

Introduction

Taxes play a necessary and important role in our society and Apple believes every corporation has a responsibility to pay all the taxes they owe. As the largest tax payer in the world we comply with the law wherever we operate and pay taxes on everything we earn around the world. In the last three years Apple has paid over \$33bn of corporate income taxes around the world. This does not include other very large amounts of taxes we pay such as sales tax, VAT, property taxes, and payroll taxes. Apple continues to support international corporate tax reform and a rationalized international tax system.

Apple is headquartered in Cupertino, California where the majority of our research and development takes place. Because our products and services are created, designed and engineered in the US, that's where we pay most of our tax.

In the UK, Apple's activities are principally related to sales and distribution of Apple products into the UK market, including through Apple-owned retail stores, and supporting sales and marketing in the European region, and we pay tax according to these activities.

Scope of Policy

The tax policy below applies to Apple (UK) Limited, Apple Retail UK Limited and Apple Europe Limited (referred to collectively as "Apple"). It has been published in accordance with Schedule 19 to the Finance Act 2016. The tax policy covers both direct and indirect taxes, including corporate tax, PAYE, VAT and Customs duties.

Apple has internal governance procedures set at the executive level by Apple Inc. and by other senior personnel throughout the Apple group. Through people, processes, controls and systems, Apple manages tax risks and compliance with tax laws. Where a tax risk is identified, Apple's governance procedures require (consistent with the Risk Management section below) its escalation and prompt notification to the appropriate senior personnel, including Apple Inc. executives.

Approach to Risk Management

Apple seeks to identify and address tax risks in respect of all UK taxes. Where a tax risk is identified, Apple's internal governance procedures require that those risks are promptly brought to the attention of the appropriate senior personnel, including Apple Inc. executives. In addition, Apple may seek to manage tax risks that are complex or uncertain by obtaining expert advice or by engaging directly with HMRC.

Apple works to ensure that its tax positions appropriately reflect the business activities it undertakes in the UK.

Apple does not accept any form of behaviour that facilitates the evasion of tax, whether in the UK or in any other jurisdiction. Apple is committed to ensuring that it has reasonable procedures in place at all times to prevent tax evasion by any one acting on its behalf.

Attitude Towards Planning and Level of Risk

When entering into transactions or making changes to its business, Apple assesses what it must do in order to remain compliant and takes appropriate steps to achieve this. The same approach is taken whenever new tax legislation is introduced or HMRC changes their policies. Where there is uncertainty or complexity in relation to the law or its application, expert advice

may be sought. If this is insufficient to achieve certainty or to address the complexity, Apple may engage directly with HMRC to better understand the application of the law and ensure compliance.

Apple's tax positions and reporting reflect the business activities undertaken in the UK. Apple does not enter into artificial or abusive arrangements in order to reduce its liability to UK taxes.

Relationship with HMRC

Apple seeks to have a constructive and cooperative relationship with HMRC. Apple has no pending tax litigation in the UK.