

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 one of the largest taxpayers in the world we comply with the law wherever we operate and pay taxes on everything we earn around the world.

Substantial changes to tax laws have taken place over the past few years, including OECD BEPS, EU tax directives, and US tax reform. These changes impact the taxation of US companies operating globally. Specifically, all of Apple's earnings, including those from sales made to customers outside of the US are subject to US minimum taxes. Over the last decade Apple paid over \$120 billion of corporate income tax on its total US domestic and international earnings.

Under the current international tax system and OECD transfer pricing principles, profits are taxed based on where the value generating those profits is created. For Apple, the activities that generate the vast majority of the value in our products occur in the US. We employ over 100,000 people there, and perform the vast majority of our research and development in the US, which is why the majority of Apple's corporate taxes are paid to the US.

In the UK, Apple employs 7,000 people and the company's activities are principally related to sales and distribution of Apple products into the UK market, making retail sales through Apple-owned stores, and supporting sales and marketing in the European region. We pay tax in the UK commensurate with the value of these UK-based activities.

Scope of Policy

The tax policy below applies to Apple (UK) Limited, Apple Retail UK Limited, Apple Europe Limited and other companies in the Apple group which are subject to UK tax (referred to collectively as "Apple"). It has been published in accordance with paragraph 22(2) of Schedule 19 to the Finance Act 2016 and relates to Apple's financial year ending on 24 September 2022. 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. Details of the Audit Committee oversight are provided in [Apple's 2022 Annual Proxy](#).

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, and we meet regularly with HMRC to discuss our business and operations.