U.S. Tax Agency Investigates Facebook's Ireland Asset Transfer

Reuters is reporting that the U.S. Internal Revenue Service said Facebook Inc. may have understated the value of intellectual property it transferred to Ireland by "billions of dollars," unfairly cutting its tax bill in the process, according to court papers.

A Justice Department lawsuit filed in federal court in San Francisco seeks to enforce IRS summonses served on Facebook and to force the company to produce various documents as part of the probe, report **Nate Raymond** and **Tom Bergin**.

"The tax authority is examining whether Facebook understated its U.S. income by selling rights to an Irish subsidiary too cheaply," according to the report. "Doing so could boost taxable profits in Ireland, which has a corporate tax rate of 12.5 percent, and reduce taxable income in the United States which has a rate of at least 35 percent."

Read the article.