



UK Tax Policy: Financial Year Ending 31 December 2018

This policy applies to Spotify Limited, Spotify Finance Limited and Sonalytic Limited, all of which are wholly owned subsidiaries of Spotify Tech S.A. (Luxembourg). Henceforth we will refer collectively to these companies as Spotify UK. While this document is specifically for the purposes of compliance with the UK Finance Act 2016, Schedule 19 part 2 and thus may differ in form, it does not diverge in substance from the views of the group. This document shall be amended and updated, as appropriate, in subsequent annual periods.

Commitment to compliance

Spotify UK is committed to adhering to UK tax law and complying with all related requirements of documentation, disclosure, filing and payment. The concept of compliance for us means paying the right amount of tax, in the right place, at the right time, and in doing so, contribute to an effective and fair taxation system.

Approach to risk management and governance arrangements

Spotify operates in an industry where rapid change and evolution are commonplace, and as a result there are a large number of risks encountered by the business, many being unique and without precedent. With specific regard to tax risk, there is a risk assessment control framework in place, that is reviewed and tested at regular intervals. This involves key members of the Spotify tax team, accounting team and internal controls team with overall oversight by the finance leads (executive). Through this mechanism, structured risks associated with compliance and reporting as well as positions relating anticipated future transactions, are assessed and managed appropriately.

For less structured tax related risks, such as within areas where new tax law is emerging, the Spotify tax team engages with both technical advisors and the relevant national taxation authorities to arrive at outcomes which minimise the tax risk while achieving the required commercial outcome.

Attitudes towards tax planning

The fundamental position of the company is to pay the right amount of tax, in the right place at the right time. There are complex issues involved in adhering to this ideal, and in these circumstances the company has engaged professional tax advisors to assist in assuring that appropriate obligations are met.

No structures of an artificial or contrived nature have been entered into and the company works within the BEPS framework to ensure the local and global tax footprint represents the relevant and appropriate compliance obligations in each jurisdiction.



Level of risk in relation to taxation that the business is prepared to accept

With specific regard to taxation risks, there is a low tolerance of risk in relation to compliance matters especially where proven and generally accepted principals of taxation are in place.

In areas without precedent or where new taxation law is being developed, the company holds the view that appropriate tax should be paid in the jurisdictions where value is created. The company works with taxation authorities and multinational bodies in order to develop flexible and dynamic taxation systems to keep pace with technological advancements whilst achieving principals of efficiency, effectiveness and fairness, with clarity and certainty for all stakeholders.

Approach towards dealing with HMRC (and other applicable tax authorities)

Spotify UK maintains an open working relationship with HMRC and engages with them in a manner of honesty and respect. We seek to further our relationship with a consultative approach which demonstrates our integrity as we work toward fair outcomes for all parties involved.