Taxation and our total economic contribution to public finances 2018

vodafone

vodafone

Taxation and our total economic contribution to public finances

This Report sets out our total contribution to public finances globally for 2018 – the financial year 1 April 2017 to 31 March 2018.

* This report covers the period to 31 March 2018. The Group revised its reporting segments on 1 October 2018 to reflect changes to its organisational structure. The Rest of the World region (previously AMAP – Africa, Middle East and Asia Pacific) comprises the Vodacom, Turkey and Other Markets operating segments.

CFO introduction

Acting with integrity in the creation and execution of our tax strategy, policies and practices is absolutely core to our approach to tax, as is our commitment to transparency. We disclose our financial contributions to governments at a country level, as we believe this is an important way to demonstrate that it is possible to achieve an effective balance between a company's responsibilities to society as a whole, through the payment of taxes (and other government revenue-raising mechanisms), and its obligations to its shareholders.

By publishing all the data contained in this Report, for every country in which we have a legal entity, and on an actual cash-paid basis (the money actually paid to governments in a given year), we aim to provide a detailed view of the contributions we make wherever we operate. Our approach also aims to remove the potential for ambiguity that can result from complex accounting treatments, while supporting and enhancing our other annual financial disclosures.

Companies need to demonstrate their commitment to wider society by, among other things, the payment of the taxes that are due, as governments rely on that income to fund the infrastructure that supports wider society. It is, therefore, in the interest of businesses to support the operation of fair, effective and predictable tax regimes that the public can trust and that meet governments' public financing needs. Increasing understanding of tax systems is also strongly in the interests of all parties.

We believe that it is in shareholders' interests that companies fully acknowledge their responsibilities to wider society, including the payment of all taxes due under effective tax regimes

This year, we have welcomed the debate on the taxation of the digital economy. While digitalisation can be transformative, the way in which some of these businesses operate and drive value provides a challenge to long-established tax systems. In reviewing these systems, governments need to identify a more equitable approach, one that results in digital businesses being taxed in a sustainable and transparent way (with profits taxed where value is created), an issue we discuss in more detail later.

As regular readers of this Report will know, our strategy, policy and principles in relation to tax have remained consistent for many years. This year, however, for the first time, and as a result of our determination to share relevant information with our stakeholders, we have included our OECD country-by-country (CbC) report, as submitted to HMRC in March 2018.

While the OECD does not require the external publication of this information and recommends that tax authorities limit their use of it to high-level risk assessments only, given the comprehensive nature of our public disclosures in this area and our long-standing commitment to transparency, we have no hesitation in sharing this information publicly. This year's Report also contains the summary provided to tax authorities to help them understand the CbC report, which shows how the parts of the Group work together to support our local operating companies with the delivery of products and services to our customers.

We continue to engage with many stakeholders, from NGOs, industry bodies and professional finance and accounting communities to policymakers and tax authorities, and welcome their perspective on the information and views contained in our latest Report.

Margherita Della Valle
Chief Financial Officer
Vodafone Group Plc

Data highlights 2018

Our business[1]

536 million
mobile customers[2]

122 million
4G customers[3]

19.7[4] million
fixed broadband customers

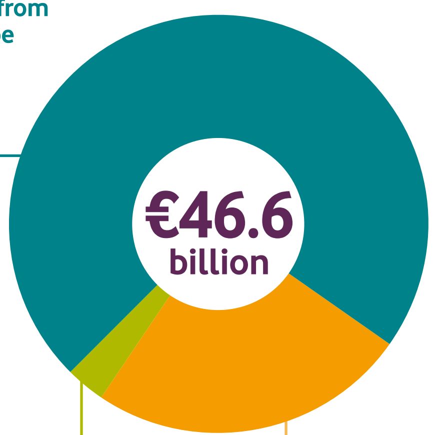
68 million
IoT connections

35 million
mobile money customers

104,000
employees[5]

Our revenue[1]

Vodafone's turnover was **€46.6 billion**, on which we made a profit before tax of €3.9 billion.



€33.9 billion
revenue from Europe

€1.2 billion
partner markets and common functions

€11.5 billion
revenue from Africa, Middle East and Asia-Pacific

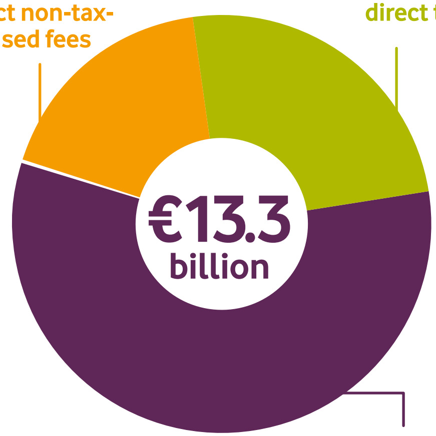
€14.7 billion
adjusted EBITDA

€3.9 billion
profit before tax

€7.3 billion
on capital expenditure

Our total economic contribution

In cash terms, we contributed more than **€13.3 billion** to public finances globally.



€2.4 billion
direct non-tax-based fees

€3.1 billion
direct taxes

€7.8 billion
indirect taxes

20.6%
adjusted effective tax rate

€1.1 billion
total corporate taxes paid

For more information, see our Annual Report 2018 and our Sustainable Business Report.

1 Figures taken from Vodafone Group Annual Report 2018
2 Including India, joint ventures (JVs) and associates
3 Includes Netherlands and India
4 Includes India, JVs and associates
5 This figure is for direct employees of Vodafone and does not include employees of our JVs and associates

Overview

In 2018, Vodafone's revenue was €46.6 billion, on which we made a profit before tax of €3.9 billion. We contributed – directly and indirectly – more than €13.3 billion to public finances worldwide, compared with €14.2 billion in 2017. The year-on-year decrease is as a result of fewer spectrum licence auctions taking place in that year.

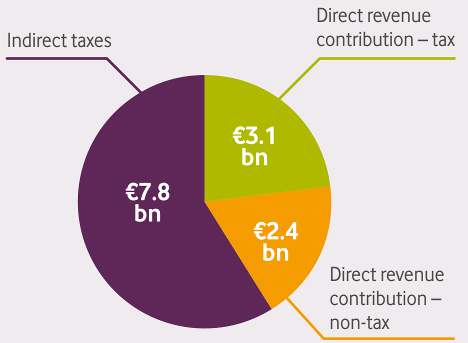
Specifically, we paid nearly €3.1 billion in direct taxes, including more than €1.4 billion in corporate income taxes, more than €2.4 billion via non-taxation based revenue mechanisms, such as payments for the right to use spectrum, and collected €7.8 billion of indirect taxes for governments around the world. We also invested €9.2 billion[6] in our network and services globally.

€13.3 billion total contribution to governments

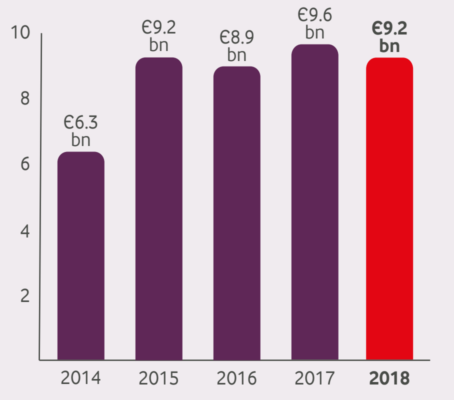
Across the Group as a whole, our adjusted effective tax rate (ETR) for the 2018 financial year was 20.6%, which is lower than in 2017 (25.4%) as a result of the closure of tax audits in Germany and Romania. When comparing our total profit before tax with our total corporate taxes paid in actual cash terms, our 'actual cash-paid' tax rate at 25.1% was higher than our adjusted ETR, (20.6%). We therefore pay €1 in corporate tax for every €4 we make in profit globally.

At a country level, our total contribution is broadly in line with last year in the majority of our markets, with some exceptions reflecting the absence of spectrum auctions. It also reflects local circumstances such as increased capital expenditure (and, therefore, capital allowances) or the effect of refunds of taxes overpaid in previous periods.

Total contributions to governments



Total capital expenditure[7]



[6] See reconciliation on page 75
[7] Includes India, JVs and associates

Corporate responsibilities and obligations

We are committed to acting with integrity, honesty and transparency in the creation and execution of our tax strategy, policies and practices.

In doing so, we are mindful that as a publicly listed company we have obligations to a very wide range of stakeholders, some of which may be in tension with each other. Companies are required to act in the interests of their shareholders. While this is by no means the only obligation, the board of a company has a duty to the individuals and institutions who have invested their funds in our business. For large public companies such as Vodafone, the majority of our shareholders are pension and long-term investment funds seeking to maximise investment returns for the benefit of millions of ordinary pensioners and savers. We also have more than 344,000 individual shareholders, many of whom rely on our dividends for income.

For any business, an increase in taxes paid equates to a reduction in the profit available to invest in future growth or in returns to shareholders. The interests of the individual pensioner, saver and shareholder could therefore be seen to be in conflict with the interests of an individual citizen. However, in our view, it is entirely possible to achieve an effective balance between a company's responsibilities to society as a whole, through the payment of taxes and other government revenue-raising mechanisms, and its obligations to its shareholders. We believe that it is strongly in all shareholders' interests that companies fully acknowledge their responsibilities to wider society, including the payment of all taxes due under effective tax regimes. We also recognise and value the benefits for society that arise from well-functioning taxation systems.

It is possible to achieve an effective balance between a company's responsibilities to society and its obligations to shareholders

However, it has become increasingly difficult in recent years to persuade the wider public that many companies can – and do – manage to balance their obligations in this way. Heightened public scrutiny of multinational companies' tax affairs and the use of artificial arrangements, such as aggressive and artificial tax avoidance schemes by some companies and individuals, continues to fuel this interest. Much of the national and international taxation systems are complex. Tax treatments (such as reliefs, exemptions and allowances) that are deliberate features of tax regimes to improve investment and support employment are sometimes reported as 'loopholes', with the result that the companies that use them find themselves unjustly singled out as tax avoiders.

Clarification on five areas of confusion

We produce this report with the aim of explaining what taxes we pay in each country, alongside the principles by which we operate and our views on various matters of significance to the payment of taxes, including clarifying some areas that are often a source of public confusion.

Corporation tax is around 25% of total taxes paid by the UK's largest 100 companies

1 Corporation tax is only one aspect of taxes paid by a company

Corporation tax is just one of numerous direct taxes paid to governments by companies. Over the last decade corporation tax only accounted for around 9%[8] of the total taxes paid to HMRC (the UK's tax authority), and in 2018, it was 26.5%[9] of the total taxes paid by the UK's largest 100 companies. As we set out in Appendix 4 on page 82, corporation tax is one of more than 85 different corporate taxes (many of which are specific to the telecoms sector) paid by Vodafone's businesses every year. While important, it is therefore incorrect to conclude that a company's corporation tax payments represent the total of its direct tax contributions to a government.

Revenues and corporation tax: an illustrative example

This is an illustrative example of a company with an annual revenue of €1 million that has borrowed money to invest in new equipment or premises and has relatively high operating costs. It demonstrates how a company's corporation tax liability may only be a small proportion of its revenue.

Total revenue	**€1,000,000**
Operating costs (e.g. costs relating to providing services, maintaining equipment, plant and premises and purchasing raw materials)	(€650,000)
Administration costs (e.g. staff, property costs)	(€100,000)
Annual deduction for capital expenditure	(€150,000)
Interest (i.e. relief on debt interest costs arising from borrowings to fund expansion)	(€75,000)
Profit before tax	€25,000
Corporation tax at 20% of profits	**€5,000**

2 Most corporate taxes are paid on profits, not on revenues

This approach is common to almost all countries. If a company makes little or no profit, it will generally pay less corporation tax as a consequence. Without such an approach, companies experiencing periods of low profitability would be faced with disproportionate tax demands and significant disincentives for investment.

In some markets, the payment of other taxes that are levied on revenue (together with the payment of non-taxation based contributions such as spectrum fees) can decrease the amount of profit a company makes and will, in turn, reduce their corporation tax liabilities. The telecommunications sector is very capital-intensive and also has high operating costs. For context, Vodafone made a total profit before tax (PBT) of €3.9 billion in 2018, based on a total revenue of €46.6 billion. It is therefore the PBT of €3.9 billion that determines many of the taxes we pay, not our revenue.

[8] HMRC Tax and NIC Receipts, Sep 2018
[9] PWC Total Tax Contributed Annual Survey

3 Taxation is local

Traditionally, taxes generally fall due where profits are generated, which should be aligned with where the economic activity takes place. The extent of those tax liabilities is therefore determined by the rules of the country in which the business activity in question is undertaken. It is therefore incorrect to assume that a multinational company's global profit before tax (€3.9 billion in Vodafone's case) is taxable in its country of domicile (the UK for Vodafone). Every country in which that multinational company operates will assess the appropriate tax liability due based on the profit generated from the company's business activities in that country and will raise a local tax demand accordingly.

Under some circumstances, this may mean that a multinational company faces being taxed twice on the same income (so-called 'double taxation', explained on page 9 of this Report).

We pay all taxes that are due under the law in each country in which we have a taxable presence. In 2018, those direct taxes paid amounted to a total of €3.1 billion globally in cash terms, which was slightly above the amount paid in 2017.

Profits made when digital companies have little or no physical local presence in a market, however, are not always captured under the current tax rules. This could mean profits are not taxed and creates a mismatch between local value creation and where taxes are paid. The profits are not necessarily taxed in the country of the user but in the country where the technology has been developed. This is currently the subject of much discussion at a local and global level and is a topic we discuss in more detail on page 11 of this Report.

4 Taxation is not the only route used by governments to raise revenue from businesses

Governments use other mechanisms to derive income from a company's activities, including a wide range of licensing regimes, revenue or production-sharing agreements and, for communications companies, radio spectrum fees and auction proceeds.

These additional sources of government revenue are often substantial – sometimes exceeding the monies raised through taxation – and represent a critically important contribution to public finances. It is therefore essential to take these government revenue-raising mechanisms into account when assessing the extent to which a company is playing its part in funding wider civil society.

In 2018, Vodafone contributed €2.4 billion in cash to governments in non-taxation based payments. This was €1.3 billion lower than the figure for 2017 due to fewer spectrum licence auctions in the year.

5 Governments use tax incentives to stimulate employment and investment

The private sector is the source of a large majority of all employment worldwide and – in many countries – much of capital investment in infrastructure. Governments seeking to encourage job creation and attract capital investment often develop taxation strategies that are designed to stimulate investment by companies. Those strategies include tax allowances for capital expenditure, exemptions from certain taxes and tax relief on the interest on debt raised to fund investment.

Many of these measures are approved by national parliaments as part of a government's overall fiscal stimulus programme. These are policy choices and not accidental loopholes. While they have the effect of reducing the tax liabilities due from companies that utilise them, the companies involved are investing in areas that support a government's policy objectives. The government intends these strategies to deliver an outcome with a net public benefit; the private sector provides investment where the state chooses not to and the government accepts lower tax receipts as a deliberate and understood offset.

We invested €9.2 billion[10] in the networks and services relied on by our customers in 2018. This investment is reflected in the levels of our tax liabilities in each country in which we operate. We set out more detail on our views on this topic in 'multinationals, governments and tax' overleaf.

Use of government tax incentives

Many governments develop tax incentives to help stimulate investment to support the achievement of national policy objectives. Companies that utilise these incentives will often receive a reduction in their tax liabilities over the longer term as a result of their decision to invest in this way.

For example, in 2016, as part of measures designed to boost the economy, the Portuguese government offered a tax incentive to encourage the capitalisation of company assets. In order to take advantage of this incentive, companies had to pay an additional amount of tax upfront and this additional payment of tax allowed certain assets used in commercial, industrial or agricultural activities to be revalued and subsequently written off against profits. Vodafone Portugal responded to this incentive and made upfront tax payments over three instalments from December 2016 to December 2018 and, as a result, was able to deduct an additional amount for depreciation from the 2018 financial year.

[10] See reconciliation on page 75

Multinationals, governments and tax

Many governments purposefully shape their taxation policies in order to compete with other countries in attracting international businesses and capital and stimulating economic activity, job creation and skills development.

Governments also use tax rules to incentivise (or disincentivise, in the case of health or the environment) a wide range of activities and behaviours across society as a whole to help achieve their policy goals. However, competition between countries can lead to complexity in the tax systems that apply to companies operating in, and across, multiple jurisdictions. Some of the complexities companies experience when conducting business across multiple countries include the following.

Double taxation

Governments enter into pan-regional and bilateral cooperation agreements to enable companies to establish operations in different countries and operate and trade across borders with as few impediments as possible. Multinational companies such as Vodafone operate in an international taxation environment that, in some respects, is determined by governments working multilaterally. However, more often, it is shaped by countries operating unilaterally, resulting in complexity and issues like double taxation.

Inter-governmental agreements have been created with the aim of ensuring that multinational companies do not pay tax twice in two different countries for the same economic activity. However, there is immense complexity within these arrangements that can lead to disagreements between governments on both policy and practical implementation matters, as well as between companies and governments. In international taxation disputes of this kind, there is often not a 'right' answer. There are, instead, different perspectives on the correct interpretation, with some disputes (and the associated litigation) running for a number of years.

Profit shifting

Many governments have established measures to restrict companies from entering into artificial arrangements intended to move profits from one higher-tax jurisdiction to another lower-tax destination. We support government action to block these artificial arrangements. Without decisive intervention, aggressive avoidance of this kind would threaten to undermine the integrity of international taxation norms, with unpredictable consequences for the global economy as a whole.

These kinds of arrangements are explicitly prohibited under our Tax Principles, see page 12. The majority of our businesses are licensed on a national basis and run by companies incorporated and taxed in the same jurisdiction as our customers. Our Principles clearly state that 'we will only adopt business structures that reflect genuine and substantive commercial and operational activities'. This means that our corporate tax liabilities are paid in the country in which the relevant economic activities take place, exactly the outcome that governments are seeking to deliver through their measures to address artificiality.

Vodafone will only adopt business structures that reflect genuine and substantive commercial and operational activities

Determining the location for centralised operations

As an international business, Vodafone – as with all multinational companies – can choose from a range of locations when setting up certain centralised global operations, such as procurement, customer or IT support.

We consider a wide range of factors beyond the local tax environment when determining the location for a business operation, including:

- the stability and predictability of the political, regulatory and social environment (including respect for the rule of law and compliance with international human rights conventions);
- the availability of relevant skills within the local labour force, together with labour costs and the overall cost of operations;
- the effectiveness of transport links;
- the quality and reliability of communication networks; and
- the range and cost of commercial real estate.

We focus on selecting locations that are most logical from an operational and strategic perspective. While the local tax environment is taken into account, we do not choose locations on the basis of tax arrangements that would lead to those activities being based in countries that may offer an attractive tax regime but would be impractical in other respects. Doing so would amount to artificiality and would be at odds with our Tax Principles.

Transfer pricing

Multinational companies often develop specialist global teams within dedicated legal entities that are located in a small number of places to most efficiently service the needs of multiple business units across different countries. There are strong financial, operational and strategic reasons to take this approach. Global centres of excellence enable a multinational company's worldwide subsidiaries to access world-class expertise quickly and efficiently, reducing overall costs for the company as a whole and greatly benefiting subsidiaries in smaller or less-developed countries with few or no local alternatives.

However, these global centres are not 'free' from an individual subsidiary's perspective. They cost money to run; there are premises, salaries, R&D and third-party costs to be paid. OECD Transfer Pricing Guidelines, which are often enshrined in domestic tax law, recommend that these centres of excellence should be remunerated for the services they perform as if they were independent businesses. Multinational companies therefore establish internal charging mechanisms to ensure that the individual business units and local country subsidiaries that use these centralised services pay a representative price for them.

The internal charging mechanisms involved are known as 'transfer pricing'. Governments and tax authorities pay close attention to how companies implement transfer pricing arrangements to ensure that profits are appropriately allocated to the jurisdictions where the relevant economic activity takes place.

We follow the OECD best-practice guidelines when agreeing upon prices for the provision of such (intra-group) services to ensure that we follow best international practice. For example, the intellectual property (IP) associated with the Vodafone brand is held in the UK, and the team of brand and marketing professionals responsible for the strategic international development and deployment of the Vodafone brand is also based in London. The IP transfer pricing arrangements in place ensure that our subsidiaries pay an arm's-length, externally benchmarked and agreed royalty fee to our UK-based Group entity for the use of the Vodafone brand.

In addition to the Brand team, Vodafone has other global centres of excellence, with major hubs in nine countries – each of which fulfils a number of specialist roles supporting our operating companies. We have established international IT and back-office support hubs in various countries including Egypt, Germany, Hungary, India, Ireland, Luxembourg, Romania and the UK, and we provide insurance services from our regulated businesses in Malta. Further details of our activities in Luxembourg can be found on page 13 of this Report. All these services are provided on transparent and commercially validated market terms, and all of our subsidiaries (both those that offer these services and those that benefit from them) comply in full with local tax rules on transfer pricing.

Developing tax regimes for the digital age

EU measures

Over the last year, the European Commission has been considering new tax rules targeting technology companies that have little or no physical presence in a country but generate profits, usually, through large numbers of local, online customers. They produced a proposal to amend the current international tax rules to better capture digital business models and recognise the new ways in which value is created without necessarily requiring a physical presence.

