



IBM United Kingdom UK Tax Strategy

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IBM is an Information Technology (IT) company that focuses on hybrid cloud and artificial intelligence (AI), today's most transformative technologies. IBM is headquartered in Armonk, New York, United States and operates in over 175 countries. The company originated in 1911 and has continually evolved over the past century to remain at the forefront of technological innovation.

IBM has a long history in the UK, having opened our first office in 1951, and has substantial local operations. Our hybrid cloud platform and AI technology support UK clients' digital transformations and helps them reimagine critical workflows, at scale, and modernize applications to increase agility, drive innovation and create operational efficiencies. Our offerings draw from leading IBM capabilities in software, consulting services capability to deliver business outcomes, and deep incumbency in mission-critical infrastructure, all bolstered by one of the world's leading research organizations.

Introduction to IBM UK's Tax Strategy

IBM UK conducts its tax affairs in accordance with IBM's Tax Governance Policy, that guides all tax-related decisions across the business, including corporation tax, VAT, employment taxes, and other relevant obligations. IBM's governance framework includes the following core objectives:

- Comply with all relevant laws, regulations and reporting and disclosure requirements;
- Maintain an open relationship with the tax authorities based on collaboration and integrity;
- Apply diligence and care in the management of the processes and procedures by which all tax related activities are undertaken, and ensure that appropriate tax governance procedures are in place;
- Maintain a governance framework consistent with IBM's broader corporate governance policies.

This tax strategy applies to all IBM UK group entities, is reviewed annually by the Board, and is updated as necessary to reflect changes in business operations, legislation, or HMRC guidance.

Approach to Risk Management and Governance in Relation to UK Taxation

IBM UK believes that it is important to pay the correct amount of tax at the right time, under all relevant laws and regulations. IBM's transfer pricing complies with the OECD Transfer Pricing Guidelines, has remained consistent for many years and is applied globally across the IBM group. We operate an effective tax control framework to identify key tax risks and to manage those risks through appropriately designed and operated controls, policies and processes. Where the law is uncertain IBM UK routinely seeks advice from independent external tax advisors.

IBM UK is committed to aligning with HMRC's evolving expectations around digital compliance and governance. We continue to enhance our tax processes through automation and data-driven technologies to support real-time compliance.



Level of Risk in Relation to UK Taxation

We aim for certainty on the tax positions we adopt, so diligent professional care and judgement is employed to assess tax risks arising from our commercial operations. We employ experienced tax professionals and where there is any uncertainty as to the application or interpretation of tax law, we seek assurance in support of the decision-making process including, where appropriate, external professional guidance and advance clearance from HMRC.

Approach to tax planning

IBM UK considers the tax implications of all significant business decisions and ensures that its tax strategy informs the evaluation of tax outcomes. IBM UK is committed to paying the correct amount of tax at the right time and engages in prudent tax planning to optimize its tax position, making use of available incentives and reliefs in a manner consistent with the intent of the legislation.

Approach to dealings with HM Revenue & Customs (HMRC)

IBM UK aims to maintain an open and collaborative relationship with HMRC and, through the Customer Compliance Management programme, seeks to provide HMRC with regular business updates.

IBM seeks to make fair, accurate and timely disclosures in correspondence and returns, and endeavours to respond to queries and information requests in a timely fashion. Where appropriate, we look to obtain advance clearance from HMRC through the relevant clearance programmes.

This tax strategy was approved by the Board of IBM United Kingdom Limited on 17 September 2025, on behalf of all its UK entities of the IBM group headed by International Business Machines Corporation, in accordance with paragraph 16(2) of Schedule 19 to the Finance Act 2016.