

Bono: controversial tax laws have brought Ireland the only prosperity it's ever known

This article is more than **5 years old**

U2 singer says capitalism and commerce play a vital role in lifting people out of poverty and that Ireland's tax policies benefit the country's economy

[Read the full exclusive interview with U2 here](#)

[Rupert Neate](#)

Sat 11 Oct 2014 19.05 EDT Last modified on Sat 2 Dec 2017 01.39 EST



The Edge, Larry Mullen, Adam Clayton and Bono of U2. Photograph: Joe Pugliese

From stadium-packing rock star to champion of the impoverished, [Bono](#) has fronted a band and causes that have endeared him to millions. But the U2 frontman is likely to alienate more people than he wins over with his latest rallying cry: backing Ireland's corporate tax regime.

In an interview with the *Observer*, the Irish singer says his country's tax policies have "brought our country the only prosperity we've known".

Bono said: "We are a tiny little country, we don't have scale, and our version of scale is to be innovative and to be clever, and tax competitiveness has brought our country the only prosperity we've known."

“That’s how we got these companies here ... We don’t have natural resources, we have to be able to attract people.”

Bono’s comments come as the European Union launches a crackdown [on the state aid that Ireland allegedly provides illegally to some US companies](#). Releasing preliminary details of an investigation last month, Brussels suggested deals between the Irish government and Apple “constitute state aid”. Both Ireland and Apple – which [teamed up with U2 last month to release the band’s latest album](#) – deny any wrongdoing.

Brussels is pressuring [Ireland](#) to end its highly controversial tax policies or face a full investigation, which could lead to multimillion-euro penalties.

The Double Irish loophole allows US companies, mostly in the technology and pharmaceutical sectors, to reduce their effective tax bill far below Ireland’s already generous 12.5% corporate tax rate by shifting most of their taxable income from an operating company in Ireland to another Irish-registered firm located in an offshore tax haven, such as Bermuda.

This controversial structure enables many US multinationals to avoid paying tax on their UK sales, by diverting them to the Irish Republic. Google, for example, made \$5.6bn (£3.4bn) of revenues in the UK last year, but paid corporation tax of just £20.4m. The UK’s corporation tax rate is 21%, but is being reduced to 20% next year.

The arrangement has allowed some American companies to pay an effective tax rate of just 2.2%, according to the 2011 reports of the Irish divisions of US companies to the US Bureau of Economic Analysis. But the Irish government disputes the figures.

Margrethe Vestager, the new EU competition commissioner, has vowed to make tackling multinational tax avoidance a high priority and described the Double Irish as “a very unfortunate arrangement”.

Bono, who has been nominated for the Nobel peace prize and [was given an honorary knighthood](#) by the Queen in 2007 in recognition of his work campaigning against extreme poverty, said business plays a vital role in alleviating poverty.

“As a person who’s spent nearly 30 years fighting to get people out of poverty, it was somewhat humbling to realise that commerce played a bigger job than development,” he said. “I’d say that’s my biggest transformation in 10 years: understanding the power of commerce to make or break lives, and that it cannot be given into as the dominating force in our lives.”

Bono, who describes himself as a “natural social democrat”, said Ireland had benefited from “more hospitals and firemen and teachers because of [our tax] policies”.

The Irish government did not respond to requests for comment from the *Observer* about Bono’s views.

However, Enda Kenny, Ireland's prime minister, last week described the low tax rate as a cornerstone of Irish industrial policy. "Ireland's package of tax, skills and the reputation for being business-friendly is a huge advantage that other countries will struggle to match," he said in a speech on Thursday night.

The Irish finance ministry said: "The state aid investigation currently under way relates to one company only [Apple]. Ireland has and will continue to cooperate with this investigation.

"This involves exchange of information and face-to-face meetings to discuss details of the investigation. General discussions on taxation do not form part of these discussions."

Bono has previously attracted controversy for the band's tax arrangements. In 2006 the band transferred the company that handles its publishing royalties from Ireland to the Netherlands to reduce its tax bill.

At the band's headline gig at the 2011 Glastonbury festival, a small lobby of audience members waved banners protesting about the issue. U2's guitarist, the Edge, said: "Was it totally fair? Probably not. The perception is a gross distortion. We do pay a lot of tax. But if I was them I probably would have done the same."

Speaking about U2's partnership with Apple to give away the band's latest album, [*Songs of Innocence*](#), free to half a billion iTunes users, Bono said: "We got paid. And this is about a company [Apple] that's fighting for musicians to be paid."

Many iTunes users were, however, incensed that the album had been automatically sent to their accounts and [Apple](#) was forced to release a tool enabling unhappy customers to delete it.

While the band's 13th studio album has attracted highly critical reviews, Bono said: "These songs, you could stamp on their head and kick them to the ground and they're still going to stay there."

Advertisement

Correction, 12 October 2014: This article was amended to correct an inaccurate implication that Bono was taking a position in relation to tax avoidance and multinational companies, and to correct the misrepresentation of a quote the Edge made about protest banners at the Glastonbury festival.

America faces an epic choice ...

... in the coming year, and the results will define the country for a generation. These are perilous times. Over the last three years, much of what the Guardian holds dear has been threatened – democracy, civility, truth.

Science and reason are in a battle with conjecture and instinct to determine public policy in this time of a pandemic. Partisanship and economic interests are playing their part, too. Meanwhile,

misinformation and falsehoods are routine. At a time like this, an independent news organisation that fights for data over dogma, and fact over fake, is not just optional. It is essential.

The Guardian has been significantly impacted by the pandemic. Like many other news organisations, we are facing an unprecedented collapse in advertising revenues. We rely to an ever greater extent on our readers, both for the moral force to continue doing journalism at a time like this and for the financial strength to facilitate that reporting.

We believe every one of us deserves equal access to fact-based news and analysis. We've decided to keep Guardian journalism free for all readers, regardless of where they live or what they can afford to pay. This is made possible thanks to the support we receive from readers across America in all 50 states.

As our business model comes under even greater pressure, we'd love your help so that we can carry on our essential work. **Support the Guardian from as little as \$1 - it only takes a minute. Thank you.**