

Senate 2013) and in Europe it is about 7% (Eurostat 2014). Yet despite its important role, the practicality and enforceability of corporate tax is challenged by globalization and 55% of all the foreign profits of US firms are now kept in tax havens such as Ireland, Luxembourg and Switzerland. In fact, MNCs have amassed \$2.6tn in profits in such states (Zucman 2014). I explain how the international tax system creates opportunities for profit-shifting, how the political economy of small states like Ireland are geared up to facilitate this, and why.

Essentially, Ireland behaves like a typical tax haven in that it undercuts the tax rates of larger states to attract Foreign Direct Investment (FDI) from MNCs like Apple. This relationship helped transform Ireland into one of the richest per-capita economies in the world and Apple into one of the largest companies in the world. I examine how Apple avoided tax, the extent to which they avoided tax, and their financial versus moral motivations for doing so. However, these insights generalize to many MNCs operating out of states like Ireland, and US tech firms in particular. By 2017 Apple had worldwide net sales of \$229bn, net income of \$48bn and held \$285bn in cash and cash equivalents on its balance sheet. This ‘cash mountain’ has been widely publicized, corresponds substantially to the profits of Apple’s foreign subsidiaries, and drew attention from US and European authorities. Following US Senate and EC investigations into Apple’s tax structures in Ireland in 2013, Ireland was accused of having granted special deals to Apple (which both Ireland and Apple strongly refute) that helped Apple avoid corporate tax on almost all profits generated in the EU for nearly a quarter of a century. The EC concluded in 2016 that the deals had breached EU state aid rules and ordered Apple to pay €13bn in back-taxes to Ireland (European Commission 2014); a ruling that both Apple and Ireland contested.

But herein lies the puzzle in paper *four*: Why is Ireland intent on fighting an EC ruling that grants it billions of euros in back-taxes? My analysis shows that it was because Ireland’s government wanted to protect its economic model of attracting