

## 26 Winding up of the Ireland Apple escrow fund

- 26.1** The Ireland Apple escrow fund was a substantial fund held under the terms of a formal escrow framework deed.<sup>1</sup> The agreement was between the Minister for Finance (the Minister) and Apple Sales International Limited (ASI) and Apple Operations International Limited (jointly referred to hereafter as 'Apple').<sup>2</sup> The fund was set up pending the final outcome of legal challenges to the findings of a State aid investigation undertaken by the European Commission (the Commission).
- 26.2** The investment and management of the fund were jointly overseen by the Minister and Apple. The Minister delegated functions in that regard to the National Treasury Management Agency (NTMA).
- 26.3** The escrow fund was dissolved with effect from 13 May 2025. This report outlines the process involved in winding up the fund, and the disbursement of the resources in the fund.

<sup>1</sup> The deed sets out the detailed legal agreement governing the collection of funds from ASI and Apple Operations Europe Limited (AOE), and any required releases from the escrow fund.

<sup>2</sup> In April 2023, Apple undertook an intragroup corporate reorganisation whereby AOE was absorbed by its Irish incorporated parent company, Apple Operations International Limited (AOI), under the relevant provisions of the Companies Act 2014. Pursuant to the merger, AOI assumed all of AOE's rights, obligations and liabilities.

<sup>3</sup> [Commission Decision on State Aid SA.38373 of 30 August 2016.](#)

<sup>4</sup> [Article 9, Chapter V of the Commission Regulation \(EC\) No 794/2004 of 21 April 2004.](#) The Apple case is the largest State aid recovery ever ordered.

<sup>5</sup> Amounts in this report have been rounded.

<sup>6</sup> [Commission v Ireland and Apple Judgment 10 September 2024.](#)

### Origin of the escrow fund

- 26.4** In June 2014, the Commission opened a formal investigation procedure into tax opinions issued to Apple by the Office of the Revenue Commissioners (Revenue) in 1991 and 2007. The investigation was focused on establishing whether these opinions conferred any advantage on Apple relative to its competitors, such that they constituted unlawful State aid.
- 26.5** In August 2016, the Commission issued its decision concluding that Ireland had given illegal State aid to Apple.<sup>3</sup> The Commission ordered Ireland to recover from Apple the alleged State aid, plus interest, related to a ten-year period from 2003 to 2014. Revenue computed that the alleged State aid to be collected by reference to the Commission's decision was €13.1 billion, plus interest on the State aid amount of €1.2 billion.<sup>4,5</sup>
- 26.6** The Irish Government and Apple separately appealed the Commission's decision and agreed to the recovered amounts being held in an escrow fund pending completion of the legal process. Placement of the recovered amounts in an escrow fund allowed the escrow parties (the Minister and Apple) to determine jointly how the funds were invested pending the final determination.
- 26.7** Apple transferred €14.3 billion into the escrow account in 2018.
- 26.8** The Court of Justice of the European Union issued its final judgment in the case in September 2024. In summary, the Court of Justice confirmed the Commission's 2016 decision that Ireland had granted Apple unlawful State aid, which it was required to recover.<sup>6</sup>

**26.9** The Court also ordered Ireland and Apple to bear their own costs in the legal proceedings, and to pay the costs incurred by the Commission. Fees of approximately €10.3 million were incurred relating to Ireland's legal costs, which included expert advice for the case as well as the costs associated with the recovery of the State aid plus interest.

### Performance of the escrow fund

**26.10** The financial statements of the escrow fund were prepared in accordance with International Financial Reporting Standards, as directed by the Minister. All financial assets of the escrow fund were valued in the financial statements at fair value, which is the quoted market value at the close of trading on the period-end date.

**26.11** The agreed investment principles and parameters for the escrow fund were set out in the investment policy. The objective of the investment policy was to preserve the capital value of the fund to the greatest extent possible in light of the prevailing market conditions. The agreed risk appetite in respect of the escrow fund was 'low', with investments permitted only in types of securities that have a low degree of inherent risk, such as highly-rated fixed income securities of short to medium-term duration.

