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Apple blames taxes for overseas cash

By: [David Saleh Rauf](#)

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Apple is planning to spend an estimated \$45 billion of its cash reserves in the next three years, as part of a program the company announced Monday that includes the first dividend for shareholders since 1995.

But not one penny of that is slated to come from the roughly \$64 billion the company has stashed overseas. That's because Apple, like other corporations, is loath to pay the heavy tax hit for repatriating that money.

"We do not want to incur the **tax cost** to repatriate the foreign cash at this time," Apple Chief Financial Officer Peter Oppenheimer told investors and analysts during a conference call Monday.

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Along with Google and Microsoft, Apple is among a bevy of tech giants pushing for a tax holiday on more than \$1 trillion in foreign profits.

The issue has been a hot topic on the Hill. A bill on the subject by Texas Republican Kevin Brady has 109 co-sponsors. But critics say repatriation is a bad tax policy that rewards the biggest U.S. multinational firms for not paying their fair share of taxes.

The Obama administration has said it would support a tax holiday on foreign earnings only as part of a broader overhaul of the tax code. But Obama's tax reform blueprint, rolled out last month, shunned the idea. It's an issue that's sure to come up again as tax reform discussions heat up on Capitol Hill.

But it's not a topic that Apple executives tackle publicly very often. Monday's conference call to announce the plan provided a platform to get a message across to lawmakers.

During the conference call, Oppenheimer described the 35 percent corporate tax rate companies pay when bringing foreign profits home as an "economic disincentive."

"We have expressed our view with Congress and the administration," he said.

Apple is sitting on a total of nearly \$98 billion, according to regulatory filings. The bulk is held by foreign subsidiaries that are not subject to U.S. taxes. Oppenheimer did not elaborate on how the company plans to spend overseas money.

Apple CEO Tim Cook announced that the company would pay a quarterly dividend of \$2.65 per share and start a \$10 billion share buyback program.

The dividend program is expected to cost Apple about \$10 billion annually and will start in the fourth quarter, the company said. And the share buyback program is slated to begin in September and stretch over the course of three years.

"Even with these investments," Cook said, "we can maintain a war chest for strategic opportunities and have plenty of cash to run our business."

Cook also stressed that domestic cash was targeted to fuel the dividend and buyback program because of the "tax consequences of repatriating foreign cash."

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