



# European Commission Opinion of August 30, 2016

## Investor FAQ

### **Is the outcome of the European Commission's decision final?**

No. Both Apple and Ireland plan to appeal the decision and we are confident that it will be overturned by the courts of the European Union.

### **How does this decision impact Apple's near-term financial results? Will you take a tax charge? Does this alter your previous guidance?**

We do not expect any near-term impact on our financial results nor a restatement of previous results from this decision. We have previously accrued U.S. taxes related to the income in question. The tax rate guidance for Apple's fourth fiscal quarter that we provided on July 26, 2016 does not change as a result of this decision.

### **What impact will this have on your tax rate going forward?**

We do not currently expect this decision to have an impact on our tax rate going forward.

### **How will this decision impact your cash balance and when?**

Our cash balance will not change as a result of this decision, but we anticipate we will place some amount of cash in an escrow account. At this point we do not know the size of the escrow amount, but we expect that it will be reported as restricted cash on Apple's balance sheet.

### **How long is the appeals process likely to take?**

While we desire a resolution as soon as possible, the process is likely to take several years.

**The European Commission states that Apple paid an effective tax rate of .005% on the profits of one of its Irish entities in 2014. Is this accurate?**

Absolutely not. The number quoted by the European Commission is extremely misleading and deceptive.

We paid \$400 million in corporate income taxes in Ireland in 2014 — considerably more than the Commission's figure suggests. We were certainly one of the largest corporate taxpayers in Ireland that year, if not the largest.

In addition, we paid \$400 million of current U.S. taxes on those profits, bringing total current taxes paid to \$800 million.

Most importantly, the Commission completely ignores the fact that the vast majority of those profits was subject to U.S. taxation. Apple also accrued several billion dollars in U.S. deferred taxes on those profits earned in 2014. Our global corporate income tax rate that year was 26.1%.

Updated September 1, 2016