To tax these digital business models, the European Commission proposed the implementation of an interim Digital Services Tax (DST) with the aim of taxing companies in the jurisdictions where local users create value[11]. The broad principle of the DST was a 3% tax on revenues created from activities where users play a major role in value creation (mainly through the sale of online advertising, revenues from digital platforms that facilitate the sales of goods and services, and the sale of data from user-provided information)[12].

The proposals have been strongly advocated by some member states; however, this view is not shared by all member states. Discussions between European Union (EU) finance ministers in December 2018 failed to reach the required unanimous agreement. At present, there is neither political agreement nor consensus on the technical application of a DST across the EU, and the proposals are on hold pending the OECD's work.

Unilateral measures

In the absence of a unanimous agreement, some EU member states, including the UK, France and Italy, are planning to introduce unilateral measures to tax companies that derive profit in this way. Other countries, outside the EU, are also considering similar measures.

OECD and longer-term measures

The members of the OECD/G20 Inclusive Framework on BEPS have committed to working towards an international solution on taxing the digital economy by 2020. The OECD released a consultation document in February 2019 outlining possible solutions to digital tax challenges. The proposals are based on two pillars: the first one considers different ways of allocating taxing rights between countries, and the second pillar looks at further measures to prevent tax avoidance. An update in the summer of 2019 is expected to follow[13].

Vodafone position

We welcome the debate on the taxation of the digital economy and consider it appropriate for digital businesses to be taxed in a sustainable and transparent way, with profits taxed where value is created, including where material value (critical to that digital business's success) is clearly proven to be generated by local users.

We agree that multinational companies and governments should engage to achieve consensus on an international solution as soon as possible. This should be focused on ensuring that profits are allocated between the territories in line with the value generated, without either double taxation or non-taxation.

In respect of interim taxation measures, our view is that a company's tax liability should be based on the profit generated from the company's business activities in that country rather than its revenues (which are not an indicator of profit).

The DST proposals do not follow this concept and we would not support any unilateral digital tax on revenues or the European Commission's proposal.

Given some countries have already announced domestic DST measures, and in consideration of the current political and civil society views surrounding the digital economy, we would recommend that any interim initiatives need to ensure that:

- companies are not subject to double taxation on digital profits as a result of DST;
- any interim measures will be replaced if international consensus is reached;
- the scope and rate of DST is not detrimental to loss-making or low-profit-margin companies and companies where digital activities are incidental to their core business; and
- any measures are limited in scope to international transactions.

[11] It had been proposed that the DST would apply only as an interim measure, until a comprehensive reform/long-term solution has been implemented.
[12] Thresholds have also been proposed to ensure that only large multinational enterprises are impacted by the tax.
[13] OECD Secretary-General report to G20 leaders, Dec 2018

Vodafone's Tax Principles and Strategy

Tax laws are often unclear and subject to a broad range of interpretations, as discussed earlier in this report. When combined with the unavoidably complex financial affairs of large multinational companies, this can lead to uncertainty and, on occasion, unpredictable outcomes.

Vodafone operates within a clearly defined governance framework on tax that is designed to provide certainty for all stakeholders with an interest in our tax affairs. We have a long-established Tax Strategy that is underpinned by our Tax Principles and supported by our Tax Risk Management Strategy (first published in 2009) and includes our Tax Code of Conduct (first published in 2007).

This Tax Policy is mandatory for all our local operating subsidiaries and any associated legal entities, and we encourage our joint ventures and associates to follow similar principles to those we have outlined.

Our tax governance framework is overseen by the Group Executive Committee (Exco) as well as the Audit and Risk Committee of the Vodafone Group Plc Board, with key issues reviewed at least twice a year.

Vodafone's Tax Principles

We employ professionals, around the world, who are responsible for our tax affairs across every country in which we operate. Our tax teams must follow a clearly defined set of principles and behaviours, along with our Tax Strategy, Code of Conduct and Tax Risk Management Policy, which are aligned with the Vodafone Code of Conduct. These Tax Principles state that:

We will:

- comply fully with all relevant legal and regulatory obligations in line with our broader social responsibilities and our stakeholders' expectations;
- act with integrity in all tax matters, disclosing all relevant facts to tax authorities in all countries in which we operate under a policy of full transparency and based on open and honest relationships with those authorities;
- pursue clarity and predictability on all tax matters, wherever feasible; and
- seek to protect shareholder value in line with our broader fiduciary duties.

We will not:

- seek to establish arrangements that are artificial in nature and are not linked to genuine business requirements and would not stand up to scrutiny by the relevant tax authorities;
- artificially transfer profits from one jurisdiction to another to minimise tax payments; or
- pay more tax than is properly due under a reasonable interpretation of the law and upon receipt of a lawful demand.

Key components of our Tax Strategy

The areas below form the foundation of our Tax Strategy:

Tax value	To manage efficiently the tax cost to the Group of doing business, including the Group's cash taxes and effective tax rate, within the ambit of all applicable laws
Risk and reputation	To control and manage tax risks and the Group's reputation through appropriate policies, communication and robust defence
Business partnering	To be recognised as a vital business partner by our stakeholders and facilitate the growth and development of the Group's business activities in a tax-efficient manner
Influencing	To influence governments and tax authorities constructively and positively in the interests of all our stakeholders
People	To develop and enhance our people professionally and personally as part of a world-class international tax team
Compliance	To ensure the integrity of all reported tax numbers and timely compliance with all relevant statutory tax obligations
Customer experience	To act, where possible, in meeting the above objectives in a way that will enhance our customers' experience

Vodafone, Luxembourg and 'tax havens'

Many governments choose to develop tax regimes that offer multinational companies some form of competitive advantage to attract inward investment. As a consequence, variations have emerged between the tax regimes of different countries over the years. Some countries, as a result of the tax regimes offered, have found themselves dubbed 'tax havens', particularly where specific aspects of their national tax system offer significant advantages to businesses that choose to locate there.

Tax havens

There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative – if the tax regime in Country A has a significantly lower headline or effective tax rate than Country B, then, through the eyes of the people of Country B, Country A could be considered a 'tax haven'.

Currently, most governments – including all EU member states and international organisations such as the OECD – respect a government's sovereign right to determine tax matters. They also recognise that there is a clear distinction to be made between fair tax competition focused on the rates and scope of taxation, and tax practices that discriminate in favour of specific companies or that cause harm to the wider economy.

A more nuanced definition of the term 'tax haven' focuses on national tax policies which have the effect of incentivising activities that are ring-fenced from the local economy. These policies may be specific to individual companies rather than available to all market participants and may be largely artificial in nature and designed purely to minimise tax.

In December 2017 (and regularly updated since then), the European Commission published a blacklist of non-cooperative jurisdictions (those areas widely understood as the most extreme form of 'tax haven'), as well as a greylist of jurisdictions that have committed to address deficiencies (in terms of poor transparency or deviation from international best-practice standards) that would otherwise place them on the blacklist.

We do not operate in any of the countries on the Commission's blacklist. We operate in three countries on the greylist (Albania, Australia and Turkey), where we have substantial licensed operating companies that provide both mobile and fixed services to individual and business customers.

We have a small enterprise sales function in one of the countries on the greylist (Switzerland) which does not have any significant impact on the Group's tax affairs. There are also Vodafone legal entities in four other countries on the Commission's greylist (Cayman Islands, Mauritius, Morocco and the Seychelles), predominantly as a legacy of prior acquisitions, and which play no role in reducing the taxes payable by the Group. Across all our countries of operation worldwide we apply the same global Tax Principles and report the same information for each local market, regardless of location.

We provide a list of legal entities in each country, together with a description and summary of all key financial metrics in the Country contributions section of this Report. We do not enter into the kind of artificial arrangements that are of concern to the European Commission and many others in any of these countries (or in any other location).

We do not enter into the kind of artificial arrangements that are of concern to the European Commission and others

Luxembourg

One country that has been the focus of public and political scrutiny in recent years is Luxembourg. Vodafone has a significant presence in the country and our subsidiaries there play a central role in managing some of the most important aspects of Vodafone's global operations, including centralised procurement, financing and roaming.

Our subsidiaries in Luxembourg are not brass plate companies. They are substantive entities that carry out extensive activities that are critical to our businesses worldwide. We employ more than 300 people in Luxembourg whose responsibilities include:

- management of the financing of many of our international operating companies and joint ventures, providing internal loans on a commercial 'arm's-length' basis to reflect the costs of borrowing from an external bank, in line with international best practice;
- negotiation, management of the roaming contracts and enabling technical connectivity with more than 700 foreign networks that enable Vodafone customers to confidently roam virtually anywhere worldwide;
- leadership and end-to-end management of the Vodafone global supply chain and day to day operations of our global purchasing function – the Vodafone Procurement Company (VPC) – negotiating and administering more than €16 billion worth of global supplier contracts; and
- our start-up incubator hub, Tomorrow Street, created in partnership with the Luxembourg government, to lead on innovation.

In common with many other EU member states, Luxembourg's tax legislation is scrutinised and approved by the country's parliament. The tax principles its laws are based on are largely in line with those of many other member states, including a standard corporation tax rate that (at 26%) is higher than the corporate tax rate in a number of other EU member states.

Tax losses and Luxembourg

As is the case in many EU member states, Luxembourg tax law also includes features that are particular to them and were designed to shape the local tax regime to incentivise inward investment. One of those features is particularly significant from Vodafone's perspective. Under long-established Luxembourg tax rules, a reduction in the book value of a company's investments (an impairment or writedown of goodwill) that has been verified by independent auditors and the local tax authorities is recognised as a tax loss that can be offset against future profits.

This would occur, for example, if a multinational group with a subsidiary in Luxembourg acquired another business but then saw the value of that acquisition reduced as a result of deteriorating market conditions or performance. The difference arising between the acquisition cost and the newly reduced value of the acquired business – and therefore the loss experienced by shareholders – is treated as a loss for tax purposes and can be offset against profits. While it may be a 'paper loss' up until the point where the company seeks to realise the asset, for the company's shareholders it is unquestionably a loss nevertheless.

Similar rules were in place in Germany when Vodafone acquired the Mannesmann conglomerate in 2000. That acquisition was followed by the dotcom crash, wiping tens of billions of euros off the value of the former Mannesmann business, resulting in significant losses for the Luxembourg subsidiary involved, and ultimately, for all Vodafone's shareholders.

Under the standard Luxembourg tax code, we are able to offset those historical losses against profits realised within our Luxembourg subsidiaries.

More recently, however, the Luxembourg government introduced changes to the tax regime that place a time limit on how long losses incurred after 1 January 2017 can be utilised. This does not affect Vodafone's losses as they date back to the Mannesmann acquisition. In addition, under UK CFC rules, a proportion of profits from our Luxembourg subsidiary's global financing activities are also taxable in the UK.

LuxLeaks, Panama Papers and the Paradise Papers

In 2014, there was considerable public debate as a result of the publication of the so-called 'LuxLeaks', confidential documents that allegedly set out details of the tax affairs of thousands of individuals and companies. As Vodafone's tax affairs in Luxembourg conform to the rules set out in the standard Luxembourg code, we were not a focus of the debate surrounding it.

The subsequent 'Panama Papers' leaks and 'Paradise Papers' disclosures did not directly involve Vodafone. While we have a number of legal entities in the countries that were the focus of these Papers, these are predominantly a legacy of prior acquisitions and play no role in reducing the taxes payable by the Group or its subsidiaries.

European Commission illegal state aid investigations

In recent years, there have been a number of cases of alleged illegal state aid under which governments in a number of jurisdictions – including Ireland, Luxembourg and the Netherlands – have been accused by the European Commission of entering into special tax agreements with individual multinational companies. The Commission has alleged that the arrangements in place had the effect of reducing those companies' overall tax charges to below the levels possible under the standard tax regimes in those jurisdictions.

In 2014, the European Commission began a series of formal investigations into whether the tax rulings received by certain companies in Luxembourg, the Netherlands, Belgium and Ireland potentially infringed state aid rules by enabling the shifting of profits from one jurisdiction to another. These investigations resulted in findings of illegal state aid against the governments involved in all but one Luxembourg case. The Commission's findings are being contested by both the companies and countries involved in the other cases. The European General Court ruled against the Commission's finding of illegal state aid in the case against Belgium.

As a result of the formal investigations, the relevant member states have been ordered to recover the sum of money identified from the company or companies involved, even where those cases are being contested. This amount includes interest to remove the undue advantage granted to that company. For example, in the Apple and Ireland case, Apple has paid €13 billion – the alleged unlawful tax benefits granted – into escrow while the Commission's finding is being contested through the courts.

In the case against Luxembourg and McDonalds, the Commission ruled that the arrangements in place did not constitute illegal state aid and that intergovernmental agreements between Luxembourg and the USA were being correctly applied.

Advance tax agreements

Vodafone has received advance tax agreements from the Luxembourg authorities in order to confirm that the standard provisions of the Luxembourg tax regime apply to our facts and circumstances. Such agreements are a standard part of most countries' administrative tax practices, are open to any company and do not in themselves constitute state aid if they merely give certainty to a company as to how the relevant laws are to be applied in practice (whether in relation to complex commercial transactions or to areas of uncertainty in domestic or international tax law). These agreements may be provided on an informal or formal basis.

In the Commission's view, the tax agreements provided in the cases under investigation went far beyond simple advance tax agreements, to the extent that the companies involved allegedly gained an advantage over their competitors. Vodafone has not entered into any special agreements with the Luxembourg tax authorities and none of our interactions amount to any form of bespoke arrangement with, or preferential treatment from, those authorities. We are therefore not the focus of any related European Commission investigation.

UK Controlled Foreign Companies (CFC) rules

In October 2017, the European Commission announced it had commenced a formal state aid investigation into certain aspects of the UK's CFC rules. The investigation will focus on the Group Financing Exemption, which essentially subjects profits from overseas financing to UK tax at an effective rate of up to 4.75%. The investigation will consider whether this exemption, allowed under the UK tax rules, constitutes illegal state aid. At this stage, it is too early to judge the Commission's intentions.

As we were party to litigation in relation to our Luxembourg financing activities under the previous CFC rules, see page 82, and as an interested party that could potentially be impacted by any outcome of the investigation, we welcomed the opportunity to submit observations to the Commission. We shared our view on issues including European and UK law, comparable legal and factual situations, proportionality and appropriate reference points.

As explained earlier in the Report, we undertake no artificial tax avoidance activities in respect to our Luxembourg financing activities (or any other subsidiary or activity). Our Luxembourg entities are properly established and carry out genuine economic activities. We therefore do not believe that questions of artificiality arise in any analysis of our business.

Why does Vodafone pay little or no UK corporation tax?

Governments seek to adjust their tax regimes to stimulate investment and encourage job creation. The UK is no different in this regard.

Vodafone makes large investments in the UK. We spent over €1.3 billion in the 2018 financial year building and upgrading the networks and services relied upon by our 17.2 million mobile customers. In addition, since 2000 we have paid the UK government more than €10 billion for our 3G and 4G radio spectrum licences. We raised the money for those licences from UK banks and capital markets, together with capital borrowed for other Group purposes and, as a result, we pay more than €500 million a year in interest costs to UK banks and financial institutions.

We invested **€1.3 billion** in building and upgrading our UK network and services

The UK government allows companies to claim tax relief on the capital investments they make in their UK operations. These capital allowances are a standard feature of the tax regime in many countries, as they provide an incentive for private capital to fund the development of infrastructure that would otherwise have to be built by the state with funding sourced through public borrowing.

The UK government also provides tax relief to all businesses to reflect the interest costs paid on the debt a business raises to fund investment. Debt interest relief has the important effect of stimulating investment by businesses in the UK; it also supports growth and job creation within the UK banks and financial institutions that provide the funding.

We have paid more than **€10 billion** to the UK government for spectrum licences since 2000

Capital allowances and debt interest relief are long-established cornerstones of UK government policy on corporate taxation. If a company chooses to invest and borrow heavily in the UK, those allowances and reliefs have the effect of considerably reducing its typical UK corporation tax payments. This consequence has been fully understood by successive UK governments over many years. It is also worth noting that these governments have reduced the UK corporation tax rate to 19% (one of the lowest rates in the EU) and it is due to fall further, to 17% by 2020.

These are political choices made by UK governments of varying political persuasions over generations. The intention is to support business growth, encourage skills creation and bring greater employment opportunities to millions of people. Governments work on the assumption that, while corporation tax receipts will be lower as a result of the allowances and reliefs available, incentivising corporate investment will increase the total tax take over time as more people enter the workforce and productivity increases.

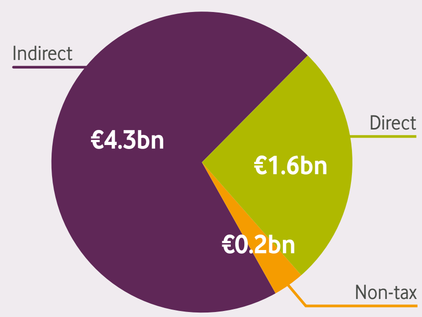
Corporation tax is charged on profits, not revenues. For Vodafone, the UK remains an expensive and highly competitive country in which to do business; it is also one of our least-profitable markets anywhere in the world. Vodafone UK made a profit of €168 million in 2018. This arises before we deduct the interest costs on our UK debt (in excess of €500 million in 2018) and the full capital allowances from our UK capital investment programme (more than €1.3 billion spent in 2018).

We paid **€243 million** in 2018 in direct tax contributions

It is also worth reiterating that our overseas financing subsidiaries have no bearing on our UK corporation tax position; as we state in our Tax Principles, we do not artificially transfer profits to minimise tax payments to the UK Exchequer.

As explained earlier in this Report, UK corporation tax accounts for around 25% of the total taxes paid by UK businesses. In 2018, on a cash-basis we paid the UK government €243 million, in direct taxes of all kinds. We also paid the UK government €54 million for non-taxation based items including spectrum and collected €833 million in indirect taxes on the government's behalf.

Our economic contributions in the UK over the last five years, by type – € billion



Political engagement and our contribution to the development of tax policy

When governments look to develop or change tax policy, they invariably seek input from a wide range of interested stakeholders, including business advocacy groups and a large number of individual companies. Vodafone regularly engages with governments – typically through public consultation processes or in our role as a member of an industry group – to provide our perspective on how best to balance the need for government revenues from taxation against the need to ensure sustainable investment.

We are active participants in:

- the European Round Table of Industrialists (ERT) on finance and taxation and, in 2018, we participated in a dialogue with the EU on corporate taxation;
- the tax policy committee of the European Telecommunications Network Operators' Association (ETNO); and
- GSMA, which represents the mobile industry when looking at emerging issues across the EU.

We have also shared our insights as a multinational operator with the European Commission Taxation and Customs Union Directorate-General (TAXUD).

We have many local engagements, for example in our local markets we:

- are an active participant in the Spanish Government's Large Companies Forum including their work on a Code outlining good tax practices;
- actively participate in the tax policy committees of Assotelecomunicazoni and the Confindustria Digitale in Italy;
- contribute to the tax committees of telecommunications industry organisations in Germany that work on legal developments of tax policy and on tax administration, including the interpretation and application of tax law;
- are a leading industry representative in the UK government's business forum on Business Tax and Competitiveness that aims to establish a more competitive UK tax system;
- are a member of the Cellular Operators Association of India;
- are a member of the South African Institute of Chartered Accountants (SAICA) tax committee, which engages on a wide range of tax issues; and
- are active participants in various industry and economic forums in Tanzania and the Democratic Republic of Congo, with the support of the GSMA and also frequently participate in tax policy discussions at specific tax conferences in Africa where both revenue authorities and corporates are represented.

We welcome engagement with civil society groups, non-governmental organisations (NGOs) and corporate tax activists, many of whose insights have shaped iterations of this Report over the years. In particular, we are grateful to Oxfam and Action Aid for their detailed feedback and observations.

During 2018, we also contributed to work undertaken by the Global Reporting Initiative (GRI) on the development of a draft GRI standard on tax reporting and payments to governments. We are a founding member of the B Team's Responsible Tax Principles and an active contributor to those principles, which are designed to improve the way businesses consider tax as part of their financial approach.

Publishing our OECD CbC report

From December 2017, under OECD rules, all large multinational companies are required to file a confidential country-by-country report with local tax authorities.

This year, in response to requests from some of our stakeholders, we have included our summary OECD Country-by-Country Report (CbCR) for the year ended March 2017– which was shared with tax authorities under the BEPS programme in March 2018. Please see Appendix 3 of this Report, on page 76, for the submission and accompanying explanation.

To provide context to the OECD data, we also publish a diagram to illustrate the structure of the Group, including information about our operating companies, as well as our key global centres of excellence. These global functions support our operating companies to enable them to deliver mobile and fixed broadband services.

The OECD does not require this information to be published and recommends that tax authorities limit their use of it to high-level risk assessments only. However, given the comprehensive nature of our public disclosures and the wider context of our Taxation and Total Economic Contribution Report, we have no hesitation in sharing this information publicly.

As the OECD CbCR was designed to meet the requirements of tax authorities, it lacks context, which makes it difficult for other stakeholders to fully interpret the information. In particular, it does not clearly explain what activity is undertaken in a jurisdiction and does not include other sources of information available to tax authorities that drive an understanding of a multinational company's activities in a particular country.

The OECD report also requires data to be aggregated for each jurisdiction; this can lead to transactions between entities in the same country being counted on multiple occasions. The data disclosed in our voluntary report, by country (see pages 71 to 74), will not align with the data disclosed in the OECD template for these reasons.