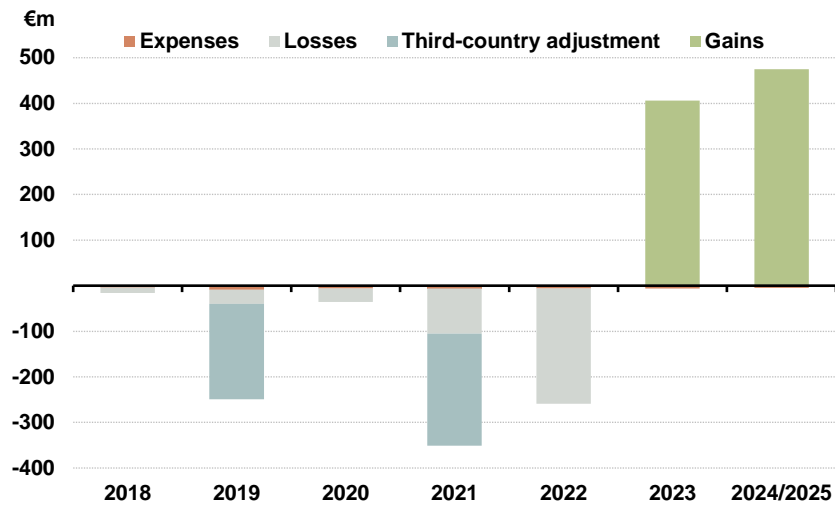
**26.12** In line with the investment policy, the escrow fund was invested in highly-rated euro-denominated fixed income securities or held as cash and cash equivalents. Fixed income securities include sovereign, quasi-sovereign and corporate bonds. Cash and cash equivalents include cash and other short-term investments (with maturities of three months or less).

**26.13** The value of the fund decreased each year from 2018 to 2022 inclusive (see Figure 26.1). This was due mainly to

- Third-country adjustments in 2019 and 2021 to the value of €455 million — these related to situations where Apple was required to pay taxes in another jurisdiction in respect of a portion of the profits subject to the State aid decision. The Minister determined the validity of the third-country adjustment applications made by Apple in accordance with the escrow framework deed. The third-country adjustments that took place were agreed with the Commission.
- Declines in the market value of securities. In the period 2018 to 2021, the fund lost a total of €172 million in value reflecting the negative interest rate environment and negative yields at that time. In 2022, the European Central Bank began increasing rates resulting in a decline in market value of €253 million as prices fell (and yields increased) across global fixed income markets.

**26.14** The net assets of the fund increased by €881 million in the period 2023 to 2025 due to the higher interest rate environment, with the increased income mainly due to reinvesting in assets at higher yields.

**26.15** The escrow fund incurred operating costs of €5 million from 1 January 2024 to the cessation date of 13 May 2025. These primarily relate to investment managers' fees and escrow agent/custodian fees. The operating costs over the life of the fund totalled €42 million.

**Figure 26.1 Movement in the fund's net assets — 2018 to 2025<sup>a</sup>**

Source: Financial Statements of the Ireland Apple Escrow Fund, 2018 to 2025

Note: a 2024/2025 figure relates to the period 1 January 2024 to 13 May 2025.

## Tax assessments

- 26.16** After the Court of Justice issued its final judgment in September 2024, Revenue issued individual corporation tax assessments on the Apple profits related to the accounting periods from 2003 to 2014. Regular meetings were held between Revenue, the Department of Finance, the NTMA and with Apple's advisers to coordinate the process of issuing the assessments and making transfers from the fund.
- 26.17** Tax assessments amounting to almost €11 billion were issued between October and December 2024. The remaining assessments to the value of €1.7 billion were issued in January 2025. In total, assessments to the value of €12.7 billion were issued.

## Dissolution of the escrow fund

- 26.18** The Department and the NTMA have stated that the transfers were completed under the mechanism prescribed in the escrow framework deed.
- 26.19** In anticipation of the final court decision and the consequent prompt dissolution of the fund, the assets in the fund were progressively transferred to cash and cash equivalents during 2024. In September 2024, total assets of €14.165 billion were held in the escrow fund, of which around 45% was invested in financial assets and 55% held in cash and cash equivalents.
- 26.20** Due to the maturity profile of the assets, the funds were withdrawn from the escrow account over a seven-month period between October 2024 and May 2025. The assessments issued by Revenue were settled as they were presented. The receipts were lodged to the Revenue account before being promptly transferred to the Central Fund of the Exchequer as corporation tax receipts.

- 26.21** Following the payment of fees and operational expenses, the balance of the fund (€1.567 billion) was transferred directly to the Central Fund of the Exchequer, as non-tax receipts. The transfer took place by means of a number of cash transfers in 2025, with the final transfer taking place on 9 May 2025.
- 26.22** Final accounts were prepared for the escrow fund covering the period 1 January 2024 to 13 May 2025 — the cessation date of the fund. The fund was closed with a zero balance with effect from 13 May 2025 (see Figure 26.2).

**Figure 26.2 Apple escrow fund 2018 – 2025**

Fund activity	€m	€m
Apple transfer into fund — tax	13,131	
Apple transfer into fund — interest	1,154	14,285
<i>Less</i>		
Third-country adjustments (withdrawals)		(455)
		13,830
<b>Tax assessments paid to Revenue</b>		(12,677)
Operating expenses (2018 – 2025)		(42)
Net changes in fair value of financial assets		456
<b>Available to be transferred to the Exchequer</b>		1,567
<b>Fund total as at 13 May 2025</b>		—

Source: Revenue Commissioners and National Treasury Management Agency