

Netflix UK Tax Strategy

This tax strategy statement is published in compliance with the statutory obligation under Schedule 19 of the UK Finance Act 2016 for the Netflix group of companies (“Netflix”), for the financial year ending December 31, 2018. The tax representative company in the UK is Netflix Services UK Limited (“Netflix UK”), The following statement sets out the UK tax strategy for Netflix’s UK subsidiaries and operations.

Background

Founded in 1997, Netflix is the world’s leading internet entertainment service and a pioneer in the internet delivery of TV series, documentaries and feature films. Netflix began streaming internationally (i.e. outside of the United States) in 2010 and in the United Kingdom in 2012. In the UK, Netflix UK pays corporate income tax and other taxes arising from the provision of marketing services and the employment of UK-based employees. In addition, Netflix remits VAT arising from the provision of its internet entertainment service to UK consumers. Netflix also invests directly in the UK entertainment ecosystem. This includes the creation of original content, co-productions with UK broadcasters and licensing UK content for Netflix’s global audience.

Tax Planning

Netflix undertakes tax planning in a manner that is aligned with the company’s overall business strategy and in compliance with all relevant tax laws. A primary factor in making business decisions concerns the provision and maintenance of the Netflix service to subscribers. Tax considerations are secondary and reasonably based on commercial operations and economic substance. Where appropriate, Netflix utilises government-sponsored tax incentives or opportunities for obtaining tax efficiencies. Transactions between Netflix group companies are conducted on an arm’s-length basis and in accordance with relevant law and relevant OECD principles.

Tax Governance and Risk Management

Netflix recognises that risks may arise in relation to the interpretation of increasingly complex tax laws. Netflix continuously identifies, monitors, and manages tax risks to ensure compliance with all relevant tax laws and that its tax approach remains aligned with its business and operational objectives. The Netflix tax team implements the company’s approach to tax and is responsible for ensuring that appropriate procedures and controls are in place. The company’s approach to tax, as well as the evolving tax laws and associated risks, are reviewed by its Chief Financial Officer, General Counsel and other finance leaders as well as by a committee of the Board of Directors tasked with accounting and financial oversight. Where the tax uncertainty or complexity is significant, Netflix seeks professional advice from reputable external tax advisers.

Level of Tax Risk Accepted

Netflix seeks to identify, assess and manage tax risks and to account for them appropriately. Netflix has no rigid levels of acceptable tax risk other than those imposed by applicable law.

Relationship with HMRC

Netflix seeks to maintain an open and transparent relationship based on mutual respect with the HMRC and to work collaboratively with the HMRC to resolve disputes and to achieve early agreement and certainty.

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