We believe our current voluntary approach to tax reporting provides a clearer indication of our activity and our contributions, by consolidating data by country thereby removing the issue of multiple counting of transactions, and using a cash-paid basis for our tax contributions to provide clarity on the amount paid to governments in a particular year.

Tax and emerging markets

African continent

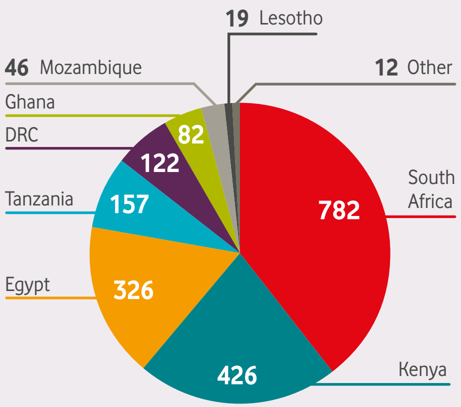
Vodafone's businesses in Africa are a very significant source of government revenue, infrastructure investment, employment and skills development and are widely recognised as a positive force for good by governments and civil society alike.

Each of our businesses in this region, as in the rest of the world, is in effect a local business operated by the people of the country in which it is located. Our focus is on building these businesses for the long term and investing profits back into the country in which they are earned. We are a significant contributor to the development of these economies as an important infrastructure investor, taxpayer, employer and purchaser of local goods and services. We also make a major contribution to the delivery of governments' policy objectives across the continent.

An important issue for emerging markets, and one that can impact tax revenue, is that of illicit financial flows (IFFs) – illegal movements of money from one country to another. Work is ongoing to better define and measure the scale of illicit financial flows[14]. However, even though there is no current formal definition, IFFs are generally thought to cover three areas: criminal activity, corruption, and deliberate misrepresentation of tax affairs. This diversion of money can undermine a country's ability to provide the infrastructure and services that its citizens need. A recent report estimates that IFFs to and from developing countries may be worth more than a fifth of their total trade[15].

We take our responsibilities to contribute to the social and economic development of emerging market economies seriously, and our principles, conduct and approach to tax is the same in those markets as in any other part of the world. Our commitment to transparency, openness and honesty forms a fundamental part of our Tax Principles globally and is particularly important in environments with a history of endemic corruption and where public institutions are less developed than their OECD counterparts.

Total contributions in 2018: African region – € million



Over €1.9 billion total contributions paid to governments across our African footprint

We now have operations in eight African countries (South Africa, Democratic Republic of Congo (DRC), Lesotho, Tanzania, Ghana, Mozambique, Egypt and our associate in Kenya) and a presence in another six markets across the continent (Nigeria, Zambia, Mauritius, Cameroon, Côte D'Ivoire and Angola).

Our sub-Saharan subsidiary Vodacom was first awarded a licence in South Africa in 1994 and we have since expanded our presence across Africa through various acquisitions in the DRC, Lesotho, Mozambique, Tanzania and Kenya. We have been operating in Egypt since 1998 when we were awarded a licence and we acquired the business that is now Vodafone Ghana in 2008.

The Vodacom Group, Safaricom and Vodacom Tanzania are all publicly listed companies with relatively large individual shareholding bases (apart from Vodacom Tanzania, which listed in August 2017). The Vodacom Group and Safaricom are among some of the largest public companies on the continent and are viewed in their respective countries as a core part of national economic life. Additionally, the governments of Ghana and Kenya own shareholdings in Vodafone Ghana and Safaricom respectively.

In 2018, our African businesses paid over €1 billion to governments in taxes and other fees, accounting for 19% of the total direct tax and non-taxation based contributions we made to governments around the world. Our total contributions to governments across this continent in 2018 were over €1.9 billion and exceed €8.9 billion in total over the last five years. The effective tax rate for the Vodacom Group, which accounts for the large majority of Vodafone Group's revenue from our African businesses is 29.6%.

M-Pesa: contributing to socio-economic development

As well as running communications networks across Africa, we created the M-Pesa mobile money service and launched it with our Kenyan associate Safaricom in 2007. M-Pesa is available in eight countries and now has more than 20 million active users who use it to send, receive and store money electronically. It enables people excluded from conventional banking to access a wide range of financial services – from basic purchases and sending money to people at home and abroad, to utility bill payments, receipt of salaries, payments of pensions or benefits and micro-finance loans and savings – simply, safely and securely, via their mobile phone. M-Pesa continues to evolve with new services including M-Tiba, a mobile health wallet that enables people to save money for medical treatment and benefit from health insurance, which now has 2.8 million users.

M-Pesa has had a profoundly transformative effect on lives and livelihoods, providing people in some of the world's poorest communities with financial security and the ability to start and grow a business. A study has shown that M-Pesa has lifted 2% of Kenyan households out of poverty[16], helping to contribute to the UN Sustainable Development Goals, Goal 1 in particular. Further details of M-Pesa can be found here.

[14] Financing for Development: Progress and Prospects 2018; Inter-agency Task Force, UN
[15] Illicit Financial Flows to and from 148 developing countries: 2006 - 2015; Global Financial Integrity, Jan 2019
[16] The long-run poverty and gender impacts of mobile money, Suri & Jack, Dec 2016

Vodacom Group

Vodafone's African subsidiary, the Vodacom Group, derives the large majority of its revenue from its biggest operating company, Vodacom South Africa (Pty) Limited. Vodacom was founded in 1994 and Vodafone acquired a majority interest in 2009.

Vodacom remains the largest mobile operator in the South African market, providing both mobile and fixed services to its customers. In 2018, the Vodacom Group invested €759 million to expand and upgrade the networks and services relied upon by its 95 million customers[17].

€759 million invested in modernising networks and services in 2018

In 2018, Vodacom Group paid governments on the African continent €688 million in direct taxes, collected another €680 million on those governments' behalf in indirect taxes and paid governments €85 million via non-taxation based revenue mechanisms, such as spectrum auction receipts and spectrum fees.

€688 million paid in direct taxes to the government in 2018

[17] Including the associate holding of 34.9% in Safaricom, Kenya

Vodacom Group employs 7,554 people, supports wider employment across a network of thousands of suppliers and partner companies, and makes a vital contribution to the delivery of the South African government's information communications technology (ICT) policy objectives through its substantial capital investment programme. Further details about Vodacom's contribution can be found here.

Over the past two decades, Vodacom has made a significant contribution to the transformation of the ICT sector locally by supporting new businesses across its supply and service value chains, promoting employment equity and subsequently becoming one of the leading black-managed companies on the Johannesburg Securities Exchange. The Vodacom Foundation has also driven social cohesion by investing a total of €7 million in local communities in 2018, through its corporate social responsibility initiatives across its markets.

Despite this and the contributions of other businesses to society, South Africa continues to face a number of significant challenges in the areas of increasing unemployment – particularly among youth – extreme poverty and growing inequality. Vodacom's response to these challenges has been to continue to expand its network as far as possible (despite challenges in regard to spectrum availability) in an effort to reach the most marginalised rural communities, while reducing the average price of connectivity to bring down the cost of communicating and narrow the digital divide.

Vodacom continues to invest heavily in its network infrastructure in recognition of its responsibility as a significant contributor to GDP growth.

Vodacom has established a Transformation Committee to oversee all the company's transformation and empowerment initiatives to ensure they are aligned with the government's priorities. The Committee is focusing on areas including employee equity, ownership, small and medium-sized enterprise development and social corporate investment.

Vodacom has established a range of initiatives to promote gender diversity and youth empowerment in an effort to deliver on the principles of Broad-Based Black Economic Empowerment (BBBEE) and employment equity. Vodacom's workforce has now reached 74% black representation and 43% female representation.

Vodacom invests heavily in its network infrastructure and is a significant contributor to GDP growth

Vodacom's flagship programmes, such as the Youth Academy Programme, the Vodacom Innovator Trust and the Youth Entrepreneur Programme, driven by the Vodacom Foundation, have made significant inroads in skills development and advancing entrepreneurship within the ICT sector in an effort to help address rising unemployment.

Vodacom's significant investment in mobile networks means that connectivity is widely available, though due to high operating costs, affordability from the customer's perspective remains a significant barrier to even greater mobile adoption.

Government tax strategies with regard to the mobile sector are therefore an important policy issue. Too high a tax burden for operators risks restricting investment and reducing the beneficial socio-economic effects – including better access to healthcare, education and government services – derived from increased participation by the wider population in the digital economy. Equally, it is important for governments to ensure that the tax system yields the consistent and sustainable revenues required to fund civil infrastructure and public services. Vodacom therefore engages regularly with policymakers, tax authorities and other stakeholders to encourage the development of tax policies designed to stimulate digital inclusion, economic growth and fiscal stability, as well as generate the funds needed for public expenditure.

India

A co-creator of the telecom ecosystem in India, Vodafone has played a significant role in India's socio-economic development as one of the largest foreign direct investors in India. Over the last decade, we have invested more than €18 billion in the country.

We are also among the biggest taxpayers in India and leading payers of spectrum fees; since 2011, we have paid the Indian government more than €13.6 billion in direct taxes and in fees for spectrum rights. In 2018, our total direct and indirect contributions to Indian public finances exceeded €2.9 billion.Our contributions decreased in 2018 mainly as a result of paying less to the government for spectrum following auctions in earlier years.

€13.6 billion in taxes and spectrum fees paid to the government since 2011

Vodafone's pan-India network serves over 200 million mobile customers. We believe that mobile technology can help to address some of India's critical social and developmental challenges in both rural and urban communities. With our business and corporate responsibility initiatives, we are helping address some of India's most pressing challenges in the areas of education, health, equality and access.

Our global expertise, strong local presence and continued commitment has made us a catalyst for the government's Digital India initiative, which aims to drive India's progression towards becoming a digital economy, furthering socio-economic development.

In August 2018, we announced the completion of the merger between Vodafone India and Idea Cellular. The merger has created India's largest telecoms operator with the country's widest mobile network. The combined company has the scale required to ensure consumer choice in a competitive market, as well as the capacity to expand new technologies that have the potential to transform daily life for India's citizens.

Dispute over the 2007 acquisition

In 2007, Vodafone purchased an indirect stake in a company in India from Hutchison Telecommunications International Limited (HTIL). After the acquisition was completed, the Indian tax authorities raised a tax demand against Vodafone, even though the transaction took place outside India between two non-Indian entities and Vodafone was the buyer, not the seller.

The Indian tax authorities' actions led to a protracted legal dispute, culminating in a hearing before the Indian Supreme Court, which concluded unambiguously and unanimously, in January 2012, that no tax was due. Although the country's highest court had vindicated Vodafone's position, in 2012, the Indian government subsequently changed the law to introduce retrospective taxation rules and invalidated the Supreme Court judgment in Vodafone's favour. Those rules, which were backdated with effect from 1962, were designed to require taxes to be paid retrospectively, taxes which, as the Supreme Court had concluded, could not be levied against Vodafone under any reasonable interpretation of the evidence or the law.

We continue to maintain that no tax is due on the 2007 acquisition and that any attempts to impose such a tax, under the retrospective tax rules, would be in breach of India's obligations under international law. We have had discussions with the Indian government since then; however, it does not accept that its conduct is in breach of international law and we have been unable to agree on a way forward without arbitration.

On 17 April 2014, we filed a Notice of Arbitration under the Bilateral Investment Treaty between the Netherlands (where the Vodafone holding company that entered the relevant transaction is based) and India, in an effort to resolve the dispute. The Indian government and Vodafone have since both appointed arbitrators, and the President of the International Court of Justice in The Hague has appointed Sir Franklin Berman QC as the presiding arbitrator. The arbitration panel heard the case in February 2019.

Vodafone Group Plc commenced a separate claim under the UK Bilateral Investment Treaty (UK BIT) with India in January 2017. India has applied to the Indian courts to prevent Vodafone from progressing the UK BIT tribunal and an interim order was made to that effect. That interim order was, however, varied to permit the formation of the tribunal now consisting of Professor Campbell McLachlan (Presiding Arbitrator), Mr. Neil Kaplan CBE QC SBS (appointed by Vodafone) and Professor Marcelo G Kohen (appointed by India). In May 2018, the Delhi High Court dismissed the interim order, preventing it from pursuing its UK BIT claim. The Indian government appealed the decision and the hearings commenced in September 2018 and are ongoing. In the meantime, Vodafone has undertaken to take no steps advancing the UK BIT pending resolution of the Indian government's appeal.

Hutchison Group action

In November 2016, the Indian tax authorities commenced action against HTIL (part of the Hutchison Group) itself for the first time, issuing the company with a draft assessment order under which the authorities are seeking capital gains tax allegedly due in India on the 2007 transaction. The Hutchison Group disputes the validity of the assessment and any liability for taxes in India.

Our total contribution, by country

Country overview

Total contributions made in 2018 to governments across our 25 country operations

Vodafone Business sales and marketing locations:

We also have activities in another 38 countries – please see pages 51–64

Introduction

In this section of the Report, we provide an overview of our total contribution to public finances for each country in which there is a registered Vodafone entity. These contributions are reported on an annual actual cash-paid basis, as we believe this is the most meaningful and transparent metric we can use when assessing a company's tangible role in helping to fund public services.

In the 2018 financial year, Vodafone companies around the world paid nearly €3.1 billion in direct taxes to governments, plus more than €2.4 billion in other non-taxation based fees and levies. The total direct cash contribution to public finances during the year was therefore more than €5.5 billion.

The Report also includes our revenue and profit before tax for each country. We also collect large amounts of tax on governments' behalf, for example Pay As You Earn (PAYE) income tax, employees' national insurance contributions, withholding taxes, sales and consumption taxes; VAT and our 2018 indirect revenue contribution was €7.8 billion. In total, our cumulative contribution to public finances was more than €13.3 billion. We also invested €9.2 billion in the networks and services relied upon by our customers.

International accounting rules governing the reporting of a multinational company's profit and loss tax liabilities and charges are complex and reflect a wide range of factors such as deferred taxation, losses, group-level taxation and various provisions related to uncertain tax positions. The cash payments or reliefs arising from any one of those factors may also be felt several years in the future. As a result, there can be a variance between a multinational company's statutory reported numbers for a specific time period (particularly in territories with holding companies as well as a local operating company) and the actual cash paid numbers set out below[1]. For more detailed information about our Group financial performance, see our Annual Report 2018.

For each country listed in this section of the Report, we provide a summary of the activities undertaken in that jurisdiction, together with a list of registered Vodafone entities, including legacy and dormant subsidiaries. This Report has been prepared using data presented in the Vodafone Group Plc Annual Report 2018.

From December 2017, the country-by-country reporting requirements set out by the OECD require, on a confidential basis, large multinational companies to disclose data similar to that provided here to national tax authorities. As previously stated, we support the OECD's approach, to which over 100 countries have committed. For transparency, and as we committed to do in our previous report, we have included our OECD country-by-country report in Appendix 3, along with the explanations we believe are necessary to be able to understand the numbers contained within it and why they differ from those disclosed below.

Data table definitions

The table of financial data for each country (including India, joint ventures and associates) consists of the information given below. We have no view on the merits of direct versus indirect taxation nor on the distinction between the revenues that flow to governments from taxation versus those obtained through other means such as spectrum fees.

Revenue

The revenue figure that we disclose for each country is the same as the turnover figure in our Group accounts; it is also synonymous with turnover or sales, as those terms are commonly understood.

We believe that the external revenue number is by far the most meaningful in terms of providing greater insight into the flow of money into a company – within the context of the total economic contribution that a company makes in each country in which it operates. This is different from the basis of the revenue metric contained in the OECD report calculation, which is broken down into both internal and external revenue; see page 76 for further details.

€13.3 billion contributed in cash to public finances

€3.1 billion in cash in direct taxes to governments

€2.4 billion to governments in other non-taxation based fees and levies, such as spectrum licences

€9.2 billion invested in the networks and services relied upon by our customers

104,000 employees globally

[1] Tax and British business, CBI, 2013

Profit before tax

This represents the total taxable revenue in each country minus allowable expenses. This provides the starting point for the corporation tax calculations in each country, although – for a wide range of reasons – it may not necessarily reflect the agreed or final figure in the relevant tax return. The number excludes dividends as these relate to distributions of profits after tax between companies. It also excludes certain accounting adjustments that have no effect on the local taxable profit of the entities within each country.

Direct revenue contribution: taxation

This encompasses Vodafone's total direct tax contributions in each country, including corporation tax, business rates or equivalent, employers' national insurance contributions or equivalent, sector-specific taxes (such as 'special' taxes or 'telecoms' taxes) and other taxes, as illustrated in Appendix 4 on page 82. We also separately disclose the amount of corporation tax we pay, by country. These, together with the other direct taxes paid, cumulatively reflect the total tax contributions paid to governments by the relevant Vodafone entities in each country.

Direct revenue contribution: non-taxation mechanisms

This encompasses other forms of revenue raised by government in addition to a country's direct taxation regime, including telecoms licence fees, radio spectrum management fees, proceeds from revenue sharing agreements, usage fees and proceeds from radio spectrum auctions. Examples of these payment types are listed in Appendix 5 on page 83.

Indirect revenue contribution: indirect taxes

This encompasses taxes collected by companies on behalf of national governments, including PAYE income tax, employees' national insurance contributions, withholding taxes, sales and consumption taxes and VAT. These indirect contributions to government revenue would not be collected (or generated to the same extent) if we did not employ people and offer services or products to our customers, who are responsible for paying the tax in question, or procure goods and services from our suppliers on which such taxes are due.

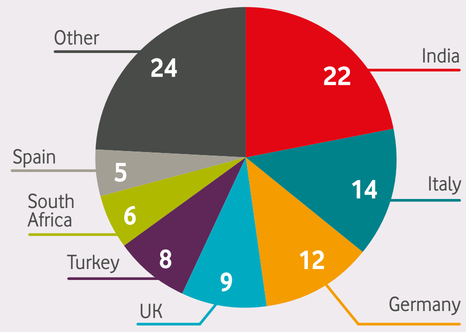
Capital investment

This includes our significant investments in building and maintaining the networks and services relied upon by the 700 million mobile and 21 million broadband customers around the world (as at December 2018). These investments are often taken into account by local tax authorities when determining corporate tax liabilities.

Employment

This figure is the average number of people employed by our businesses in the 2018 financial year. This includes direct Vodafone employees as well as our relevant share of employees who work for our joint ventures, associates or other part-owned companies.

Total economic contributions to governments 2018 – %



It is worth noting that these figures will also vary widely from country to country and from year to year as a result of local differences between, and annual movements in, factors such as levels of profit and capital investment. There are also wide variations in local taxation regimes and other government revenue-raising mechanisms, many of which change from year to year. For example, non-taxation based revenues will typically be very high in a year during which a government benefits from the proceeds of a spectrum auction (as happened in Italy and India in 2018), but much lower in a year when no such auction takes place. It is therefore not possible to draw any meaningful conclusions when seeking to compare the financial data for one country with that of another.

Reporting by country

In these tables, we aim to provide an informative overview of our activities in each of the countries in which we operate. This includes a summary of our activities in each location, together with a list of the legal entities present in that country, a brief description of the purpose of those entities and the relevant financial data, which all help to determine Vodafone's overall tax and economic contribution in a local market.

The countries included here extend beyond those in which we have an operating licence as a mobile and/or fixed-line telecoms provider and include three further categories:

- countries in which we maintain an active corporate function servicing the Group as a whole but where we do not operate as a communications provider;
- countries in which we have a legal entity focused on marketing, sales and client support for large corporate and multinational customers but do not operate as a communications provider; and
- countries in which we have legacy legal entities that were inherited as part of an acquisition in the past and which do not play an active role in the Group's overall structure or are otherwise dormant.

In a number of countries, we have holding companies that manage our subsidiary investments and joint ventures, and whose main source of income is dividends from their respective subsidiaries and joint ventures. Those dividends are paid from the profits that remain after we have paid tax to the government of the country in which the subsidiary company is located.

We do not artificially transfer profits from one jurisdiction to another to minimise tax payments

Our holding companies are based in countries that provide a stable foundation for numerous multinational organisations and enable the efficient flow of funding between individual country businesses in a manner that is also transparent. As we explain in our Tax Principles, we do not enter into artificial arrangements (by which we mean arrangements that are not linked to genuine business requirements) that would not stand up to scrutiny by the relevant tax authorities, nor do we artificially transfer profits from one jurisdiction to another to minimise tax payments. Those Principles apply to our operating entities, including dormant entities in so-called tax haven locations. As it takes time and money to liquidate those dormant entities, it is often simpler to retain them as inactive legacy entities with continued full disclosure to the relevant tax authorities.

In this Report, we do not cover Partner Market agreements with third-party local telecommunications operators where we have no operational control over, or shareholding in, those third parties. This remains true even where the local operator is permitted to use the Vodafone brand, as we do not have a shareholding in, or control over, those third parties. Branches are also not covered by this Report.

As in previous years, the tables in this section also include the tax and economic contributions of our investments in associate companies (Safaricom) and joint ventures (including Indus Towers, Vodafone Hutchinson Australia and VodafoneZiggo in the Netherlands). Associates are entities where we do not have control, but we do have influence over their operation. Joint ventures are companies where we have joint control with one or more parties. We believe it is important to include the contributions made by our joint ventures and associates as we have invested in these companies and those investments are part of Vodafone Group's activities and, therefore, their contribution is included in our accounts. These companies are also responsible for important economic and social contributions wherever they operate[2]. These companies are marked with an asterisk in the relevant tables.

[2] For more information on our associates and joint ventures, please see note 12 on page 135 of the 2018 Annual Report.

