

13 May 2015

Dr Kathleen Dermody
Committee Secretary
Senate Standing Committees on Economics
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Ms Dermody

Senate: Economics References Committee - Apple – Additional questions on notice

Apple Australia's responses are set out below. In preparing these responses, Apple Australia has referred to its corporate and tax filings and other information available to it. We also refer to our submission to the Committee in February, Mr King's evidence to the Inquiry and our responses to the questions taken on notice.

1. In relation to the \$4,967 million paid to affiliates for Apple products in the 2014 financial year, how much profit was made on the sale of those products?

Apple Australia understands that Apple Inc does not track the profitability of products on a by country basis, but notes that for the 2014 financial year, Apple Inc's 10K disclosed that its total consolidated operating income was 28.7% of sales.

Apple Australia is not aware of the profit made by other entities on the sale of products to Apple Australia. Apple Australia's pre tax profit for the 2014 financial year was \$252m. As set out in our response to the questions on notice, Apple Australia's profit was not derived on a per unit basis but rather on a whole-of-entity basis. We refer to our response to the questions taken on notice for further information in relation to the approach adopted.

2. Is Apple Australia's cost of buying goods from foreign affiliates higher than the price paid by all other countries around the world globally? Please answer yes or no.

No, Apple Australia's cost of buying goods from foreign affiliates was not higher than the price paid by all other countries around the world globally. Please refer to our response to the questions taken on notice for further information.

3. Please provide the following information for the past two financial years for your Australian based consolidated groups.

- Total revenue
- Total pre-tax profit
- Total company tax paid
- Total payroll tax paid
- Total income tax paid
- Total Fringe Benefits tax paid.

Please see attached our response to question 3.

4. Please provide the following related party transaction information for the past two financial years, which has involved any of your Australian based consolidated groups.

- The total related party transaction amounts.
- The number of related party transactions
- What entities they are being paid to and the location of these entities
- What is the nature of the product/service that is being sold between related parties.

Please see attached our responses to question 4.

We trust these explanations are of assistance to the Committee in considering the evidence heard at the Inquiry.

Very truly yours,

Ann Rollins
Director, Government Affairs

Apple Pty Ltd

Senate Economics Committee additional questions of 3 May 2015

Response to question 3

	FY14	FY13
<i>Amounts rounded to nearest '000s:</i>		
a) Total Revenue (\$AUD)	6,072,925,000	6,102,562,000
b) Total pre-tax profit (\$AUD)	251,893,000	88,501,000
c) Total Company tax paid *	Refer (e)	Refer (e)
d) Total Payroll tax paid (\$AUD)	12,225,000	10,798,000
e) Total income tax paid (\$AUD)	74,209,000	72,064,000
f) Total fringe benefits tax paid (\$AUD)	1,240,000	1,059,000

** We understand "Company tax paid" is equivalent to "total income tax paid"*

RESPONSE TO QUESTION 4, SENATES ECONOMICS COMMITTEE ADDITIONAL QUESTIONS OF 3 MAY 2015
APPLE PTY LTD (APL, CONSOLIDATED GROUP), FY2013

Related Party Transactions (in AUD)

Related Party Transaction	Country Location	Entity Name	Purchase/Expenditure	Sales/Revenue
1. Purchase of Apple Products and Third Party Accessories	Hong Kong	Apple Asia Limited	424,471	
	USA	Apple Inc	3,077,058	
	Ireland	Apple Sales International	629,433	
	Singapore	Apple South Asia Pte Ltd	5,042,902,741	
	Japan	Apple Japan, Inc	2,833,840	
	Total		5,049,867,543	
2. Sales of Apple Products and Third Party Accessories	Hong Kong	Apple Asia Limited		47,852
	USA	Apple Inc		1,210,478
	Ireland	Apple Sales International		149,307
	Singapore	Apple South Asia Pte Ltd		8,522,051
	Japan	Apple Japan, Inc		609,733
	Total			10,539,421
3. Receipt of Support and Administrative Services	USA	Apple Inc	46,364,910	
	Total		46,364,910	
4. Provision of R&D Services (eg testing and localisation)	USA	Apple Inc		4,435,155
	Total			4,435,155
5. Provision of Support and Administrative Services	Singapore	Apple South Asia Pte Ltd		34,835,372
	Total			34,835,372
6. Reimbursement of Miscellaneous Costs to APL by Other Group Entities	USA	Apple Inc		6,208,211
	Singapore	Apple South Asia Pte Ltd		4,371,964
	Japan	Apple Japan, Inc		128,232
	Total			10,708,407
7. Reimbursement of Miscellaneous Cost by APL to Other Group Entities	Hong Kong	Apple Asia Limited	1,812	
	USA	Apple Inc	9,959,437	
	Ireland	Apple Sales International	581,723	
	Total		10,542,972	
Total of Above			5,106,775,425	60,518,355

RESPONSE TO QUESTION 4, SENATES ECONOMICS COMMITTEE ADDITIONAL QUESTIONS OF 3 MAY 2015
APPLE PTY LTD (APL, CONSOLIDATED GROUP), FY2014

Related Party Transactions (AUD)

Related Party Transaction	Country Location	Entity Name	Purchase/Expenditure	Sales/Revenue
1. Purchase of Apple Products and Third Party Accessories	Hong Kong	Apple Asia Limited	709,571	
	USA	Apple Inc	4,181,206	
	Ireland	Apple Sales International	255,779	
	Singapore	Apple South Asia Pte Ltd	4,966,598,491	
	Japan	Apple Japan, Inc	1,483,393	
	Total		4,973,228,440	
2. Sales of Apple Products and Third Party Accessories	Hong Kong	Apple Asia Limited		953,959
	USA	Apple Inc		8,307,308
	Ireland	Apple Sales International		3,025,526
	Singapore	Apple South Asia Pte Ltd		3,707,706
	Japan	Apple Japan, Inc		1,421,339
	Total			17,415,839
3. Receipt of Support and Administrative Services	USA	Apple Inc	59,592,859	
	Total		59,592,859	
4. Provision of R&D Services (eg testing and localisation)	USA	Apple Inc		5,595,642
	Total			5,595,642
5. Provision of Support and Administrative services	Singapore	Apple South Asia Pte Ltd		53,147,022
	Total			53,147,022
6. Reimbursement of Miscellaneous Costs to APL by other Group Entities	USA	Apple Inc		9,963,564
	Singapore	Apple South Asia Pte Ltd		3,366,005
	Japan	Apple Japan, Inc		118,002
	Total			13,447,571
7. Reimbursement of Miscellaneous Costs by APL to other Group Entities	USA	Apple Inc	11,410,956	
	Ireland	Apple Sales International	184,375	
	Total		11,595,331	
Total of Above			5,044,416,629	89,606,074