



# **IBM United Kingdom - UK Tax Strategy**

## **Financial year ending 31 December 2017**

Publication date: December 2017

IBM is a multinational technology company headquartered in Armonk, New York, United States with operations in over 170 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. IBM UK has brought IBM's global capabilities in data and analytics, cloud, mobile, social and security to our clients in the UK. The world of technology is undergoing a digital revolution and IBM is empowering our clients to gather and analyse data and information in ways that have never been possible before—helping UK organisations unlock new insights and usher in a new era of cognitive business.

### **Introduction to IBM UK's Tax Strategy**

IBM UK has substantial local operations and presence in the UK. IBM UK is committed to conduct its tax affairs in accordance with the following 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;
- Use available incentives and reliefs while ensuring that these reliefs are not used for purposes which are knowingly contradictory to the intent of the legislation.

### **Risk management and governance**

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 transfer pricing complies with the OECD Transfer Pricing Guidelines and has remained consistent for many years and IBM's transfer pricing regime 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.

### **Level of acceptable tax risk**

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. 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 available, advance clearance from HMRC.



### **Attitude to tax planning**

IBM UK will consider different tax outcomes when considering how to undertake commercially motivated transactions, but does not participate in aggressive tax planning for the purposes of tax avoidance or engage in tax schemes that go against the intention of the legislative authority.

### **Approach towards dealings with HM Revenue & Customs (HMRC)**

IBM UK is committed to the maintenance of an open and collaborative relationship with HMRC and, through the Customer Relationship Management programme, provides HMRC with regular business updates.

We are also committed to making fair, accurate and timely disclosure in correspondence and returns and responding to queries and information requests in a timely fashion. Where available, we will seek advance clearance from HMRC through the relevant clearance programmes.

In accordance with paragraph 16(2) of Schedule 19 of the Finance Act 2016, this document was approved and signed by the Board of IBM United Kingdom Limited on behalf of all UK entities of the IBM group headed by IBM Corporation on 7 December 2017.