Our contribution, by country

Europe

Albania

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	119	4	2	1	2	2	12	17	401
2017	119	3	5	1	5	13	10	18	441
	We are a significant international investor in Albania, where we operate mobile services with 2.0 million mobile customers as of 31 March 2018. We entered the market in 2001 through the award of a mobile licence. Our non-tax contribution was lower in 2018 than in 2017 due to the absence of payments for spectrum licences.								
Number of legal entities	2								
Legal entities	• Vodafone Albania M-Pesa SHPK					• Vodafone Albania SHA			

Czech Republic

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	544	52	24	15	9	26	82	71	1,734
2017	507	32	17	13	4	14	70	92	1,694
	We have one of the largest and most modern 4G networks in the Czech Republic, where we operate mobile and fixed-line services with 3.8 million customers as of 31 March 2018. We offer 3G and 4G coverage for the Czech population and also provide communications services to Czech businesses. We entered the market in 2005 through the acquisition of Oskar Mobil. Our 2018 contributions have increased due to improved business performance and the acquisition of a 5G spectrum licence.								
Number of legal entities	4								
Legal entities	• COOP Mobil S.R.O.* • Oskar Mobil S.R.O.					• Vodafone Czech Republic A.S. • HBO Netherlands Channels S.R.O.*			

Germany

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	10,927	180	331	244	87	<1	1,292	1,916	14,946
2017	10,619	(636)	350	262	89	219	1,271	1,925	15,714

Vodafone Germany is one of the leading integrated communications companies in Germany with 52.5 million SIM cards and 6.6 million fixed broadband customers. It offers mobile, fixed-line and TV services, as well as a comprehensive ICT portfolio for business customers, including secure cloud computing services hosted and operated within Germany. Vodafone's largest data centre is located in Germany and provides a range of IT services across the Group as a whole.

Vodafone entered the market in 1993 when it acquired a 17% equity interest in E-Plus. In 1999, we acquired a 35% stake in Mannesmann Mobilfunk as a result of our merger with AirTouch, which also resulted in the disposal of our interest in E-Plus. In 2000, Vodafone completed its takeover of Mannesmann AG and took full control of what is now Vodafone Germany.

Our direct non-tax contributions were lower in 2018 than in 2017, principally because of a spectrum licence acquired in 2017.

Number of legal entities: 22

Legal entities

- CRVSH GmbH
- Kabel Deutschland Holding AG
- Kabel Deutschland Holding Erste Beteiligungs GmbH
- Kabel Deutschland Holding Zweite Beteiligungs GmbH
- Kabel Deutschland Neunte Beteiligungs GmbH
- Kabel Deutschland Siebte Beteiligungs GmbH
- Kabelcom Braunschweig Gesellschaft für Breitbandkabel-Kommunikation mit beschränkter Haftung
- Kabelcom Wolfsburg Gesellschaft für Breitbandkabel-Kommunikation mit beschränkter Haftung
- TKS Telepost Kabel-Service Kaiserslautern Beteiligungs GmbH
- TKS Telepost Kabel-Service Kaiserslautern GmbH & Co. KG
- Urbana Teleunion Rostock GmbH & Co. KG
- Verwaltung "Urbana Teleunion" Rostock GmbHVodafone Automotive Deutschland GmbH
- Vodafone Automotive Deutschland
- Vodafone Enterprise Germany GmbH
- Vodafone GmbH
- Vodafone Group Services GmbH
- Vodafone Institut für Gesellschaft und Kommunikation GmbH
- Vodafone Kabel Deutschland Field Services GmbH – sold 31/5/2017
- Vodafone Kabel Deutschland GmbH
- Vodafone Kabel Deutschland Kundenbetreuung GmbH
- Vodafone Stiftung Deutschland gemeinnützige GmbH
- Vodafone Vierte Verwaltungs AG

Greece

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	874	(1)	22	20	2	66	197	116	1,913
2017	851	8	23	19	3	15	199	117	1,978

We are a significant international investor in Greece, where we provide mobile and fixed-line services with 6.0 million customers as of 31 March 2018. We entered the market in 1992 when Panafon S.A. was awarded a mobile licence. In 2014, we acquired the Hellas Online fixed-line and TV business.

In 2018, our non-tax contributions were higher than those in 2017 due to the renewal of our spectrum licence during the year.

Number of legal entities: 5

Legal entities

- 360 Connect S.A.
- Vodafone Global Enterprise Telecommunications (Hellas) A.E.
- Victus Networks S.A.
- Vodafone Panafon Hellenic Telecommunications Company S.A.
- Vodafone Innovus S.A. (previously known as Zelitron S.A.)

Hungary

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	531	58	29	20	10	25	140	60	3,762
2017	468	17	29	20	9	21	140	62	3,660

We are a significant international investor in Hungary, where we operate mobile services with 2.8 million mobile customers as of 31 March 2018. We entered the market in 1999 through the award of a mobile licence to Vodafone Hungary. We also operate a large shared services centre in Hungary that provides specialist finance, supply chain, HR and enterprise support to companies across the Vodafone Group as a whole.

Number of legal entities: 2

Legal entities

- Vodafone Magyarorszag Mobile Tavkozlesi Zartkoruen Mukodo Reszvenytarsasag
- Vodafone Shared Services Budapest Private Limited Company

Ireland

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	995	8	25	21	4	20	113	150	1,313
2017	996	2	24	18	5	25	100	172	1,310

We are one of the largest international investors in Ireland, where we operate mobile and fixed-line services with 2.2 million customers as of 31 March 2018. We are also a significant provider of communications services to Irish corporate and public sector customers. We entered the market in 2001 through the acquisition of Eircell. We operate a data centre in Ireland that provides IT services to companies across the Group as a whole. Many of the legal entities in Ireland were inherited as a result of small local acquisitions to expand our Irish operations and most of these are now dormant. Three of the companies listed below are resident for tax purposes in the UK and their contributions are included under the UK.

Non-tax contributions declined year on year, while indirect revenue contributions increased, due to the timing of payments in the year.

Number of legal entities: 12

Legal entities

- Cable & Wireless GN Limited
- Eudokia Limited
- SIRO Limited*
- Stentor Limited
- Vodafone Enterprise Global Limited
- Vodafone Global Network Limited
- Vodafone Group Services (Ireland) Limited
- Vodafone Ireland Distribution Limited
- Vodafone Ireland Limited
- Vodafone Ireland Marketing Limited
- Vodafone Ireland Property Holdings Limited
- Vodafone Ireland Retail Limited

Italy

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	6,386	846	345	107	238	668	856	890	7,332
2017	6,249	686	187	101	87	38	748	881	7,339

We are one of the largest international investors in Italy, where we operate mobile and fixed-line services with 24.8 million customers as of 31 March 2018. We are also a significant provider of communications services to Italian corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies.

We entered the market in 1999 through the acquisition of our original stake in Omnitel as part of the merger with AirTouch. In 2014, we acquired one of the world's leading automotive machine-to-machine (M2M) companies, Cobra Group, now Vodafone Automotive, and located the headquarters of our global automotive Internet of Things (IoT) practice in the country. We also operate a data centre in Italy that provides a range of IT services to companies across the Vodafone Group as a whole.

Direct tax contributions have significantly increased in the year due to the impact of improved operating performance, offset by the use of overpayments of corporation tax against our corporate tax liability in 2017. Non-tax contributions increased due to the renewal of spectrum licences and our indirect contribution increased due to paying more VAT as a result of lower capital investment.

Number of legal entities: 10

Legal entities

- VEI S.r.L.
- VND S.p.A.*
- Vodafone Automotive Electronic Systems S.r.L.
- Vodafone Automotive Italia S.p.A.
- Vodafone Automotive S.p.A.
- Vodafone Enterprise Italy S.r.L
- Vodafone Gestioni S.p.A.
- Vodafone Global Enterprise (Italy) S.r.L.
- Vodafone Italia S.p.A.
- Vodafone Servizi E Tecnologie S.r.L.

Malta

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	82	92	11	1	10	3	14	12	338
2017	86	124	12	3	9	3	10	14	347
	We are a significant international investor in Malta, where we operate mobile and fixed-line services with around 0.3 million customers as of 31 March 2018.. We entered the market in 1990 through the award of a mobile licence. Our global insurance operations are based in Malta, where we provide services such as individual customer warranties for companies across the Vodafone Group as a whole.								
Number of legal entities	3								
Legal entities	• Multi Risk Indemnity Company Limited • Multi Risk Limited • Vodafone Malta Limited								

Netherlands

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Split between: Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	1,990	194	32	32	1	<1	310	409	4,361
2017	1,867	(7)	2	17	(15)	<1	212	303	3,601

In December 2016, we merged our business, Vodafone Netherlands, with Liberty Global's Dutch business, Ziggo, to create VodafoneZiggo, in which we have a 50% interest. VodafoneZiggo is a unified communications provider and operates mobile, fixed-line video and broadband services, and has 8.2 million customers as of 31 March 2018. The business is also a significant provider of communications services to Dutch corporate and public sector customers, from small and medium-sized enterprises and municipalities to national agencies, central government and multinational companies. We originally entered the market in 1995 through the award of a mobile licence to Vodafone Libertel BV.

The Netherlands is also Vodafone's main holding company location as the country offers:

- a stable economic and political environment;
- an extensive network of international bilateral treaties designed to protect companies investing overseas;
- a commitment to providing certainty in advance on tax matters; and
- a long-established principle of capital import neutrality under which the Netherlands authorities do not levy additional taxes on investments overseas by companies based in the Netherlands when specific conditions are met.

Our holding companies in the Netherlands own the majority of the Group's international assets, which makes it more straightforward for us to invest in expanding our businesses worldwide. This is particularly important for our emerging markets companies, whose access to capital would be severely constrained if they were limited to local sources of financing only.

The figures for the Netherlands in 2018 reflect a full year our 50% share of the joint venture operation VodafoneZiggo. The increase in indirect contributions is due to the absence of a repayment of VAT in 2017.

Netherlands (continued)

Number of legal entities	43	
Legal entities	• Amsterdamse Beheer-en Consultingmaatschappij BV* • Cooperatie HBO Nederland Cooperatief UA* • Esprit Nederland BV* • FinCo Partner 1 BV* • LGE Holdco V BV* • LGE Holdco VI BV* • LGE Holdco VII BV* • LGE Holdco VIII BV* • Liberty Global Content Netherlands BV* • Torenspits II BV* • Vodafone Enterprise Netherlands BV • Vodafone Europe BV • Vodafone Financial Services BV* • Vodafone International Holdings BV • Vodafone Libertel BV* • Vodafone Nederland Holding I BV* • Vodafone Nederland Holding II BV* • Vodafone Nederland Holding III BV* • Vodafone Panafon International Holdings BV • VodafoneZiggo Group BV* • VodafoneZiggo Group Holding BV* • VZ Financing I BV*	• VZ Financing II BV* • XB Facilities BV* • XM Mobile BV • Zesko BV* • Ziggo Bond Company BV* • Ziggo Bond Finance BV* • Ziggo BV* • Ziggo Deelnemingen BV* • Ziggo Finance 2 BV* • Ziggo Holding BV* • Ziggo Netwerk BV* • Ziggo Netwerk II BV* • Ziggo Real Estate BV* • Ziggo Secured Finance BV* • Ziggo Secured Finance II BV* • Ziggo Services BV* • Ziggo Services Employment BV* • Ziggo Services Netwerk 2 BV* • Ziggo Zakelijk Services BV* • Zoranet Connectivity Services BV* • ZUM BV*

Portugal

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Split between: Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	1,015	12	20	15	5	27	124	195	1,386
2017	985	(37)	38	13	25	33	123	279	1,376
	We are one of the largest international investors in Portugal, where we operate mobile, fixed-line and TV services with 4.6 million mobile customers and 0.6 million fixed broadband customers as of 31 March 2018. We entered the market in 1999 following the merger with the AirTouch group under which we acquired Telecel. Direct tax contributions have decreased due to the impact of lower profits in 2017, together with the timing of our corporate tax payments.								
Number of legal entities	4								
Legal entities	• Celfocus – Solucoes Informaticas Para Telecomunicacoes SA* • Oni Way – Infocomunicacoes SA • Sport TV Portugal SA* • Vodafone Portugal Comunicacoes Pessoais SA								

Romania

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Split between: Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	800	15	28	18	10	24	111	98	4,220
2017	774	39	26	20	6	24	95	146	4,197
	We are a significant international investor in Romania, where we operate mobile and fixed-line services with 9.1 million customers as of 31 March 2018. We entered the market in 2005 through the acquisition of Mobifon. We also operate a large technology shared services centre in Romania that provides specialist back-office and technology support to companies across the Vodafone Group as a whole.								
Number of legal entities	5								
Legal entities	• Netgrid Telecom SRL* • Vodafone Romania M – Payments SRL • Vodafone Romania SA • Vodafone Romania Technologies SRL • Vodafone Shared Services Romania SRL								

Spain

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Split between: Corporate tax				
2018	5,008	(153)	196	195	<1	75	413	862	5,078
2017	4,983	(74)	164	164	<1	112	393	748	5,188
	We are one of the largest international investors in Spain, where we operate mobile, fixed-line and TV services with 17.5 million customers as of 31 March 2018. We are also a significant provider of communications services to Spanish corporate and public sector customers, from small and medium-sized enterprises and municipalities, to national agencies, the central government and multinational companies. We entered the market in 2000 when Vodafone Group acquired a stake in Airtel Movil, which was awarded its first mobile licence in 1995. In 2014, we acquired the Ono Group, which offers cable TV and fixed-line services. We incurred a loss in Spain during 2018. Previously, declining revenues have meant the profits earned have not been sufficient to cover the interest costs on Spain's historic debt financing, including debt that financed spectrum licences and the acquisition of the Ono Group. The increase in our direct tax contributions is primarily due to higher payments of an economic activities tax. Non-tax contributions were lower due to a change in the timing of payments in the year.								
Number of legal entities	7								
Legal entities	• Vodafone Automotive España S.L • Vodafone Enabler España S.L. • Vodafone Enterprise Spain S.L.U. • Vodafone España S.A.U. • Vodafone Holdings Europe S.L.U. • Vodafone ONO S.A.U. • Vodafone Services S.L.U.								

United Kingdom

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	7,835	554	243	232	11	54	833	1,348	17,120
2017	7,536	(504)	154	243	(89)	64	860	1,491	17,951

Vodafone was founded in the UK more than 30 years ago and the UK remains the domicile of the Group. However, as Vodafone has expanded internationally, Vodafone UK now accounts for less than 1% of the Group's total adjusted operating profit as of 31 March 2018. More than 95% of our customers and around 85% of our employees are outside the UK, and UK nationals account for only 20% of our global senior leadership team.

We are one of the largest private infrastructure investors in the UK, where we operate mobile and fixed-line services with 17.9 million customers as of 31 March 2018. We are also a significant provider of communications services to UK corporate and public sector customers, from small and medium-sized enterprises and local government departments, to the central government and some of the world's largest multinational companies.

In addition to the Vodafone UK local operating business, the Group's core global functions are located in the UK. These include the corporate headquarters that provides professional support services to companies across the Group as a whole. For example, the Vodafone brand (and associated intellectual property assets) and global brand management teams are located within the UK. This means that under transfer pricing arrangements (explained earlier in this Report), which have been agreed with tax authorities around the world, all of the Group's operating businesses pay royalty fees into the UK for the use of the Vodafone brand and to fund the activities of the team that oversees it. Similarly, the global function that supports the Group's affiliate Partner Market network is also based in the UK. We also have a number of UK holding companies (which ultimately own the entire Group) as well as companies that manage the external treasury activities of the Group as a whole.

Our direct tax contributions were higher this year due to the absence of the repayment of tax credits in 2017. The repayment of tax credits was in accordance with long-established international conventions for the avoidance of double taxation and arose following the simplification of the Group's structure after the disposal of our interest in Verizon Wireless.

Non-tax contributions are lower than those for 2017 due to a reduction in microwave communications fees (similar to spectrum licence fees) following a successful court case. Indirect revenue contributions are lower than those for 2017 due to the lower number of employees.

Our overall UK profit and tax liabilities are determined by the factors explained earlier in the Report, including:

- substantial levels of capital investment (more than €1.3 billion in 2018);
- significant debts associated with UK spectrum costs and the funding of the expansion of the Group; and
- low profitability of the UK mobile market compared with other countries.

The profit earned in the UK during 2018 reflects the improved performance of the UK business during the year, together with favourable foreign exchange movements related to borrowings by Group companies.

Our long history in the UK means that we have a significant number of legal entities linked to past mergers and acquisitions or discontinued lines of business that play no active role in the Group today. During the year we reduced the number of legal entities by 30 as part of a programme remove entities which are no longer required from the Group. Almost 65% of all Vodafone legal entities in the UK are dormant but remain registered for the reasons we explained earlier in the Report.

Number of legal entities: 169

Legal entities

- AAA (Euro) Limited
- Acorn Communications Limited
- Apollo Submarine Cable System Limited
- Aspective Limited
- Astec Communications Limited
- Bluefish Communications Limited
- Cable and Wireless (India) Limited
- Cable & Wireless Aspac Holdings Limited
- Cable & Wireless CIS Services Limited
- Cable & Wireless Communications Data Network Services Limited
- Cable & Wireless Europe Holdings Limited
- Cable & Wireless Global Business Services Limited

United Kingdom (continued)

Legal entities

- Cable & Wireless Global Holding Limited
- Cable & Wireless Global Telecommunication Services Limited
- Cable and Wireless Nominee Limited
- Cable & Wireless Trade Mark Management Limited*
- C.S.P. Solutions Limited
- Cable & Wireless UK Holdings Limited
- Cable & Wireless UK Services Limited
- Cable & Wireless Worldwide Services Limited
- Cable & Wireless Worldwide Voice Messaging Limited
- Cellops Limited
- Cellular Operations Limited
- Central Communications Group Limited
- Cornerstone Telecommunications Infrastructure Limited
- CWW Operations Limited
- Dataroam Limited
- Digital Mobile Spectrum Limited*
- Emtel Europe Limited
- Energis (Ireland) Limited
- Energis Communications Limited
- Energis Squared Limited
- Flexphone Limited
- FM Associates (UK) Limited
- Gateway Communications Africa (UK) Limited
- General Mobile Corporation Limited
- Generation Telecom Limited
- Global Cellular Rental Limited
- Internet Network Services Limited
- Isis Telecommunications Management Limited
- Legend Communications Plc
- London Hydraulic Power Company
- Metroholdings Limited
- ML Integration Group Limited
- ML Integration Services Limited
- Mobile Phone Centre Limited
- Mobiles 4 Business.com Limited
- Nat Comm Air Limited
- Navtrak Limited
- P.C.P. (North West) Limited
- Peoples Phone Limited
- Pinnacle Cellular Group Limited
- Pinnacle Cellular Limited
- Project Telecom Holdings Limited
- PT Network Services Limited
- PTI Telecom Limited
- Quickcomm UK Limited
- Rian Mobile Limited
- Singlepoint (4U) Limited
- Singlepoint Payment Services Limited
- Stentor Communications Limited
- Talkland Airtime Services Limited
- Talkland Communications Limited
- Talkland International Limited
- Talkland Midlands Limited
- Talkmobile Limited
- Telecommunications Europe Limited
- Ternhill Communications Limited
- The Eastern Leasing Company Limited
- Thus Group Holdings Limited
- Thus Group Limited
- Thus Limited
- Thus Profit Sharing Trustees Limited
- Townley Communications Limited
- Uniqueair Limited
- Vizzavi Limited
- Voda Limited
- Vodacall Limited
- Vodacom Business Africa Group Services Limited
- Vodacom UK Limited
- Vodafone (New Zealand) Hedging Limited
- Vodafone (NI) Limited
- Vodafone (Scotland) Limited
- Vodafone 2
- Vodafone 4 UK
- Vodafone 5 Limited
- Vodafone 5 UK
- Vodafone 6 UK
- Vodafone Americas 4 Limited
- Vodafone Automotive UK Limited
- Vodafone Benelux Limited
- Vodafone Business Services Limited

United Kingdom (continued)

Legal entities		
	• Vodafone Business Solutions Limited • Vodafone Cellular Limited • Vodafone Central Limited • Vodafone Central Services Limited • Vodafone Connect 2 Limited • Vodafone Connect Limited • Vodafone Consolidated Holdings Limited • Vodafone Corporate Limited • Vodafone Corporate Secretaries Limited • Vodafone DC Pension Trustee Company Limited • Vodafone Distribution Holdings Limited • Vodafone Enterprise Corporate Secretaries Limited • Vodafone Enterprise Equipment Limited • Vodafone Enterprise Europe (UK) Limited • Vodafone Enterprise UK Limited • Vodafone Euro Hedging Limited • Vodafone Euro Hedging Two • Vodafone Europe UK • Vodafone European Investments • Vodafone European Portal Limited • Vodafone Finance Limited • Vodafone Finance Luxembourg Limited • Vodafone Finance Sweden • Vodafone Finance UK Limited • Vodafone Financial Operations • Vodafone Global Content Services Limited • Vodafone Global Enterprise Limited • Vodafone Group (Directors) Trustee Limited • Vodafone Group Pension Trustee Limited • Vodafone Group Plc • Vodafone Group Services Limited • Vodafone Group Services No.2 Limited • Vodafone Group Share Trustee Limited • Vodafone Hire Limited • Vodafone Holdings Luxembourg Limited • Vodafone Intermediate Enterprises Limited • Vodafone International Holdings Limited • Vodafone International Operations Limited • Vodafone Investment UK	• Vodafone Investments Australia Limited • Vodafone Investments Limited • Vodafone IP Licensing Limited • Vodafone Leasing Limited • Vodafone Limited • Vodafone M.C. Mobile Services Limited • Vodafone Marketing UK • Vodafone Mobile Commerce Limited • Vodafone Mobile Communications Limited • Vodafone Mobile Enterprises Limited • Vodafone Mobile Network Limited • Vodafone Multimedia Limited • Vodafone Nominees Limited • Vodafone Oceania Limited • Vodafone Old Show Ground Site Management Limited • Vodafone Overseas Finance Limited • Vodafone Overseas Holdings Limited • Vodafone Panafon UK • Vodafone Partner Services Limited • Vodafone Property Investments Limited • Vodafone Retail (Holdings) Limited • Vodafone Retail Limited • Vodafone Sales & Services Limited • Vodafone Satellite Services Limited • Vodafone Specialist Communications Limited • Vodafone UK Content Services Limited • Vodafone UK Investments Limited • Vodafone UK Limited • Vodafone Ventures Limited • Vodafone Worldwide Holdings Limited • Vodafone Yen Finance Limited • Vodaphone Limited • Vodata Limited • Woodend Cellular Limited • Woodend Communications Limited • Woodend Group Limited • Woodend Holdings Limited • Your Communications Group Limited

Africa, Middle-East and Asia-Pacific

Australia

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	1,266	34	15	14	2	224	62	279	1,402
2017	1,152	(59)	17	14	3	24	56	306	1,448

In Australia, we have a 50-50 joint venture with Hutchison Telecommunications (Australia) Limited, and 5.2 million customers as of 31 March 2018. We first entered the market in 1992 through the award of a mobile licence to Vodafone Pty Limited and established the joint venture with Hutchison in 2009.

