

# Yamaha Group Tax Policy, published in compliance with §16(2) Schedule 19 of the UK Finance Act 2016

## **1. Basic policy**

The Yamaha Group pays appropriate taxes to fulfil our social responsibility as a corporation in accordance with the tax-related laws and regulations stipulated in each state and region, and international rules such as the OECD guideline on transfer pricing, etc.

## **2. Tax governance**

The Yamaha Group has established Group Tax Policies & Rules in order to achieve the basic policy, and disseminates tax-related Yamaha Group policies and procedures widely to the companies of the Yamaha Group and their employees for their thorough implementation.

## **3. Tax planning**

The Yamaha Group uses tax incentives in various countries where they are available for use in normal business activities and strives to take on proper tax burdens. In addition, the Yamaha Group does not engage in intentional tax planning that prioritizes keeping taxes to the minimum or acts that go against the legislative spirit of international and domestic laws.

## **4. Level of risk in relation to UK taxation that the group is prepared to accept**

The Yamaha Group takes a reasonable approach to managing tax affairs. The Yamaha Group will always comply with applicable tax laws and regulations in the countries in which it operates. When valuating a tax risk, the Yamaha Group considers corporate social responsibility as well as financial impacts. When making decisions on tax the Yamaha Group takes into account the materiality of any item as well as the costs of effective risk mitigation actions. There are no predefined limits of acceptable tax risk, it is judged on an issue by issue basis.

## **5. Transfer pricing**

The Yamaha Group strives to realize the fair profit allocation in accordance with the functions and risks of each Group company and to prevent the improper transfer of income.

The Yamaha Group sustains arm's length price through regular monitoring of the profits and losses of Group companies. In addition, the Yamaha Group strives for the implementation of Advanced Pricing Agreement (APA) with tax authorities to avoid the risk of retroactive transfer pricing taxation.

## **6. Relationships with tax authorities**

The Yamaha Group works to minimize tax risks by maintaining good professional relationships with the tax authorities of the regions where it conducts business and confirming matters in advance with the tax authorities as required.

## **7. Securement of transparency**

The Yamaha Group discloses information on its tax policy and taxes in accordance with the related laws and regulations, disclosure standards and accounting standards of each country. In addition, the Yamaha Group will strive to give explanations that are easy to understand to the tax authorities of the areas where it conducts business and will ensure transparency.

**Enactment: March 2019 for Fiscal Year 1.4.2018 – 31.3.2019**