

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 USA Ireland Singapore Japan Total	Apple Asia Limited Apple Inc Apple Sales International Apple South Asia Pte Ltd Apple Japan, Inc	424,471 3,077,058 629,433 5,042,902,741 2,833,840 5,049,867,543	
2. Sales of Apple Products and Third Party Accessories	Hong Kong USA Ireland Singapore Japan Total	Apple Asia Limited Apple Inc Apple Sales International Apple South Asia Pte Ltd Apple Japan, Inc		47,852 1,210,478 149,307 8,522,051 609,733 10,539,421
3. Receipt of Support and Administrative Services	USA Total	Apple Inc	46,364,910 46,364,910	
4. Provision of R&D Services (eg testing and localisation)	USA Total	Apple Inc		4,435,155 4,435,155
5. Provision of Support and Administrative Services	Singapore Total	Apple South Asia Pte Ltd		34,835,372 34,835,372
6. Reimbursement of Miscellaneous Costs to APL by Other Group Entities	USA Singapore Japan Total	Apple Inc Apple South Asia Pte Ltd Apple Japan, Inc		6,208,211 4,371,964 128,232 10,708,407
7. Reimbursement of Miscellaneous Cost by APL to Other Group Entities	Hong Kong USA Ireland Total	Apple Asia Limited Apple Inc Apple Sales International	1,812 9,959,437 581,723 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 USA Ireland Singapore Japan Total	Apple Asia Limited Apple Inc Apple Sales International Apple South Asia Pte Ltd Apple Japan, Inc	709,571 4,181,206 255,779 4,966,598,491 1,483,393 4,973,228,440	
2. Sales of Apple Products and Third Party Accessories	Hong Kong USA Ireland Singapore Japan Total	Apple Asia Limited Apple Inc Apple Sales International Apple South Asia Pte Ltd Apple Japan, Inc		953,959 8,307,308 3,025,526 3,707,706 1,421,339 17,415,839
3. Receipt of Support and Administrative Services	USA Total	Apple Inc	59,592,859 59,592,859	
4. Provision of R&D Services (eg testing and localisation)	USA Total	Apple Inc		5,595,642 5,595,642
5. Provision of Support and Administrative services	Singapore Total	Apple South Asia Pte Ltd		53,147,022 53,147,022
6. Reimbursement of Miscellaneous Costs to APL by other Group Entities	USA Singapore Japan Total	Apple Inc Apple South Asia Pte Ltd Apple Japan, Inc		9,963,564 3,366,005 118,002 13,447,571
7. Reimbursement of Miscellaneous Costs by APL to other Group Entities	USA Ireland Total	Apple Inc Apple Sales International	11,410,956 184,375 11,595,331	
Total of Above			5,044,416,629	89,606,074