Vodafone Hutchison Australia produces its own tax transparency report. This is in response to the introduction of a voluntary tax transparency code by the Australian Tax Office, which seeks to encourage greater transparency to aid public understanding around corporates and tax.

Non-tax contributions increased in the year due to the acquisition of spectrum licences.

Number of legal entities: 16

Legal entities

- Bluefish Australia Pty Limited
- H3GA Properties (No. 3) Pty Limited*
- Mobileworld Communications Pty Limited*
- Mobileworld Operating Pty Limited*
- PPL Pty Limited
- Quickcomm (Pty) Limited
- Talkland Australia Pty Limited
- VAPL No. 2 Pty Limited
- Vodafone Australia Pty Limited*
- Vodafone Enterprise Australia Pty Limited
- Vodafone Foundation Australia Pty Limited*
- Vodafone Hutchison Australia Pty Limited*
- Vodafone Hutchison Finance Pty Limited*
- Vodafone Hutchison Receivables Pty Limited*
- Vodafone Network Pty Limited*
- Vodafone Pty Limited*

Democratic Republic of Congo

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	359	(65)	18	17	2	27	77	45	599
2017	368	(47)	44	42	2	30	55	72	615

Vodacom Congo is the second largest mobile operator in Democratic Republic of Congo (DRC). Over the last three years, we have invested more than €214 million in developing the networks and services relied upon by our 11.8 million customers (as of 31 March 2018); this has contributed positively to local economic development and job creation.

Vodacom Congo (RDC) SA is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 51% of the company. Congo Wireless Network owns the remaining interest. Vodacom entered the DRC in 2002 through the award of a mobile licence. Vodacom Congo also operates mobile financial services through Vodacash SA (also known as M-Pesa in other markets), providing mobile money transfer, savings and credit services to people who are unable to access traditional banking systems.

The variance in direct and indirect revenue contributions is due to the classification of excise duty paid to governments, which cannot always be recovered from the customer. The excise duty is classified as an indirect revenue contribution as the aim is for the tax to be applied to the end user, and not to the company or service provider, although we do absorb this cost for some of our price plans.

Number of legal entities: 2

Legal entities

- Vodacash SA
- Vodacom Congo (RDC) SA

Egypt

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Direct employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	962	280	81	15	67	59	186	188	8,545
2017	1,334	268	139	30	110	191	213	208	8,381

We are a significant international investor in Egypt, where we operate mobile services with 42.3 million mobile customers and 0.4 million fixed broadband customers as of 31 March 2018. We own 54.9% of Vodafone Egypt (the remaining stake is owned by Telecom Egypt) and entered the market in 1998 through the award of a mobile licence. We also operate a large technology shared services centre in Egypt that provides IT and customer support to companies across Vodafone Group as a whole.

Year-on-year contributions reflect the full impact of the November 2016 devaluation of the Egyptian pound. On a local currency basis, non-tax contributions have declined due to the acquisition of a 4G spectrum licence during 2017, and indirect contributions have increased due to higher turnover and an increase in the Egyptian VAT rate from 13% to 14% in July 2017.

Number of legal entities: 7

Legal entities

- Sarmady Communications
- Starnet
- Vodafone Data S.A.E.
- Vodafone Egypt Telecommunications S.A.E.
- Vodafone For Trading (previously Misrfone Trading Company LLC)
- Vodafone International Services LLC
- Wateaneya Telecommunications S.A.E.*

Ghana

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	253	(168)	19	7	12	9	55	33	1,052
2017	284	(242)	12	6	6	11	63	43	1,111

We are a significant international investor in Ghana, where we operate mobile and fixed-line services with 9.1 million customers as of 31 March 2018. We own 70% of Vodafone Ghana (the remaining 30% is owned by the Ghanaian government) and entered the market in 2008 through the acquisition of Ghana Telecom. Vodafone Ghana also provides mobile financial services through M-Pesa, enabling people who are unable to access traditional banking systems to benefit from money transfer, savings and credit services.

Our business in Ghana operates in a market where the profits we can generate by providing services to customers (as described above) do not yet cover the cost of funding the businesses investment needed to build and run the required network and operations.

Number of legal entities: 4

Legal entities

- Ghana Telecommunications Company Limited
- National Communications Backbone Company Limited
- Vodacom Business (Ghana) Limited
- Vodafone Ghana Mobile Financial Services Limited

India

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	5,712	893	487	264	222	839	1,614	1,088	22,724
2017	6,847	(338)	585	245	340	2,560	1,796	1,313	23,836

We are one of the largest international investors in India, where we operate mobile and fixed-line services with 222.9 million customers as of 31 March 2018. We are also a significant provider of communications services to Indian corporate and public sector customers, from small and medium-sized enterprises and municipalities, to national agencies, the central government and multinational companies.

We entered the market in 2007 through the acquisition of assets owned by Hutchison. Local rules limiting the extent to which non-Indian shareholders could own assets in certain sectors led to unavoidably complex ownership arrangements until 2013, when we were permitted to acquire the remaining interests held by minority investors and were then able to begin to rationalise our overall corporate structure in India – a process which continues.

We operate large technology shared service centres in India that provide specialist back-office and technology support to companies across the Group as a whole. In 2012, we established a financial services business to bring the M-Pesa mobile money service to India. We also own 42% of Indus Towers, one of the world's largest mobile transmission tower companies, which provides the passive infrastructure for the network for Vodafone Idea and one of its competitors.

The tax treatment of the 2007 acquisition remains the focus of an ongoing dispute with the Indian government, which is explained here on page 22.

Our business in India operates in a challenging environment and our results have been affected by new entrants in the market. In March 2017, we announced an agreement to combine our Indian business with Idea Cellular. The transaction completed in August 2018.

Our non-tax contribution in 2018 is lower than in 2017 due to the timing of payments in respect of the spectrum auction held in 2016. Direct contributions have declined due to a lower level of withholding taxes during the year, the receipt of a refund of prior years' overpaid corporate tax and a change in the law relating to sales tax. Indirect revenue contributions have also fallen as a result of lower revenues and lower rates of withholding tax where we pay this to the government on behalf of other taxpayers.

Because of the challenging environment in India, we again incurred a loss in 2018. The profit reported above reflects the accounting treatment we are required to adopt following the announcement of the merger with Idea Cellular. This treatment does not permit depreciation of our network assets or spectrum licences after the announcement of the transaction. This depreciation is reflected in local accounts and tax returns and means we would report a loss for in the period) as the spectrum costs, investment in our networks and the interest costs incurred with local Indian banks exceeded the profit we made from providing our services to customers.

Number of legal entities: 28

Legal entities

- AG Mercantile Company Private Limited
- Cable & Wireless Global (India) Private Limited
- Cable & Wireless Networks India Private Limited
- Connect (India) Mobile Technologies Private Limited
- Firefly Networks Limited*
- Indus Towers Limited*
- Jaykay Finholding (India) Private Limited
- Mobile Commerce Solutions Limited
- MV Healthcare Services Private Limited
- Nadal Trading Company Private Limited
- ND Callus Info Services Private Limited
- Omega Telecom Holdings Private Limited
- Plustech Mercantile Company Private Limited
- Scorpio Beverages Private Limited
- SMMS Investment Private Limited
- Telecom Investments India Private Limited
- UMT Investments Limited
- Usha Martin Telematics Limited
- Vodafone Business Services Private Limited
- Vodafone Global Services Private Limited
- Vodafone India Digital Limited
- Vodafone India Limited
- Vodafone India Services Private Limited
- Vodafone India Ventures Limited
- Vodafone Mobile Services Limited
- Vodafone m-pesa Limited
- Vodafone Towers Limited
- Vodafone Technology Solutions Limited

Kenya

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	781	370	308	102	206	19	99	121	1,761
2017	810	293	207	89	118	19	108	126	1,729

We are one of the largest international investors in Kenya, where our associate Safaricom^Δ, held through Vodacom, operates mobile services with 29.6 million customers as of 31 March 2018. Safaricom also provides communications services to Kenyan corporate and public sector customers. Vodafone entered the Kenyan market in 2000 through the acquisition of our stake in Safaricom. Other legal entities include the companies responsible for the M-Pesa mobile money service. M-Pesa was originally launched in Kenya; it is a mainstay of the country's financial system and is used by millions of Kenyans every day.

Direct tax contributions were higher in 2018 than in the previous year primarily due to the taxes paid on the transfer of our Safaricom shareholding to the Vodacom Group.

Δ: 27.6% owned through a direct and indirect holding. Vodafone owns 64.5% of Vodacom, which owns 35% of Safaricom.

Number of legal entities 4

Legal entities

- M-Pesa Holding Co. Limited
- Safaricom Limited*
- Vodacom Business (Kenya) Limited
- Vodafone Kenya Limited

Lesotho

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	72	31	8	<1	8	4	8	10	206
2017	68	28	10	2	8	3	4	13	208

Vodacom Lesotho is the largest mobile operator in Lesotho. Over the last three years, Vodacom Lesotho has invested more than €37 million to improve and modernise the network and services relied upon by 1.4 million customers as of 31 March 2018.

Vodacom Lesotho (Pty) Limited is a subsidiary of the South Africa-based Vodacom Group Limited, through Vodacom International Holdings Pty Limited, which owns 80% of the company. The remaining interest in Vodacom Lesotho is owned by Sekhametsi Enterprises (Pty) Limited. Vodacom entered Lesotho in 1996 through the award of a mobile licence. Vodacom Lesotho also provides mobile financial services through M-Pesa, enabling people who are unable to access traditional banking systems to benefit from money transfer, savings and credit services.

Number of legal entities 1

Legal entities

- Vodacom Lesotho (Pty) Limited

Mozambique

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	231	68	15	3	12	6	26	58	512
2017	190	14	20	6	14	5	22	26	479
	Vodacom Mozambique is the second largest mobile operator in Mozambique. Over the last three years, Vodacom has invested more than €149 million to improve and modernise the networks and services relied upon by 6.1 million customers (as of 31 March 2018). Vodacom Mozambique (VM SA) is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 85% of the company. The remaining interests are owned by Interlec Holdings Limited (6.5%), Whatana Investments Limited (6.5%) and various other minority shareholders. Vodacom entered Mozambique in 2003 through the award of a mobile licence. Vodafone M-Pesa SA provides mobile financial services, including mobile money transfer, savings and credit services, to people who are unable to access traditional banking systems.								
Number of legal entities	2								
Legal entities	• VM SA • Vodafone M-Pesa SA								

New Zealand

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	1,256	61	32	18	14	1	111	134	2,967
2017	1,311	47	40	21	19	1	120	144	2,965

We are a significant international investor in New Zealand, where we operate mobile, fixed-line and TV services with 3.0 million customers as of 31 March 2018. We are also a significant provider of communications services to New Zealand corporate and public sector customers. We entered the market in 1998 through the acquisition of BellSouth's New Zealand operations, and in 2012, we acquired the TelstraClear fixed-line and TV business. In 2018, we acquired a rural fixed-line provider, BayCity Communications Limited, and its associated companies in two separate transactions, further extending the reach of the business.

Number of legal entities: 12

Legal entities

- BayCity Communications Limited
- BayCity Dairy Limited
- Centurion GSM Limited*
- Farmside Limited
- Farmside Technologies Limited
- MyFarmside Limited
- TNAS Limited*
- Vodafone Mobile NZ Limited
- Vodafone New Zealand Foundation Limited
- Vodafone New Zealand Holdings Limited
- Vodafone New Zealand Limited
- Vodafone Next Generation Services Limited

Qatar

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2017	510	(67)	-	-	-	12	2	66	490

We completed the sale of our Qatari operations on 29 March 2018 and continue to operate in the country on a Partner Market agreement. Due to the disposal, no contributions have been included.

Number of legal entities: Number of legal entities: none – sold in 2018

Legal entities

South Africa

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	4,593	1,099	412	48	364	17	353	585	5,168
2017	4,187	1,077	387	28	359	25	290	544	5,253

Vodafone owns 64.5% of the Vodacom Group; the remaining 35.5% is publicly owned through a listing on the Johannesburg Stock Exchange. Vodacom is one of Africa's largest public companies and owns our operating businesses in DRC, Lesotho, Mozambique, South Africa and Tanzania, and as of September 2017, it also owns 35% of Safaricom.

The majority of Vodacom's revenues are derived from its biggest operating company, Vodacom South Africa (Pty) Limited, which was founded in 1994. In the South African market, Vodacom South Africa is the largest mobile operator and provides mobile and fixed-line services to over 41.6 million customers as of 31 March 2018. Vodafone acquired a majority interest in Vodacom Group in 2009.

Over the last three years, Vodacom has invested more than €1.7 billion to improve and modernise its network, in turn contributing positively towards economic development and job creation.

Vodacom South Africa's direct and indirect revenue contributions have increased year on year due to an increase in revenues.

Vodacom Group owns several holding companies in South Africa – its country of domicile – as well as an insurance business that provides services to companies across the Vodacom Group. There are also a number of dormant companies with no active role in either Vodafone Group or Vodacom Group.

Number of legal entities: 30

Legal entities

- AfrisGris (Pty) Limited*
- Cable and Wireless Worldwide South Africa (Pty) Limited
- Canard Spatial Technology (Pty) Limited*
- Centriq Insurance Company (Pty) Limited
- G Mobile Holdings Limited
- GS Telecom (Pty) Limited
- Jupicol (Pty) Limited
- Mezzanine Ware (Pty) Limited (RF)
- Motifpros 1 (Pty) Limited
- Number Portability Company (Pty) Limited*
- Scarlet Ibis Investments 23 (Pty) Limited
- Storage Technology Services (Pty) Limited
- Vodacom (Pty) Limited
- Vodacom Business Africa Group (Pty) Limited
- Vodacom Financial Services (Pty) Limited
- Vodacom Group Limited
- Vodacom Insurance Administration Company (Pty) Limited
- Vodacom Insurance Company (RF) Limited
- Vodacom International Holdings (Pty) Limited
- Vodacom Life Assurance Company (RF) Limited
- Vodacom Payment Services (Pty) Limited
- Vodacom Properties No.1 (Pty) Limited
- Vodacom Properties No.2 (Pty) Limited
- Vodafone Holdings (SA) (Pty) Limited
- Vodafone Investments (SA) (Pty) Limited
- Waterberg Lodge (Pty) Limited
- Wheatfields Investments 276 (Pty) Limited
- X-Link Communications (Pty) Limited
- Yebu Yethu Employee Participation Fund
- Yebu Yethu (RF) Limited

Tanzania

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Split between: Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	370	40	26	9	17	9	122	61	530
2017	386	29	92	70	23	14	51	62	556

Vodacom Tanzania is the largest mobile operator in Tanzania with 12.9 million customers as of 31 March 2018. Over the last three years, we have invested around the €212 million in Vodacom Group to modernise the networks and services relied upon by its customers.

Vodacom Tanzania is a subsidiary of the South Africa-based Vodacom Group Limited, which owns 61.7% of the company; 25% is listed on the Dar es Salaam Stock Exchange following an IPO in August 2017 and the remaining interest in Vodacom Tanzania is owned by Mirambo Limited. Vodacom Group Limited also has a 49% stake in Mirambo Limited through Cavalry Holdings Limited. Vodacom entered the market in 2000 through the award of a mobile licence. It also provides mobile financial services through M-Pesa, offering mobile money transfer, savings and credit services to people who are unable to access traditional banking systems.

The variance in direct and indirect revenue contributions is due to the classification of excise duty paid to governments, which cannot always be recovered from the customer. The excise duty is classified as an indirect revenue contribution as the aim is for the tax to be applied to the end user, and not to the company or service provider, although we do absorb this cost for some of our price plans.

Number of legal entities: 6

Legal entities

- Gateway Communications Tanzania Limited
- Mirambo Limited
- M-Pesa Limited
- Shared Networks Tanzania Limited
- Vodacom Tanzania Limited Zanzibar
- Vodacom Tanzania Plc

Turkey

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	2,875	(14)	398	347	51	188	482	309	3,311
2017	3,053	(59)	450	388	61	234	515	336	3,410

We are a significant international investor in Turkey, where we operate mobile and fixed-line services with 24.0 million customers as of 31 March 2018. We entered the market in 2005 following our acquisition of the assets of Telsim. We have a holding company that owns our Turkish operating business. We also operate a technology R&D centre that provides specialist expertise to companies across the Group as a whole.

Year-on-year contributions have been affected by the reduction in the value of the Turkish lira. Our Turkish lira direct tax and indirect contributions increased primarily as a result of higher revenues.

Number of legal entities: 8

Legal entities

- Vodafone Bilgi Ve Iletisim Hizmetleri AS
- Vodafone Dagitim Hizmetleri A.S.
- Vodafone Elektronik Para Ve Ödeme Hizmetleri A.Ş.
- Vodafone Holding A.S.
- Vodafone Net İletişim Hizmetleri A.Ş.
- Vodafone Teknoloji Hizmetleri A.S.
- Vodafone Telekomunikasyon A.S.
- Vodafone Mobile Operations Limited

Vodafone Business sales and marketing locations

Angola

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	1	(1)	<1	<1	-	-	<1	<1	9
2017	4	1	<1	<1	-	-	<1	<1	9
	Vodacom Business Limitada is a business-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to IoT and cloud computing services – to both Vodafone's and Vodacom's large corporate and multinational customers who have a presence across Africa.								
Number of legal entities	1								
Legal entities	• Vodacom Business Limitada (Angola)								

Argentina

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	-	-	-	-	<1	-	-
2017	-	<1	-	-	-	-	<1	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers in the country.								
Number of legal entities	1								
Legal entities	• CWGNL S.A								

Austria

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	<1	<1	<1	<1	-	<1	-	<1	-
2017	<1	<1	<1	<1	-	<1	-	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Austria GmbH								

Bahrain

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	1	<1	-	-	-	-	-	-	-
2017	<1	<1	-	-	-	-	-	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Bahrain W.L.L.								

Belgium

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Split between: Corporate tax				
2018	1	(1)	<1	<1	<1	<1	<1	1	20
2017	1	2	1	1	<1	<1	<1	1	17
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. The entity also acts as our representative office in engaging with Brussels-based European institutions.								
Number of legal entities	1								
Legal entities	• Vodafone Belgium SA/NV								

Brazil

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Split between: Corporate tax				
2018	12	(9)	1	<1	1	-	<1	-	-
2017	12	(3)	<1	<1	-	-	<1	-	4
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. The company that supported our automotive IoT business, which was acquired under the transaction with Cobra Group (now Vodafone Automotive) in 2014, is in the process of being closed down.								
Number of legal entities	3								
Legal entities	• Cobra de Brasil Servicos de Telematica Limitada • Vodafone Empresa Brasil Telecomunicações Limitada • Vodafone Servicos Empresariais Brasil Limitada								

Bulgaria

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	-	<1	<1	<1	-	-	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Bulgaria EOOD								

Cameroon

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	4	1	<1	<1	<1	-	1	<1	32
2017	7	1	<1	<1	<1	-	<1	<1	27
	Vodacom Business Cameroon SA is a business-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to IoT and cloud computing services – to both Vodafone's and Vodacom's large corporate and multinational customers who have a presence across Africa.								
Number of legal entities	1								
Legal entities	• Vodacom Business Cameroon SA								

Canada

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	<1	<1	<1	-	<1	-	5
2017	-	<1	<1	<1	<1	-	<1	-	4
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Canada Incorporated								

Chile

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	-	<1	-	-	-	-	<1	-	-
2017	-	-	-	-	-	-	<1	-	1
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Chile S.A.								

