpt taken from the article.*

European politicians know their constituents are angry that Google and other big companies get an almost tax-free ride. On December 3, George Osborne, Britain's chancellor of the exchequer, told Parliament that a bill would be introduced to stop companies from funneling untaxed profits to those havens. "That's not fair to other British firms," he said. "It's not fair to the British people either. Today we're putting a stop to it."

He announced that Parliament will be asked to offer companies a choice between a 25 percent tax on "profits generated by multinationals from economic activity here" and a 21 percent tax on profits kept in the country. The hope is that companies will pay the 21 percent tax and reinvest the profits in Britain rather than pay the higher tax.

That sounds smart and fair, but it probably won't work because (1) expensive tax lawyers and accounting firms continually devise ever more clever techniques to shift profits to tax havens, and (2) many European governments, as well as the U.S., are complicit in these strategies. "To anyone with even a modicum of knowledge about the world of international taxation, the European Union's recent discovery of tax avoidance in its midst is—there is no better word—farcical," says a prominent international tax lawyer, H. David Rosenbloom of Caplin & Drysdale. "It has been obvious for decades that certain E.U. countries have adopted national policies of luring investments, and therefore jobs, by handing out unprincipled and non-transparent tax benefits," he says. "Luxembourg and Ireland are the principal offenders, but the Netherlands has also done some squirrely things over the years, and the United Kingdom and Belgium are in no position to throw stones."

Rosenbloom says it's "a mystery why any well-advised company" reports profits in any European country with high taxes, because using tax avoidance rules in these countries "combined with some pretty mindless decisions of the European Court of Justice should allow pretty much anyone to reduce tax to a very low number."

### **Attorneys**

H. David Rosenbloom

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