

# TCS' TAX STRATEGY

June 2022

## **INTRODUCTION**

Tata Consultancy Services (“TCS” or “We”) is an Information Technology (IT) services, consulting and business solutions provider that has been partnering with the world’s largest businesses in their transformation journeys for over 50 years. TCS offers a consulting-led, cognitive powered, integrated portfolio of business, technology and engineering services and solutions. It operates in 55 countries and delivers these services through its unique Location-Independent Agile delivery model, recognized as a benchmark of excellence in software development.

TCS' proactive stance on climate change and award-winning work with local communities across the world have earned it much goodwill and a place in leading sustainability indices such as the MSCI Global Sustainability Index and the FTSE4Good Emerging Index. Its community outreach programs seek to bridge the opportunity gap for people and communities, with a primary focus on education, skilling, employment, and entrepreneurship. Additionally, it supports community programs around basic health and wellness, water sanitation and hygiene, conservation, and disaster relief.

Besides these CSR initiatives, TCS contributes to the economic development of local communities by creating high quality, well-paying jobs that support the local economy and expand the tax base, and through the direct and indirect taxes that it pays to local and national governments.

This tax strategy document sets out TCS approach to managing its tax affairs and the risks associated with them. It is guided by our governance philosophy of upholding the highest standards of responsible corporate citizenship in the communities and countries that we operate in, while serving the interests of our customers, employees, partners, and other stakeholders, to protect our reputation and strengthen the TCS brand.

## **TCS TAX STRATEGY**

The TCS tax strategy, is as follows:

- We act in accordance with and seek to comply with relevant tax laws and obligations in all the jurisdictions we operate in and accordingly pay our fair share of taxes in respective countries.
- We have established robust tax risk management processes that enable the identification, assessment, management, and mitigation of key tax risks, along with accurate recording and reporting.
- We do not engage in tax evasion, nor planning that aims to achieve results that are contrary to the legislations.

- We believe in an open and constructive dialogue with tax authorities and seek to foster cooperative and trusted relationships.
- We support the principle of transparency and accordingly adequate disclosures are made in the financial statements to communicate appropriate information regarding our tax matters clearly to all stakeholders.

### **COMMITMENT TO COMPLIANCE**

TCS is committed to complying with statutory tax obligations in all the jurisdictions in which it operates in a responsible manner. This includes:

- Filing accurate, timely tax returns as well as settling any tax obligations as required
- Disclosure of relevant facts and circumstances to tax authorities.

### **TAX RISK MANAGEMENT AND GOVERNANCE**

TCS philosophy on corporate governance oversees business strategies and ensures fiscal accountability, ethical corporate behavior and fairness to all stakeholders comprising regulators, employees, customers, vendors, investors, and society at large.

Our tax risk management, governance, and controls include measures and tools to ensure that we can identify, assess, manage, and mitigate any operational reporting, financial reporting, and compliance tax risks in all the countries we operate in.

The tax strategy is regularly reviewed by the management to ensure that the people, processes, and technology deployed are appropriate to manage our current tax matters

TCS is committed to acting with integrity and transparency. TCS tax strategy and policies seek to make use of appropriate reliefs to control the tax costs. TCS transactions are driven basis commercial rationale and the company's economic activity and not for the main purpose of gaining a tax advantage.

We do not use artificial tax avoidance schemes or tax havens to reduce the tax liabilities or take an aggressive interpretation of tax legislations. We seek external tax advice in certain situations where we believe there is uncertainty with respect to the application of the tax laws, to ensure that we do not suffer any unforeseen or unreasonable tax outcomes.

### **CONSTRUCTIVE APPROACH TO ENGAGE WITH TAX AUTHORITIES**

TCS is committed to building open and collaborative relationships and to following a policy of transparency with tax authorities to remove uncertainty from its business transactions and to settle its tax affairs in a timely and fair manner.

Where the TCS considers that a significant risk or uncertainty exists, TCS seeks advance clearance from tax authorities on the proposed tax treatment of transactions, these offer an opportunity for early resolution and minimizing the risk of future disputes.

We proactively and constructively engage in dialogue with governments, intergovernmental organizations, and industry groups to support the development of tax systems that are fair, transparent, efficient, effective, administrable, and sustainable.

All dealings with the tax authorities and other relevant bodies are conducted in a collaborative, courteous, timely manner and in compliance with the Tata group's Tata Code of Conduct.