China

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	5	<1	<1	<1	<1	-	1	-	21
2017	6	<1	<1	<1	<1	<1	2	-	23
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. We also operate a company supporting our automotive IoT business that was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy in 2014.								
Number of legal entities	3								
Legal entities	• Vodafone Automotive Technologies (Beijing) Co. Limited • Vodafone China Limited • Vodafone Enterprise Technical Services (Shanghai) Co. Limited								

Côte d'Ivoire

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	2	<1	<1	<1	<1	<1	<1	-	10
2017	3	1	<1	<1	<1	<1	<1	-	7
	Vodacom Business Cote d'Ivoire S.A.R.L. is a business-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to IoT and cloud computing services – to both Vodafone's and Vodacom's large corporate and multinational customers who have a presence across Africa.								
Number of legal entities	1								
Legal entities	• Vodacom Business Cote D'Ivoire S.A.R.L.								

Denmark

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	<1	<1	-	-	<1	-	-
2017	-	<1	<1	<1	<1	-	<1	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Denmark A/S								

Finland

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	-	-	-	-	-	-	-	-
	We have one legal entity in Finland, which is currently dormant.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Finland OY								

France

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	21	2	2	1	1	<1	<1	5	43
2017	14	<1	2	1	1	<1	<1	9	42
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. We also operate a company supporting our automotive IoT business that was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy in 2014.								
Number of legal entities	3								
Legal entities	• Vodafone Automotive France S.A.S • Vodafone Automotive Telematics Development S.A.S • Vodafone Enterprise France S.A.S								

Hong Kong

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	65	16	1	1	<1	<1	<1	-	83
2017	60	(14)	1	1	-	<1	-	-	84
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers.								
Number of legal entities	4								
Legal entities	• Vodafone China Limited (Hong Kong) • Vodafone Enterprise Global Network HK Limited • Vodafone Enterprise Hong Kong Limited • Vodafone Global Enterprise (Hong Kong) Limited								

Japan

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	6	<1	1	<1	<1	-	<1	-	21
2017	6	2	1	<1	<1	-	1	-	18
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. We also operate a company supporting our automotive IoT business that was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy in 2014.								
Number of legal entities	2								
Legal entities	• Vodafone Automotive Japan K.K.					• Vodafone Global Enterprise (Japan) K.K.			

Malaysia

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m) Total paid	Split between: Direct taxes	Corporate tax	Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
2018	4	<1	<1	<1	<1	<1	<1	-	-
2017	1	1	<1	-	<1	-	<1	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Global Enterprise (Malaysia) Sdn Bhd								

Mexico

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	<1	<1	<1	-	<1	-	3
2017	-	1	<1	-	<1	-	<1	-	2
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Empresa México S.de R.L. de C.V.								

Nigeria

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	25	(1)	1	1	-	1	4	2	206
2017	35	(17)	2	2	1	2	3	2	188
	Vodacom Business Africa (Nigeria) Limited is a business-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to IoT and cloud computing services – to both Vodafone's and Vodacom's large corporate and multinational customers who have a presence across Africa.								
Number of legal entities	3								
Legal entities	• C&W Worldwide Nigeria Limited • Spar Aerospace (Nigeria) Limited • Vodacom Business Africa (Nigeria) Limited								

Norway

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	-	-	-	-	-	-	-	-
	We have one legal entity in Norway, which is currently dormant.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Norway AS								

Russia

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	<1	<1	<1	<1	<1	<1	<1	<1	4
2017	1	<1	<1	<1	<1	<1	-	-	4
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. We also operate a company supporting our automotive IoT business that was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy in 2014.								
Number of legal entities	3								
Legal entities	• Autoconnex Limited* • Cable & Wireless CIS Svyaz LLC • Vodafone Global Enterprise Russia LLC								

Sierra Leone

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	1	-	-	-	-	-	-	-
2017	<1	<1	-	-	-	-	-	-	-
	VBA International (SL) Limited was a business-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). The company was wound down and subsequently deregistered during the financial year.								
Number of legal entities	1								
Legal entities	• VBA International (SL) Limited								

Singapore

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	59	7	1	1	<1	<1	1	5	191
2017	72	(3)	2	1	1	<1	1	9	208
	Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in Singapore.								
Number of legal entities	3								
Legal entities	• Vodafone Enterprise Global Network Pte Limited • Vodafone Enterprise Regional Business Singapore Pte Limited • Vodafone Enterprise Singapore Pte Limited								

South Korea

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	9	1	<1	<1	<1	<1	<1	-	14
2017	12	(1)	<1	<1	<1	-	<1	-	12
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in South Korea. We also operate a company supporting our automotive IoT business that was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy, in 2014.								
Number of legal entities	2								
Legal entities	• Vodafone Automotive Korea Limited • Vodafone Enterprise South Korea Limited								

Sweden

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	<1	<1	<1	<1	<1	-	<1	<1	2
2017	<1	1	<1	<1	<1	<1	<1	-	3
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Sweden AB								

Switzerland

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	31	2	1	<1	<1	<1	1	<1	4
2017	31	(3)	1	<1	1	<1	1	-	7
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. We also operate a company supporting our automotive IoT business that was acquired under the transaction with Cobra Group (now Vodafone Automotive) in Italy in 2014.								
Number of legal entities	2								
Legal entities	• Vodafone Automotive Telematics S.A.	• Vodafone Enterprise Switzerland AG							

Taiwan

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	<1	<1	-	<1	<1	-	-
2017	-	<1	<1	<1	<1	<1	-	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Global Enterprise Taiwan Limited								

Ukraine

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	<1	(2)	<1	<1	-	-	<1	<1	-
2017	<1	1	<1	<1	-	-	-	-	-
	Our local legal entity provides marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.								
Number of legal entities	1								
Legal entities	• Vodafone Enterprise Ukraine LLC								

USA

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	79	(11)	(4)	3	(8)	<1	18	8	284
2017	59	(37)	(63)	5	(68)	1	25	20	445

Our local legal entities provide marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country.

Our 2018 and 2017 direct tax contributions include refunds of US state taxes. We had paid these amounts in earlier years as part of the Verizon Wireless disposal, some of which were due back to us on the finalisation of the state tax liability for that year. Direct tax and indirect contributions have declined during the year largely as a result of the decline in employee numbers.

Number of legal entities: 4

Legal entities:
- Bluefish Communications Inc.
- Cable & Wireless a-Services Inc.
- Cable & Wireless America Systems Inc.
- Vodafone US Inc.

Zambia

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	10	(2)	<1	<1	<1	1	3	1	174
2017	11	(3)	<1	<1	<1	<1	1	1	182

AfriConnect (Zambia) Limited is a business-focused ICT subsidiary of the Vodacom Group through Vodacom Business Africa Group (Pty) Limited (VBA). VBA provides a range of communications services – from mobile and fixed-line connections through to IoT and cloud computing services – to both Vodafone's and Vodacom's large corporate and multinational customers who have a presence across Africa.

Number of legal entities: 1

Legal entities:
- AfriConnect (Zambia) Limited

Other entities

Cayman Islands

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	-	-	-	-	-	-	-
2017	-	<1	-	-	-	-	-	-	-

Our legal entity in the Cayman Islands is a legacy of the transaction with Hutchison in 2007, which became Vodafone India which, as a result of a merger in 2018, is now part of Vodafone Idea. Hutchison owned the assets in India indirectly via a Cayman Islands holding company. In its 2012 ruling, the Indian Supreme Court examined the Cayman Islands entity established by Hutchison (and subsequently acquired by Vodafone) and concluded that it had not been established to avoid tax.

Under Vodafone's ownership, the Cayman Islands holding company has no income and plays no role in reducing the taxes payable by our Indian operations or by the Group.

Number of legal entities: 1

Legal entities:
- CGP Investments (Holdings) Limited

Guernsey

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	-	-	-	-	-	-	-
2017	-	<1	-	-	-	-	-	-	-

Our legal entities in Guernsey are a consequence of prior acquisitions. These holding companies play no role in reducing the taxes payable by the Group.

Number of legal entities: 5

Legal entities:
- FB Holdings Limited
- Le Bunt Holdings Limited
- Silver Stream Investments Limited
- VBA Holdings Limited
- VBA International Limited

Jersey

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	<1	-	-	-	-	-	-	-
2017	-	<1	-	-	-	-	-	-	-
	We have a number of legal entities in Jersey. Eight of these holding companies are subject to tax in the UK. Their overall tax contributions are therefore included within the numbers disclosed for the UK. We also have one legacy holding company in Jersey that receives a limited amount of dividend income (which is paid from post-tax profits) and plays no role in the financing of the Group.								
Number of legal entities	9								
Legal entities	• Aztec Limited • Globe Limited • Plex Limited • Vizzavi Finance Limited • Vodafone Holdings (Jersey) Limited • Vodafone International 2 Limited • Vodafone Jersey Dollar Holdings Limited • Vodafone Jersey Finance • Vodafone Jersey Yen Holdings Unlimited								

Luxembourg

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	133	1,448	9	5	4	1	50	79	351
2017	187	1,450	8	4	5	-	15	17	325

Our legal entities in Luxembourg conduct financing, procurement and roaming activities on behalf of the Group as a whole. Our local legal entities also provide marketing, sales and client support for Vodafone's large corporate and multinational customers who have an operating presence in the country. During 2017, we launched Tomorrow Street, a start-up incubator hub created in partnership with the Luxembourg government. Further details of our Luxembourg subsidiaries are set out earlier in the Report.

Luxembourg provides a large proportion of the Group's funding to many of our businesses worldwide, as explained earlier in the Report. Under transfer pricing of main narrative] rules, all such arrangements must operate under commercial 'arm's-length' principles, which are externally benchmarked and verified. In simple terms, the interest and fees associated with this funding activity must be comparable with those levied by an external financial institution. In addition, Luxembourg hosts our global procurement and roaming subsidiaries, which serve Vodafone businesses worldwide as strategic centres of excellence; they also operate as profit centres in their own right, charging third parties (such as Partner Markets operators) fees on a commercial basis for a variety of services, including the provision of specialist roaming management and procurement services to third parties.

Indirect contributions increased following the completion of our 4G network rollout programme (Project Spring), which reduced the amount of VAT recovered from the government.

Number of legal entities: 12

Legal entities

- Tomorrow Street GP S.a.r.l.
- Vodafone Asset Management Services S.a.r.l.
- Vodafone Enterprise Global Businesses S.a.r.l.
- Vodafone Enterprise Luxembourg S.A.
- Vodafone International 1 S.a.r.l.
- Vodafone International M S.a.r.l.
- Vodafone Investments Luxembourg S.a.r.l.
- Vodafone Luxembourg 5 S.a.r.l.
- Vodafone Luxembourg S.a.r.l.
- Vodafone Payment Solutions S.a.r.l.
- Vodafone Procurement Company S.a.r.l.
- Vodafone Roaming Services S.a.r.l.

Mauritius

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Split between: Corporate tax				
2018	-	(7)	1	<1	1	-	<1	-	5
2017	-	(110)	1	<1	1	-	<1	<1	10

Our legal entities in Mauritius are a legacy of prior acquisitions, predominantly the acquisition of the Hutchison assets in 2007, which became Vodafone India which, as a result of a merger in 2018, is now part of Vodafone Idea. Mauritius is a common base for multinational investment into India and Africa, and a number of assets acquired by Vodafone and Vodacom in the past have involved assuming ownership of Mauritius-based companies. These entities play no role in reducing the taxes payable by our African or Indian operations (or the operations of the Group) and many of them are now dormant. Vodacom's Mauritius-based companies also provide HR and wholesaling services to other members of the Vodacom Group.

Number of legal entities: 16

Legal entities

- Al-Amin Investments Limited
- Array Holdings Limited
- Asian Telecommunications Investments (Mauritius) Limited
- CCII (Mauritius) Inc.
- CGP India Investments Limited
- Euro Pacific Securities Limited
- Mobile Wallet VM1
- Mobile Wallet VM2
- Mobilvest
- Prime Metals Limited
- Trans Crystal Limited
- VBA (Mauritius) Limited
- Vodacom International Limited
- Vodafone Mauritius Limited
- Vodafone Telecommunications (India) Limited
- Vodafone Tele-Services (India) Holdings Limited

Morocco

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Direct employment
			Total paid	Split between: Direct taxes	Split between: Corporate tax				
2018	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-

We have one legacy legal entity in Morocco, which is dormant.

Number of legal entities: 1

Legal entities

- Vodafone Maroc S.a.r.l.

Seychelles

	Revenue (€m)	Profit before tax (€m)	Direct revenue contribution: Tax (€m)			Direct revenue contribution: Non-tax (€m)	Indirect revenue contribution (€m)	Capital investment (€m)	Employment
			Total paid	Split between: Direct taxes	Corporate tax				
2018	-	-	-	-	-	-	-	-	-
2017	-	-	-	-	-	-	-	-	-
	We acquired two legal entities in the Seychelles when Vodacom Group increased its stake in Vodacom Tanzania in 2014. These entities have no income and play no part in the financing of either Vodacom Group or Vodafone Group.								
Number of legal entities	2								
Legal entities	• Cavalry Holdings Limited					• East Africa Investments (Mauritius) Limited			

Appendices

Appendix 1: Summary table of our contributions, by country

The table below sets out the data for five of the most relevant indicators of Vodafone's overall contributions to the public finances and wider economies of the countries within which we operate. It also includes the revenue and profit before tax (PBT) figures for each of our businesses. All the contributions and capital investment data presented is for the 2018 financial year on an actual cash-paid basis and is drawn from our audited accounts.

The source data is predominantly drawn from information included within the publicly available Vodafone Group Annual Report, the public accounts of the Group's listed operating company subsidiaries and the accounts of various non-listed Group operating company subsidiaries. This Report has been prepared using data presented in the Vodafone Group Plc Annual Report for 2018.

Vodafone Group's public accounts are certified by the Group's external auditors, and the public accounts of the Group's listed operating company subsidiaries are certified by those companies' external auditors. Additional data is subject to assurance in line with the approach taken for other metrics disclosed in the 2018 Vodafone Group Sustainable Business Report. The assurance for selected aspects of this Report was conducted by BDO.

					Direct revenue contributions:											
						Split between:										
	Revenue		PBT (ex dividends)		Total	*Direct taxes*	*Corporate tax*	Total	Direct revenue contribution: Non-tax		Indirect revenue contribution		Capital investment		Direct employment	
	FY17–18 €m	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	*€m*	*€m*	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18**	FY16–17
Europe																
Albania	**119**	119	**4**	3	**2**	*1*	*2*	5	**2**	13	**12**	10	**17**	18	**401**	441
Czech Republic	**544**	507	**52**	32	**24**	*15*	*9*	17	**26**	14	**82**	70	**71**	92	**1,734**	1,694
Germany	**10,927**	10,619	**180**	(636)	**331**	*244*	*87*	350	**<1**	219	**1,292**	1,271	**1,916**	1,925	**14,946**	15,714
Greece	**874**	851	**(1)**	8	**22**	*20*	*2*	23	**66**	15	**197**	199	**116**	117	**1,913**	1,978
Hungary	**531**	468	**58**	17	**29**	*20*	*10*	29	**25**	21	**140**	140	**60**	62	**3,762**	3,660
Ireland	**995**	996	**8**	2	**25**	*21*	*4*	24	**20**	25	**113**	100	**150**	172	**1,313**	1,310
Italy	**6,386**	6,249	**846**	686	**345**	*107*	*238*	187	**668**	38	**856**	748	**890**	881	**7,332**	7,339
Malta	**82**	86	**92**	124	**11**	*1*	*10*	12	**3**	3	**14**	10	**12**	14	**338**	347
Netherlands	**1,990**	1,867	**194**	(7)	**32**	*32*	*1*	2	**<1**	<1	**310**	212	**409**	303	**4,361**	3,601
Portugal	**1,015**	985	**12**	(37)	**20**	*15*	*5*	38	**27**	33	**124**	123	**195**	279	**1,386**	1,376
Romania	**800**	774	**15**	39	**28**	*18*	*10*	26	**24**	24	**111**	95	**98**	146	**4,220**	4,197
Spain	**5,008**	4,983	**(153)**	(74)	**196**	*195*	*1*	164	**75**	112	**413**	393	**862**	748	**5,078**	5,188
United Kingdom	**7,835**	7,536	**554**	(504)	**243**	*232*	*11*	154	**54**	64	**833**	860	**1,348**	1,491	**17,120**	17,951
TOTAL	**37,106**	36,039	**1,861**	(348)	**1,308**	*920*	*388*	1,031	**991**	581	**4,496**	4,231	**6,145**	6,248	**63,904**	64,796

	Revenue		PBT (ex dividends)		Direct revenue contributions:				Direct revenue contribution: Non-tax		Indirect revenue contribution		Capital investment		Direct employment	
					Total	*Split between: Direct taxes*	*Corporate tax*	Total								
	FY17–18 €m	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	*€m*	*€m*	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18**	FY16–17
AMAP region																
Australia	**1,266**	1,152	**34**	(59)	**15**	*14*	*2*	17	**224**	24	**62**	56	**279**	306	**1,402**	1,448
Democratic Republic of Congo	**359**	368	**(65)**	(47)	**18**	*17*	*2*	44	**27**	30	**77**	55	**45**	72	**599**	615
Egypt	**962**	1,334	**280**	268	**81**	*15*	*67*	139	**59**	191	**186**	213	**188**	208	**8,545**	8,381
Ghana	**253**	284	**(168)**	(242)	**19**	*7*	*12*	12	**9**	11	**55**	63	**33**	43	**1,052**	1,111
India	**5,712**	6,847	**893**	(338)	**487**	*264*	*222*	585	**839**	2,560	**1,614**	1,796	**1,088**	1,313	**22,724**	23,836
Kenya	**781**	810	**370**	293	**308**	*102*	*206*	207	**19**	19	**99**	108	**121**	126	**1,761**	1,729
Lesotho	**72**	68	**31**	28	**8**	*<1*	*8*	10	**4**	3	**8**	4	**10**	13	**206**	208
Mozambique	**231**	190	**68**	14	**15**	*3*	*12*	20	**6**	5	**26**	22	**58**	26	**512**	479
New Zealand	**1,256**	1,311	**61**	47	**32**	*18*	*14*	40	**1**	1	**111**	120	**134**	144	**2,967**	2,965
Qatar	**-**	510	**-**	(67)	**-**	*-*	*-*	-	**-**	12	**-**	2	**-**	66	**-**	490
South Africa	**4,593**	4,187	**1,099**	1,077	**412**	*48*	*364*	387	**17**	25	**353**	290	**585**	544	**5,168**	5,253
Tanzania	**370**	386	**40**	29	**26**	*9*	*17*	92	**9**	14	**122**	51	**61**	62	**530**	556
Turkey	**2,875**	3,053	**(14)**	(59)	**398**	*347*	*51*	450	**188**	234	**482**	515	**309**	336	**3,311**	3,410
TOTAL	**18,730**	**20,500**	**2,630**	**943**	**1,820**	***844***	***976***	**2,004**	**1,401**	**3,129**	**3,194**	**3,296**	**2,913**	**3,260**	**48,777**	**50,481**
Vodafone Business sales and marketing locations																
Angola	**1**	4	**(1)**	1	**<1**	*<1*	*<1*	<1	**-**	-	**<1**	<1	**<1**	<1	**9**	9
Argentina	**-**	-	**<1**	<1	**-**	*-*	*-*	-	**-**	-	**<1**	<1	**-**	-	**-**	-
Austria	**<1**	<1	**<1**	<1	**<1**	*-*	*<1*	<1	**<1**	<1	**-**	-	**<1**	-	**-**	-
Bahrain	**1**	<1	**<1**	<1	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Belgium	**1**	1	**(1)**	2	**<1**	*<1*	*<1*	1	**<1**	<1	**<1**	<1	**1**	1	**20**	17
Brazil	**12**	12	**(9)**	(3)	**1**	*<1*	*1*	<1	**-**	-	**-**	-	**-**	-	**-**	4
Bulgaria	**-**		**-**		**<1**	*<1*	*<1*	<1	**-**	-	**1**	<1	**<1**	-	**-**	-
Cameroon	**4**	7	**1**	1	**<1**	*<1*	*<1*	<1	**-**	-	**1**	<1	**<1**	<1	**32**	27
Canada	**-**	-	**<1**	<1	**<1**	*<1*	*<1*	<1	**-**	-	**<1**	<1	**-**	-	**5**	4
Chile	**-**	-	**<1**	-	**<1**	*<1*	*-*	-	**-**	-	**<1**	<1	**-**	-	**-**	1
China	**5**	6	**<1**	<1	**<1**	*<1*	*<1*	<1	**-**	<1	**1**	2	**-**	-	**21**	23
Côte d'Ivoire	**2**	3	**<1**	1	**<1**	*<1*	*<1*	<1	**<1**	<1	**<1**	<1	**-**	-	**10**	7
Denmark	**-**	-	**<1**	<1	**<1**	*<1*	*-*	<1	**-**	-	**<1**	<1	**-**	-	**-**	-
Finland	**-**	-	**-**	-	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-

