

22 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

Please find below the response of Apple Pty Limited (Apple Australia) to the letter of 15 May 2015 from Committee Chair Sam Dastyari.

Apple does not see any inconsistency between the evidence presented to the Committee and that of Australian Tax Office (ATO) Commissioner Chris Jordan.

In particular, we have confirmed in our evidence and submissions that we are under audit by the ATO and that the key cross border tax issue is the price Apple Australia pays its affiliates for Apple products. We have also confirmed that all of our revenue from the sale of products is recognised in Australia and it is our position that we earn an arm's length profit margin that takes into account the price paid for those products. We have also outlined that the arm's length profit margin adopted by Apple Australia is the same profit margin adopted in the Advance Pricing Agreement (APA) which operated for many years with the ATO.

Apple Australia confirms that this matter is under audit by the ATO, and that audit is ongoing. That audit does not affect Apple Australia's position, as set out above and detailed further in our previous evidence and submissions to the Inquiry.

Very truly yours,

Ann Rollins
Director, Government Affairs