	Revenue		PBT (ex dividends)		Direct revenue contributions: Total	Split between: Direct taxes	Split between: Corporate tax	Total	Direct revenue contribution: Non-tax		Indirect revenue contribution		Capital investment		Direct employment	
	FY17–18 €m	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	*€m*	*€m*	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18 €m**	FY16–17 €m	**FY17–18**	FY16–17
France	**21**	14	**2**	<1	**2**	*1*	*1*	2	**<1**	<1	**<1**	<1	**5**	9	**43**	42
Hong Kong	**65**	60	**16**	(14)	**1**	*1*	*<1*	1	**<1**	<1	**<1**	-	**-**	-	**83**	84
Japan	**6**	6	**<1**	2	**1**	*<1*	*<1*	1	**-**	-	**<1**	1	**-**	-	**21**	18
Malaysia	**4**	1	**<1**	1	**<1**	*<1*	*<1*	<1	**<1**	-	**<1**	<1	**-**	-	**-**	-
Mexico	**-**	-	**<1**	1	**<1**	*<1*	*<1*	<1	**-**	-	**<1**	<1	**-**	-	**3**	2
Nigeria	**25**	35	**(1)**	(17)	**1**	*1*	*-*	2	**1**	2	**4**	3	**2**	2	**206**	188
Norway	**-**	-	**-**	-	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Russian Federation	**<1**	1	**<1**	<1	**<1**	*<1*	*<1*	<1	**<1**	<1	**<1**	-	**<1**	-	**4**	4
Sierra Leone	**-**	<1	**1**	<1	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Singapore	**59**	72	**7**	(3)	**1**	*1*	*<1*	2	**<1**	<1	**1**	1	**5**	9	**191**	208
South Korea	**9**	12	**1**	(1)	**<1**	*<1*	*<1*	<1	**<1**	-	**<1**	<1	**-**	-	**14**	12
Sweden	**<1**	<1	**<1**	1	**<1**	*<1*	*<1*	<1	**-**	<1	**<1**	<1	**<1**	-	**2**	3
Switzerland	**31**	31	**2**	(3)	**1**	*<1*	*<1*	1	**<1**	<1	**1**	1	**<1**	-	**4**	7
Taiwan	**-**	-	**<1**	<1	**<1**	*<1*	*-*	<1	**<1**	<1	**<1**	-	**-**	-	**-**	-
Ukraine	**<1**	<1	**(2)**	1	**<1**	*<1*	*-*	<1	**-**	-	**<1**	-	**<1**	-	**-**	-
USA	**79**	59	**(11)**	(37)	**(4)**	*3*	*(8)*	(63)	**<1**	1	**18**	25	**8**	20	**284**	445
Zambia	**10**	11	**(2)**	(3)	**<1**	*<1*	*<1*	<1	**1**	<1	**3**	1	**1**	1	**174**	182
TOTAL	**335**	**333**	**2**	**(70)**	**5**	***9***	***(4)***	**(52)**	**3**	**4**	**30**	**34**	**22**	**43**	**1,127**	**1,287**
Other entities																
Cayman Islands	**-**	-	**<1**	<1	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Guernsey	**-**	-	**<1**	<1	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Jersey	**-**	-	**<1**	<1	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Luxembourg	**133**	187	**1,448**	1,450	**9**	*5*	*4*	8	**1**	-	**50**	15	**79**	17	**351**	325
Mauritius	**-**	-	**(7)**	(110)	**1**	*<1*	*1*	1	**-**	-	**<1**	<1	**-**	<1	**5**	10
Morocco	**-**	-	**-**	-	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
Seychelles	**-**	-	**-**	-	**-**	*-*	*-*	-	**-**	-	**-**	-	**-**	-	**-**	-
TOTAL	**133**	**187**	**1,441**	**1,340**	**10**	***5***	***5***	**9**	**1**	**-**	**50**	**15**	**79**	**17**	**356**	**335**
GLOBAL TOTAL	**56,304**	**57,059**	**5,934**	**1,866**	**3,143**	***1,779***	***1,364***	**2,992**	**2,395**	**3,714**	**7,770**	**7,576**	**9,159**	**9,568**	**114,164**	**116,899**

Notes to table on pages 71–73:

The table on pages 71–73 includes all contributions from countries where the Group has a legal entity presence (including contributions from India, our joint ventures and associates); it does not include branches or permanent establishments.

Vodafone Business includes all jurisdictions in which we have separate legal entities supporting our Vodafone Business sales, marketing and client support activities, except where the contributions from these entities are in the Europe or AMAP regions, in which case the Vodafone Business element is included within those lines.

A reconciliation between our Annual Report revenue and profit before tax figures and the data in the table above can be found on page 75.

The 2017 direct tax contribution figure in the UK was restated to correct contributions from Cornerstone (CTIL) to reflect our 50% ownership, rather than 100% as originally included.

The figures included in the data table are rounded to the nearest million and totals may not add up to the individual data points disclosed due to rounding.

Appendix 2: Key Vodafone Group financials and statistics

Key Group financials

	2018	2017
Revenue (€m)	**46,571**	47,631
Adjusted operating profit (€m)	**4,299**	3,970
Free cash flow (€m)	**5,417**	4,056
Employees	**103,564**	105,870
Market capitalisation (as at 31 March) (€m)	**59,400**	65,200
Group[1] mobile customers (million)	**535.8**	516.0

[1] Including India, joint ventures and associates. For more detailed information about our latest financial performance, see our Annual Report 2018.

Reconciliation of revenues and profit before tax (as reported in this Report) to the Vodafone Group 2018 results

	Revenues (€m)	Profit before tax (€m)	Capital expenditure (€m)	Corporate tax (€m)
Figures as per Annual Report 2018 pages 22, 24 and 31*	**46,571**	**4,019**	**7,321**	**1,010**
Exclude Vodafone Qatar (sold in March 2018)	(468)	189	(68)	-
Include results from Vodafone India	4,670	584	952	75
Include associates and joint ventures not included in our accounts	5,063	617	939	184
Add intra-company items eliminated from the Group results	463	-	14	-
Exclude Group items that do not impact local taxable profits	-	529	-	-
Exclude non-corporate taxes	-	-	-	(9)
Include tax on the Safaricom transaction	-	-	-	108
Rounding	5	(4)	1	(4)
Figures as per Tax Report 2018 data (and country by country tables)	**56,304**	**5,934**	**9,159**	**1,364**

Please note, that while we are able to reconcile the revenue and profit before tax figures as reported in the Vodafone Group Annual Report 2018 to those reported here, it is not possible to do this for the contributions made to governments as these are disclosed on a cash-paid basis.

* as reported in the Vodafone Group Annual Report and Accounts for the year ended 31 March 2018, published in June 2018.

Appendix 3: Our OECD BEPS country-by-country report

From December 2017, under OECD rules, all large multinational companies are required to file a country-by-country report (CbCR) with local tax authorities. The OECD CbCR is a confidential report that is specifically produced for tax authorities and is prepared on a different basis than our voluntary reporting; it is prepared on a consolidated basis, as detailed in this disclosure.

Specifically, the OECD report requires data to be aggregated for all entities in each jurisdiction. This can lead to transactions between entities in the same country being counted on multiple occasions, as only income is reflected not expenditure. In addition, the OECD report does not provide an explanation of the nature of the activity, or activities, that take place in a jurisdiction, which we believe is vitally important in order to understand the context of a multinational company's CbCR. We believe that the contextual information we have included in our Taxation and Total Economic Contribution Report provides a more useful picture of the taxes we pay in each of our countries of operation and how they relate to the activity we undertake.

In this appendix, we have published table 1 of the CbCR, as filed with tax authorities for 31 March 2017. Below we provide some definitions of the key terms used in the OECD CbCR table, as these differ from our own in certain areas. We also provide a reconciliation of the OECD data to our Taxation and Total Economic Contribution Report.

Definitions for the OECD CbCR table:

Revenue

Under the OECD rules, revenues are reported under two overlapping categories:

- external: which the OECD defines as "the sum of revenues… generated from transactions with independent parties"; and
- internal: which is defined as "the sum of all revenues… generated from transactions with associated enterprises".

External revenue is what would typically be described as turnover, in that it represents money received by the company from third parties (i.e. from individuals and business customers) but also includes other sources of income from third parties, such as interest income.

Internal revenue includes transactions between subsidiaries, holding companies and Group entities. These transactions are subject to transfer pricing rules that require the attribution of revenues and profits on an 'arm's-length' basis, based on independent comparable valuations (see page 10 of our main Report for more on transfer pricing). Examples of internal revenues include royalties, brand and IP licence fees and interest payments (but exclude dividend receipts).

Although the internal revenue metric provides a useful insight into the movement of money between corporate entities into – and within – a particular jurisdiction, it is impossible to avoid some form of double counting. For example, money earned in one country from a third party (and reported in that country as external revenue) is then used to fund licence fees, royalties, procurement and other intra-company costs with a corporate entity based in another country. That money will also then be reported as internal revenue in the recipient country. However, the internal revenue reported is not incremental; it is, in essence, the same money already accounted for in the first country's external revenue figure.

Profit before tax

This OECD figure represents the total taxable revenue in each country less expenditure and reflects the starting point for a corporate tax calculation. However, it does not reflect the profit on which we pay tax, as the impact of the tax laws in each jurisdiction are not included, and therefore, tax exempt gains and losses are not taken into account in this number. For example, this number includes dividends received, which are usually tax exempt, as well as all gains and losses arising on the disposal or writing down of a business.

We exclude these tax-exempt gains and losses in our voluntary reporting, as these amounts are usually exempt from tax by the standard tax laws of a country. Therefore, the amounts reported in our voluntary report are more closely related to the amounts on which we pay tax in each jurisdiction.

For example, the OECD CbCR for Luxembourg includes losses on the writedown of our investment, which are not tax deductible; in the UK, the OECD CbCR profit includes dividends paid between UK companies, which are tax exempt under standard UK tax rules.

Tax accrued

The OECD figure reflects the amounts that are included in our accounts for our tax liability for the year being reported. However, this amount does not include any adjustments for prior years once the tax bill has been finalised, nor does it include deferred taxes (which are intended to reflect the differences between when amounts are recorded in the accounts and when they are paid in tax returns). It also does not include any amounts relating to any tax audits being carried out by tax authorities.

Tax paid

The OECD figure reflects the amount of corporate tax paid in the year. However, the OECD report requires this figure to be disclosed against the country that suffers the tax liability, whereas in our Report, we include these figures against the country that actually receives the tax. The difference between what we disclose and the OECD requirements is related to withholding taxes. These are taxes that a government requires to be deducted from certain payments made to companies, usually overseas. The OECD requires that withholding tax is reported as though it was a tax paid in the country in which the entity (that suffered the tax) is located, whereas we report this as tax paid in the country that actually received the tax.

Stated capital and accumulated earnings

The OECD figure reflects the amount of money invested in a company in return for shares (capital) and the amount of profits built up over time, which remain in the company. However, the OECD definition can mean that money invested through a chain of companies is counted multiple times, with the result that the amounts reported do not bear any resemblance to the actual sum of money invested. For example, in the UK, capital is reported as €1.4 trillion under the OECD rules. However, the injected money has been counted multiple times due to aggregation challenges and therefore gives a false indication of the overall amount of money invested.

Tangible assets

The OECD figure provides a measure of the actual infrastructure in a country; for example, it includes our investments in network infrastructure. This equates to the capital expenditure figures disclosed in our Report – albeit ours is reported on a cash-paid basis. However, the OECD's figure excludes intangible assets, such as spectrum and loan portfolios.

Employees

The number of employees provides an indicator of activity in the country but the context of any operations also needs to be considered, as not all activities are labour-intensive.

Our OECD BEPS country-by-country report, 2017

Tax jurisdicton	Revenue			Profit (loss) before income tax (€)	Income tax paid (on cash basis) (€)	Income tax accrued – Current year (€)	Stated capital (€)	Accumulated earnings (€)	Number of employees	Tangible assets other than cash and cash equivalents (€)
	Unrelated party (€)	Related party (€)	Total (€)							
Albania	119,328,603	1,577,271	120,905,874	2,810,348	(2,211,696)	(2,037,169)	43,360,352	116,892,035	441	101,888,428
Angola	3,815,005	-	3,815,005	713,781	-	(75,899)	-	231,505	9	274,671
Argentina	-	190,184	190,184	(27,945)	-	(14,313)	29	(0)	-	-
Australia	8,469,118	4,785,273	13,254,391	(847,791)	(366,642)	(296,808)	516,199,607	(477,777,981)	17	1,346,575
Austria	100,531	1,820,948	1,921,479	214,111	-	3,375	13,431,765	(14,640,160)	-	1,300,398
Bahrain	80,527	142,807	223,334	29,634	-	-	32,555	(61,175)	-	-
Belgium	756,978	10,110,731	10,867,709	1,933,915	(3,970)	(1,035)	14,206,534	(5,656,278)	17	2,017,983
Brazil	11,990,808	1,229,375	13,220,183	(3,213,637)	-	335,829	1,646,405	(20,253,693)	4	99,106
Bulgaria	-	-	-	-	-	-	-	-	-	-
Cameroon	6,960,189	-	6,960,189	1,133,589	(249,538)	(335,014)	321,215	1,563,068	27	1,352,748
Canada	-	650,000	650,000	67,137	20,000	67,137	8,129,777	(4,921,600)	4	190,587
Cayman Islands	-	-	-	32,968,843	-	-	13,058,165,544	(311,235,071)	-	-
Chile	-	-	-	-	-	-	8,670	-	1	-
China	5,726,783	4,102,183	9,828,966	(32,286)	(48,198)	-	16,511,553	(6,082,703)	23	2,210,274
Côte d'Ivoire	2,709,343	-	2,709,343	856,517	(37,107)	-	-	350,122	7	186,455
Czech Republic	514,157,234	2,335,690	516,492,924	31,623,010	(2,856,392)	(7,171,265)	53,603,523	572,233,923	1,694	306,431,343
Denmark	-	1,738,815	1,738,815	411,838	(3,587)	-	16,460,361	(16,564,677)	-	112,926
Democratic Republic of Congo	371,486,456	-	371,486,456	(46,514,253)	(4,004,528)	(4,033,103)	757,404	(480,692,320)	615	301,012,860
Egypt	1,369,027,330	78,351,160	1,447,378,491	267,986,867	(85,645,962)	(104,397,954)	90,946,980	530,067,160	8,381	594,031,271
Finland	-	-	-	-	-	-	-	-	-	-
France	20,879,739	38,260,417	59,140,156	369,424	(680,555)	(69,698)	5,259,125	17,798,682	42	28,948,628
Germany	10,705,998,144	627,753,286	11,333,751,429	(930,019,642)	(88,878,095)	(56,485,596)	4,506,069,899	(13,444,269,829)	15,714	8,182,170,523
Ghana	286,774,306	945,806	287,720,113	(241,922,609)	(626,541)	(69,611)	2,871,691	(1,172,346,878)	1,111	147,473,925
Greece	851,250,403	3,457,183	854,707,585	379,918	(1,622,461)	-	369,346,327	18,832,019	1,978	485,643,758
Guernsey	-	-	-	(43,423)	-	-	28,706,625	1,610,746	-	(0)
Hong Kong	59,551,973	2,236,830	61,788,803	(13,941,666)	-	-	135,541,407	(117,271,423)	84	6,653,667

Tax jurisdicton	Revenue			Profit (loss) before income tax (€)	Income tax paid (on cash basis) (€)	Income tax accrued – Current year (€)	Stated capital (€)	Accumulated earnings (€)	Number of employees	Tangible assets other than cash and cash equivalents (€)
	Unrelated party (€)	Related party (€)	Total (€)							
Hungary	468,206,579	80,054,878	548,261,457	17,129,483	(8,916,532)	(9,270,979)	731,002,972	(230,813,753)	3,660	220,623,857
India	5,915,407,783	199,067,395	6,114,475,178	(4,917,960,420)	(150,756,765)	(15,322,395)	15,938,870,413	(1,967,211,777)	22,699	3,489,175,368
Ireland	996,360,349	68,899,808	1,065,260,158	24,081,019	(5,475,831)	(3,137,107)	511,425,873	(37,386,107)	1,310	466,377,129
Italy	6,299,388,816	159,273,969	6,458,662,785	355,406,865	(78,725,526)	(163,157,304)	66,190,864	5,263,881,588	7,339	3,594,378,608
Japan	5,606,005	10,366,156	15,972,161	1,705,784	(317,320)	(211,326)	759,812	(5,505,325)	18	969,459
Jersey	82	15,855	15,938	101,234	-	-	1,096,350,586	(1,035,625,187)	-	-
Kenya	46,979,414	3,359,087	50,338,501	242,053,986	(8,206,198)	(10,983,750)	16,647,580	32,061,695	20	428,036
South Korea	11,854,988	-	11,854,988	(667,004)	(16,095)	(2,669)	3,220,085	(2,509,647)	12	1,406,602
Lesotho	72,947,439	26,154	72,973,592	28,003,090	(7,739,896)	(6,363,237)	430,450	51,537,452	208	50,938,130
Luxembourg	262,349,030	1,742,092,819	2,004,441,850	(94,036,714,959)	(32,115,948)	(34,805,693)	459,673,886,511	(70,562,880,712)	325	3,858,489
Malaysia	868,256	221,621	1,089,877	710,451	(21,372)	(1,680)	3,618,061	1,057,018	-	-
Malta	104,050,136	157,558,835	261,608,971	124,437,703	(8,777,752)	(10,207,900)	64,771,487	833,225,060	347	51,633,389
Mauritius	33,646,072	10,993,078	44,639,151	(790,023,219)	(772,870)	(8,520,777)	13,911,900,905	(3,061,849,014)	10	75,661
Mexico	-	551,675	551,675	680,132	(36,000)	3,108	150,636	81,514	2	95,293
Morocco	-	-	-	-	-	-	-	-	-	-
Mozambique	199,499,419	0	199,499,419	13,528,821	(14,402,149)	(9,416,017)	122,396,243	11,479,827	479	168,564,802
Netherlands	1,360,062,017	651,903,951	2,011,965,968	(4,217,949,003)	(19,255,371)	(42,058,322)	86,084,944,571	(7,176,944,123)	3,629	6,570,532
New Zealand	1,329,737,783	23,085,284	1,352,823,067	42,106,301	(16,883,806)	(18,175,113)	277,209,600	820,356,645	2,965	666,198,729
Nigeria	35,521,366	-	35,521,366	(16,626,560)	(585,688)	(631,093)	231,085	(26,741,259)	188	16,218,225
Norway	498,434	-	498,434	-	-	-	-	-	-	-
Portugal	989,642,859	21,481,367	1,011,124,226	(41,528,793)	(23,585,530)	(38,979,133)	81,273,419	224,841,739	1,376	953,196,540
Qatar	516,452,050	450,190	516,902,240	(66,968,409)	-	-	1,640,346,131	535,038,009	490	319,855,470
Romania	778,515,639	58,016,472	836,532,111	39,681,373	(3,947,115)	(3,064,244)	150,472,054	(17,989,285)	4,197	393,516,031
Russian Federation	984,154	946,339	1,930,493	(488,671)	(70,748)	(58,674)	20,092,957	(20,944,798)	4	335,321
Seychelles	-	-	-	-	-	-	-	-	-	-
Sierra Leone	268,897	-	268,897	(274,022)	-	-	25,994	(726,722)	-	249,175
Singapore	71,552,415	101,892,887	173,445,302	(2,611,965)	(682,980)	(1,234,252)	54,148,490	(35,545,533)	208	16,475,746
Slovakia	-	-	-	-	-	-	-	1,035,260	-	-

Tax jurisdicton	Revenue			Profit (loss) before income tax (€)	Income tax paid (on cash basis) (€)	Income tax accrued – Current year (€)	Stated capital (€)	Accumulated earnings (€)	Number of employees	Tangible assets other than cash and cash equivalents (€)
	Unrelated party (€)	Related party (€)	Total (€)							
South Africa	4,467,946,554	103,603,930	4,571,550,484	2,332,987,289	(358,575,641)	(345,248,520)	7,364,842,584	2,588,626,649	5,253	2,064,370,650
Spain	5,033,182,788	280,717,144	5,313,899,932	(464,732,464)	258,123	(376,050)	22,001,449,696	(9,924,823,875)	5,188	6,138,939,472
Sweden	153,637	4,150,704	4,304,342	582,456	(103,488)	(33,878)	730,432	2,467,246	3	566,964
Switzerland	37,250,690	8,341,320	45,592,010	(3,357,684)	(686,487)	(214,495)	108,576,316	(2,239,452)	7	677,787
Taiwan	-	-	-	148,068	(437,264)	-	1,138,471	226,875	-	-
Tanzania	408,187,783	0	408,187,783	28,854,285	(20,960,381)	(9,339,964)	49,309,837	194,995,614	556	280,337,219
Turkey	3,095,532,580	51,691,169	3,147,223,749	(59,312,068)	(40,545,961)	(33,508,291)	8,437,447,274	(6,542,911,046)	3,410	1,033,562,190
United Arab Emirates	-	16,582,613	16,582,613	1,729,149	-	-	10,732	(183,296)	14	1,108,944
UK	9,447,933,742	7,976,911,101	17,424,844,842	1,843,141,215	33,710,441	(56,811,860)	1,834,975,349,011	(163,546,789,568)	17,951	4,438,914,128
Ukraine	55,272	3,979,866	4,035,138	1,493,152	-	-	13,522,650	(1,732,313)	-	377,154
USA	59,315,076	202,600,144	261,915,220	(36,770,556)	67,921,698	53,254,487	62,023,538	(99,665,481)	445	21,202,798
Zambia	11,088,838	-	11,088,838	(2,592,948)	51,646	2,161	299,671	(1,135,412)	182	6,223,167

Reconciliation of revenues and profit between the 2017 CbCR and 2017 voluntary disclosure

	External revenue	Profit before tax	Corporate tax	Employees
Figures per OECD CbCR	56,400	(100,455)	888	112,644
Add associates and joint ventures	3,454	342	257	4,249
Intra-Group items eliminated from Group results	-	94,842	-	-
Exclude Group items which do not impact local taxable profits	-	7,139	-	-
Exclude income not accounted for as revenue in the Group accounts	(2,795)	-	-	-
Branches	-	-	-	14
Rounding	-	(2)	(3)	(1)
Figures per 2017 Taxation and Total Economic Contribution Report	57,059	1,866	1,142	116,899

Summary of interaction between operating companies and global support functions

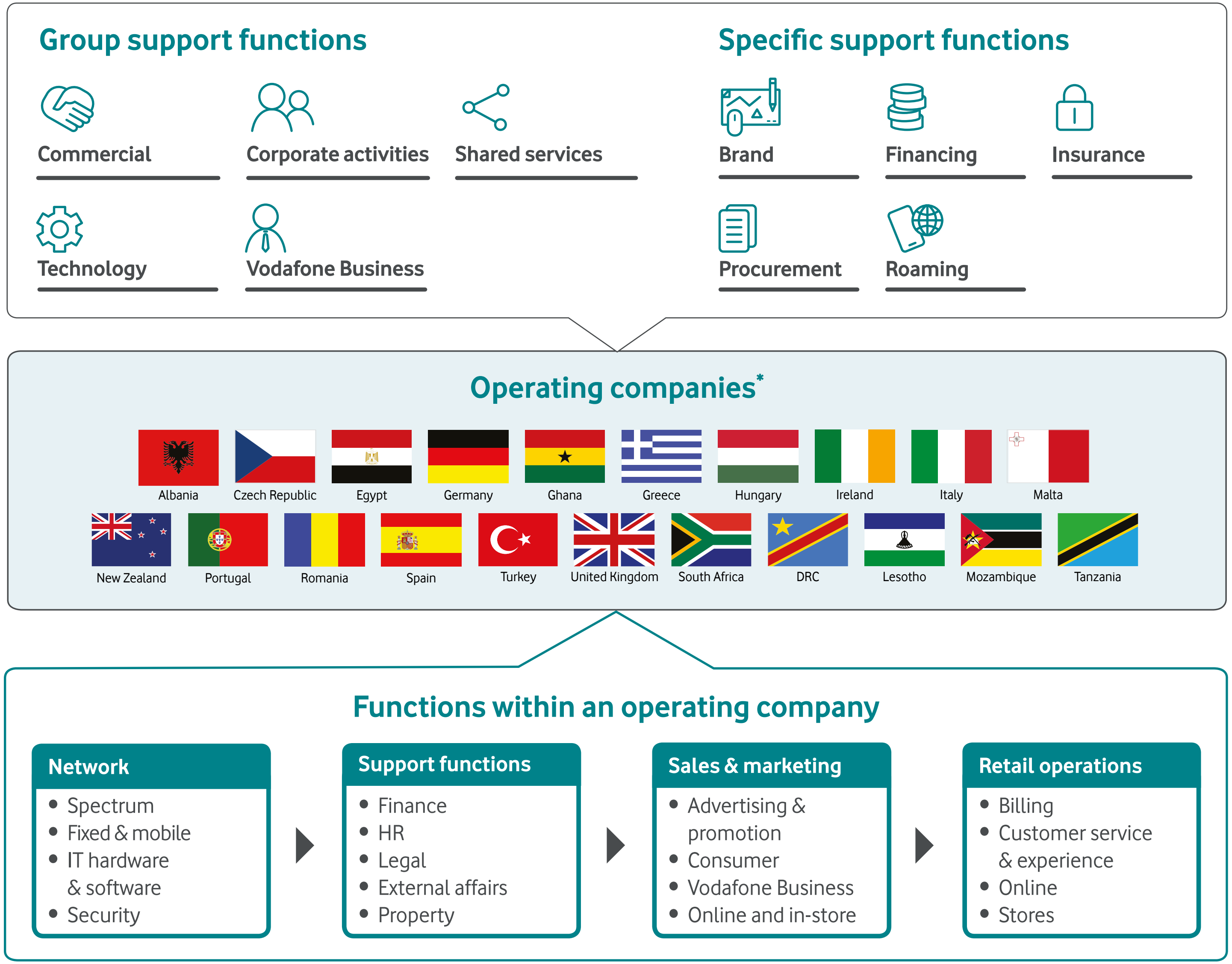
Vodafone Group Plc is one of the world's largest global communications companies. The diagram on the right outlines the summary we provided to tax authorities under the OECD BEPS submission, to help them understand how the parts of the Group work together to deliver products and services to our customers.

Our 21 operating companies are supported by key global centres of excellence that enable them to deliver a broad range of communication services to customers in local markets. It is our operating companies that generally have the direct relationships with our customers and build and operate the mobile and fixed-line networks. It is our local operating companies that acquire spectrum licences, market our services to customers and provide customer support.

As with other multinational companies, our scale and worldwide reach has meant that we have developed specialist global functions, dedicated to supporting the needs of our operating companies. This enables them to access world-class expertise in the most efficient manner possible.

At Vodafone, these specialist global functions provide strategic guidance and support to our operating companies in the areas of:

- Technology and IT, commercial practice and retail operations, as well as HR, legal, public policy, security, communications privacy, and relationships with our multinational corporate customers.
- Global services relating to procurement, insurance, financing and roaming arrangements, and the management of the Vodafone brand.



*Does not include Vodafone joint ventures or associates.

Appendix 4: HMRC/Vodafone Controlled Foreign Companies settlement

In 2010, Vodafone and HMRC concluded a long-running legal dispute focused on a specific point of UK and European tax legislation with a full and final settlement of €1.25 billion.

The background to this settlement is highly complex. It was focused on an area of law in which the application was unclear and which successive UK governments agreed needed to be rewritten. It involved nine years of legal argument, three court cases and two independent appeals, followed by a detailed HMRC review and settlement in 2010. That settlement was then followed by a National Audit Office (NAO) inquiry in 2012, assisted by a former High Court judge, Sir Andrew Park. The NAO report concluded that the HMRC/Vodafone settlement was a good outcome for the UK taxpayer and that if Vodafone had chosen to continue litigation instead of settling with HMRC, "there was a substantial risk that the Department [HMRC] would have received nothing".

The dispute focused on the UK tax authorities' interpretation of Controlled Foreign Companies (CFC) legislation and began when Vodafone bought the Mannesmann conglomerate in Germany in 2000. The acquisition was largely for shares and involved no borrowings or loans from Vodafone's UK business. Importantly, there was no reduction in Vodafone's UK tax contributions as a consequence, and the dispute was not related in any way to the tax liabilities arising from our UK operations. We therefore questioned the UK tax authorities' application of the rules on both factual and legal grounds, in common with a number of other companies who had also challenged the UK's approach to CFC legislation.

Vodafone's subsidiary in Luxembourg is the main financing company for our many operations around the world (see our Luxembourg section, page 13). The UK tax authorities argued that, had those financing activities been established and undertaken in the UK, they would have attracted tax in the UK, and therefore, tax should be payable under UK CFC provisions. Vodafone argued that, as a matter of European law, we were freely entitled to establish activities wherever we chose and that these were neither artificial arrangements nor did they have any impact on Vodafone's UK tax liabilities.

The underlying facts were scrutinised by the UK tax authorities and the points of law involved were examined in detail by the European Court of Justice, the UK High Court and the UK Court of Appeal before the decision was taken to reach a settlement. Subsequently, the UK government sought to address a number of inconsistencies and flaws in UK CFC legislation, clarifying the UK's approach to this complex area of international taxation in new rules that took effect in January 2013.

For more information on the European Commission's investigation into certain aspects of the UK's CFC rules, see page 15.

Appendix 5: Types of taxation

The list below provides an overview of the types of taxation paid by Vodafone operating companies around the world every year.

Direct taxation

Advertisement tax
Airtime excise tax
Betting duty
Business profits tax
Business rates
Capital gains tax
City services levy
Cleaning tax
Climate change levy
Co-generation levy
Commission levy
Communications services tax
Company car tax
Concession levy
Construction tax
Consumption tax
Corporation tax
Donations tax
Economic activity tax
Education tax
Educational infrastructure tax
Electricity tax
Employers' national insurance contributions
Employers' Provident Fund contribution
Employers' tax on pension plans
Environment tax
Environmental product fee
Equipment approvals duty
Expatriate tax
Extra grid levy
Fixed asset tax
Fringe benefit tax
Fuel duty
Game tax
Garbage tax
Homologation tax
Import duty
Innovation contribution
Insurance premium tax
Interconnect tax
International inbound call termination surtax
Irrecoverable value added tax and goods and services tax
Judicial tax
Levy contributions
Local business tax
Measuring equipment tax
Minimum alternative tax
Mobile telecoms services value added tax
Mortgage tax
Municipal and city rates
Municipal business tax
Municipal sewage levy
Municipal tax on immovable property
Municipal waste tax
Municipal water tax
National fiscal stabilisation levy
National health insurance levy
Net wealth tax
Numbering tax
Occupation of public space tax
Operator's tax
Parking tax
PAYE settlements
Railway development levy
Real estate/property/landlord tax
Real estate transfer tax
Registration tax
Rehabilitation contribution
Renewable energy duty
Shop opening authorisation tax
Social security tax
Special communications tax
Special consumption tax
Stamp duty land tax
Tax on non-biodegradable SIM cards
Tax on prize programmes
Tax on public domain/fixed lines
Technology tax
Telecommunications development levy
Telecommunications levy
Telecommunications regulation levy
Transfer tax
Turnover tax
TV tax
Universal service tax
Vocational training contribution
Withholding tax
Workers' compensation insurance levy

Non-taxation based fees

Annual government fee
Antitrust authority contributions
Carrier fees
Chamber of commerce fees
Cost contribution fund payments
Frequency fees
Identity management fee
International Mobile Equipment Identity (IMEI) number registration fees
Licence renewal fees
National copyright collecting fees
Network usage fees
Non-IMEI number registration fees
Proceeds from revenue sharing agreements
Radio link fees
Spectrum auction receipts
Spectrum management fees
Telecoms authority contributions
Telecoms licence fees
Universal communications service access fund
Universal social charge
Usage fees
Wireless connection fees
Wireless usage fees

Appendix 6: List of stakeholders

We welcome engagement with civil society groups, NGOs, corporate tax activists, industry bodies, professional finance and accounting communities, policymakers and tax authorities, many of whose insights have shaped this Report over the years. Below is an illustrative list of the organisations we have engaged with in relation to taxation over the last year:

- Action Aid
- Africa Tax Administration Forum
- Assotelecomunicazoni
- Bundesverband Informationswirtschaft, Telekommunikation und Neue Medien e.V. (BITKOM)
- Bundesverband der Deutschen Industrie e.V. (BDI)
- Business Forum on Tax and Competitiveness (UK)
- CSR Europe
- Cellular Operators Association of India
- Confederation of British Industry
- Confindustria Digitale
- Corporate Taxpayers Group (New Zealand)
- ERT
- ETNO
- European Commission Taxation and Customs Union Directorate-General (TAXUD)
- GSMA
- Global Reporting Initiative (GRI)
- Organisation for Economic Co-operation and Development
- Oxfam
- South African Institute of Chartered Accountants (SAICA)
- Spanish Tax Agency Large Companies Forum
- TAMNOA (Tanzania)
- Task Force for Tax Reforms (Tanzania)
- The 100 Group
- The B Team

Appendix 7: Glossary of key terms

Advance tax agreements
These can arise when there are complex transactions, unclear tax regulations or substantial values involved, and tax authorities seek to provide companies of all sizes with both formal and informal rulings and clearances in order to reduce uncertainty.

Allowable expenses
Allowable expenses are essential costs that businesses incur in providing services to customers and which they can take a deduction for when calculating their tax liabilities. These costs include payroll costs, office costs and the cost of buying goods.

Arm's-length principle
This is the principle of pricing of a transaction between related parties as if the parties were acting as independent entities.

Artificial arrangements
These are where transactions, activities or arrangements are undertaken without any significant commercial purpose. See our Tax Strategy for our perspective on artificial arrangements.

Base erosion
This is the term used to describe the reduction in a country's overall tax revenues as a consequence of the fluid movement of corporate activity and funds between different jurisdictions.

BEPS
This is the OECD's project that is designed to address artificial base erosion and profit shifting (BEPS). The initiative intends to ensure that multinationals are taxed "where their economic activities take place and value is created".

Deferred taxation
This is an accounting concept whereby the future tax consequences of past transactions are reflected in the accounts of a company. A deferred tax liability means that more tax will be due in the future as a result of past transactions, whereas a deferred tax asset means that less tax will be due in the future.

Depreciation
This is the amount included on the profit and loss account of a company each year to reflect the reduction in value of capital expenditure (e.g. network equipment).

Diverted profits tax
A tax introduced by the UK in April 2015 to tax circumstances where multinationals either contrive arrangements so as to not meet the definition of a taxable presence in the UK or artificially divert UK profits to an entity in a lower tax jurisdiction purely for tax reasons.

Double taxation
This is the taxation of the same income twice by two or more different tax jurisdictions.

Effective tax rate
This is the ratio of tax expenses included in the financial statements compared with the profits shown in the same financial statements.

Enhanced cooperation
This is a procedure whereby a minimum of nine EU member states are allowed to establish advanced integration or cooperation in an area within EU structures but without the other members being involved.

Exchange of information
This refers to the exchange between tax authorities of information relating to taxpayers in each jurisdiction. The type of information exchanged could relate to bank accounts held by taxpayers or to sharing of country by country reports prepared under the BEPS initiative.

Holding company
The principle purpose of this type of company is to hold and manage investments in other companies or joint ventures.

HMRC
Her Majesty's Revenue and Customs (HMRC) is the name of the UK's tax authority.

Internal revenue
This includes transactions between subsidiaries, holding companies and group entities, such as royalties, brand and intellectual property licence fees and interest payments. These transactions are subject to transfer pricing rules that require the attribution of revenues and profits on an 'arm's-length' basis, based on independent comparable valuations.

Permanent establishment
This describes the activities that take place in a country that requires the filing of a tax return and possibly the payment of taxes in that country. This is another name for a taxable presence.

Profit before tax
This represents the profits we earn after the deduction of all costs. This number forms the basis on which we pay corporation tax.

Profit shifting
This is the term used to describe artificial arrangements whereby companies move profits from one jurisdiction to another jurisdiction in order to minimise tax payments.

Revenue
This represents the total income earned by a company and includes the amounts earned from selling services to customers or other Group companies, income received for royalties for use of brands and interest income.

State aid
This generally arises in the EU when a member state, through a government body, has granted some form of advantage to an individual or company.

Tangible assets

A tangible asset is an asset that has a physical form (e.g. buildings, network equipment).

Taxable presence

See 'permanent establishment'.

Tax haven

There are a number of different definitions of the term 'tax haven'. At its simplest, the term is relative – if the tax regime in Country A has a lower headline or effective tax rate than Country B, then through the eyes of the people of Country B, Country A could be considered to be a tax haven. A more nuanced definition of the term focuses on national tax policies that have the effect of incentivising activities that are ring-fenced from the local economy. These may be specific to individual companies rather than available to all market participants, and may be largely artificial in nature and designed purely to minimise tax.

Transfer pricing

This refers to the setting of the price for goods and services sold between related entities within a group. Transfer pricing should be based on the arm's-length principle. It is used to ensure that profits are allocated to the countries where the relevant economic activity takes place.

Withholding taxes

This refers to a tax that is deducted at source, (withheld) from certain types of payments, usually royalties, interest or dividends, where these are made between entities in different countries. The tax is actually received in the country making the deduction but it is the company in the country that suffers the tax which reports the payment.

Appendix 8: Assurance statement

BDO LLP Assurance Statement
Taxation and our total economic contribution to public finances 2018

Independent Assurance Statement to Vodafone Management

The online "Taxation and our total economic contribution to public finances 2018" document for 2017/18 (the "Report") has been prepared by the management of Vodafone who are responsible for the collection and presentation of the information within it.

The management of Vodafone are also responsible for the design, implementation and maintenance of internal controls relevant to the preparation of the report, so that it is free from material misstatement, whether due to fraud or error.

Our responsibility, in accordance with Vodafone management's instructions, is to carry out a limited assurance review of the data included in the "Our total contribution, by country" section of the Report and to ensure that the statements made in the remainder of the Report are not inconsistent with that data and our discussions with Vodafone. Our work involved a review of data relating to:

- Revenue
- Profit before tax
- Direct revenue contribution: Tax
- Direct revenue contribution: Non-tax
- Indirect revenue contribution
- Capital investment
- Employment.

Our responsibility in performing our assurance activities is to the management of Vodafone Group only and in accordance with the terms of reference agreed with them. We do not accept or assume any responsibility for any other purpose or to any other person or organisation. Any reliance any such third party may place on the Report is entirely at its own risk.

Our assurance engagement has been planned and performed in accordance with the International Standard on Assurance Engagements (ISAE) 3000, Assurance Engagements Other than Audits or Reviews of Historical Financial Information – "ISAE3000 Revised".

Specifically, the subject matter in the Report has been evaluated against the following criteria:

- Coverage of the most material issues.
- Consistency of the statements made with underlying information that we reviewed and points raised through discussions with Vodafone teams.
- Completeness of the data in terms of coverage of material reporting entities.
- Accuracy of group level data collation and presentation.

Summary of work performed:

The procedures we performed were based on our professional judgement and included the steps outlined below:

1. Interviewed identified members of Vodafone Group Tax with responsibility for managing, collating and reviewing the data for the Report to:
   - review the relevant documentation and guidance provided to local teams.
   - examine the processes and controls at Group level in managing, collating and reviewing the data for the Report.
   - review the underlying processes and documentation supporting the qualitative statements in the Report.
2. Interviewed a sample of six Vodafone local country tax teams to review:
   - adherence to and understanding of the guidance provided by Vodafone Group Tax.
   - the processes for ensuring that all local country taxes are included within the reporting to Vodafone Group Tax.
   - the extent to which Vodafone Group Tax has reviewed the data provided to them by the local country team.
3. Reviewed the basis upon which the identified data reported by the six Vodafone local country tax teams sampled has been captured, reviewed and consolidated to assess whether the data has been collected, consolidated and reported accurately.
4. Sought explanations for material differences between the quantitative data presented in the previous tax section in the 2016-17 Report and this Report.
5. Reviewed and challenged supporting evidence from Vodafone Group Tax in relation to selected qualitative tax statements made within the Report.
6. Reviewed the Report for consistency between sections.
7. Compared the data in the Report to the relevant disclosures in the Vodafone Group Consolidated Financial Statements for the year ended 31 March 2018.
8. Considered, reviewed and challenged as appropriate any significant changes in the 2018 report from the content of the previous year's document.

Limitations of our review

We conducted our work to express a limited assurance conclusion. The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement.

Consequently the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had we performed a reasonable assurance engagement (such as the statutory audit of financial statements) and we do not therefore express a reasonable assurance opinion.

Our review of tax and non-tax contribution data was limited to the subject matter identified above from the six jurisdictions sampled.

As part of our work, we placed reliance on Vodafone's controls at local country and Group level for managing and reporting the tax and non-tax contribution information, with the degree of reliance informed by the results of our review of the effectiveness of these controls. We have not sought to review systems and controls in place at Group level for the collation of capital investment data and employment data where this information has been extracted from the Group's financial management and/or related systems; nor have we sought to review the accuracy of the data within "Appendix 3: Our OECD BEPS country-by-country report" on the basis we have been informed this data was submitted as seen to local tax authorities for the period to 31 March 2017.

Our conclusions

Based on our review of the collection, consolidation and presentation of revenue; profit before tax; direct revenue contribution: tax; direct revenue contribution: non-tax; indirect revenue contribution; employment data; and capital investment data:

1. Nothing has come to our attention that causes us to believe that the data included within the scope of our review has not been materially collated and presented properly at Group level; and
2. Nothing has come to our attention that causes us to believe that the statements made within the scope of our review are inconsistent with the tax data included in the Report or our discussions with Vodafone teams.

Observations from our work

Our observations and areas for improvement will be raised separately to Vodafone management as appropriate. Any such observations do not affect our conclusions on the Report set out above.

Vodafone continues to demonstrate a positive intention to engage its stakeholders and the public in relation to the tax and economic contribution that the business makes.

This is the seventh time that Vodafone has sought to report a detailed level of tax data in the absence of any formal requirement.

We make the following comments in relation to how the data required for the Report has been gathered, reviewed and consolidated:

- There is a formal and documented methodology in place that sets out the process for data collection.
- Local teams were provided with sufficient time and improved guidance to enable effective collation of country data.
- The local reporting template is intuitive to use and has sufficient granularity of captions to support quality and consistency over the data collection process.
- The Group consolidation template provides a clear audit trail to the local reporting templates.

Our independence

BDO LLP provide independent assurance services in relation to the "Taxation and our total economic contribution to public finances 2018" document (the "Report").

We have implemented measures to ensure that we are in compliance with the applicable independence and professional competence rules as articulated by the IFAC Code of Ethics for Professional Accountants and ISQC1.

Our assurance team

Our assurance team has been drawn from our tax network, which undertakes engagements similar to this with a number of significant UK and international businesses. Our assurance team has provided no other services relating to the collection and consolidation of the data and the statements made in the Report.

BDO LLP

March 2019

Registered Office:
Vodafone House
The Connection
Newbury
Berkshire
RG14 2FN

Registered in England No. 1833679