

The image is a cover for ASML's 2023 tax report. It features a collage of three main visual elements: a top-down view of a semiconductor wafer on the left, a long-exposure photograph of a highway at night with light trails in the center, and a dark blue background on the right. The ASML logo is in the top right corner. The text 'More transparency.' and 'Greater trust.' is overlaid on the left and center, respectively. The text 'Tax report 2023' is in the bottom right of the blue area.

ASML

**More
transparency.**

**Greater
trust.**

Tax report
2023

Our approach to tax



The taxes that we pay are valuable contributions to the communities where we operate – and they are an integral part of our responsibility to create social value. We believe in being open and transparent about how we operate. This includes our approach to tax, and is supported by our overall business and ESG sustainability strategy.

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Introduction



As a responsible company, we are committed to complying with legislation and paying our fair share of tax.

Roger Dassen
Chief Financial Officer

I am pleased to introduce ASML’s latest Approach to Tax report. We are committed to helping build a fairer and more sustainable society through social economic cohesion, sustainable growth and long-term prosperity. Taxation helps us do that.

Last year, we made several improvements to our Approach to Tax report. Having signed up to the VNO-NCW Tax Governance Code, we included country-by-country tax information for all countries where we operate. We also provided insight into the activities in our five main countries as well as a brief explanation of the type and geographic scope of the activities of our entities.

These enhancements have been maintained in this year’s report, and are supported by updates on relevant developments and further improvements we have been working on in 2023.

Our leading principle is that our tax position should reflect our business operations – the sale of lithography systems and related products and services, supported by our manufacturing and research & development (R&D) activities. ASML has a straightforward operating model, with our campus in Veldhoven, the Netherlands, at the heart of our global operations.

Given the continuous improvements in how we run our business, the ongoing developments around ESG and the responsibility we have towards the societies in which we operate, we constantly evaluate this model – collaborating closely with internal stakeholders to establish compliance from a Tax & Customs perspective.

The global tax landscape is also evolving, with many new regulations announced or in the pipeline, such as the Global Minimum Tax rules, CBAM and BEFIT. We monitor all these developments to keep pace with potential changes.

I trust that the information in this report provides insight into how we operate, the principles that we are committed to and how we fulfill our role as a responsible tax payer.

Supported by our Tax & Customs team, the ASML Board of Management is committed to further improvements in how we report our approach to tax. I look forward to providing updates in future years.

€2,573m

Income tax paid 2023
(€1,735m in 2022)

15.8%

Effective tax rate 2023
(15.0% in 2022)

About ASML

As a global innovation leader in the chip industry, we provide chipmakers with hardware, software and services to mass-produce patterns on silicon through lithography. Our purpose is to unlock the potential of people and society by pushing technology to new limits.



19,805 operations
15,604 in R&D
7,007 in Sales and Support



€23.2bn Asia
€3.2bn US
€1.2bn EMEA



We innovate across our entire product portfolio through strong investment in R&D



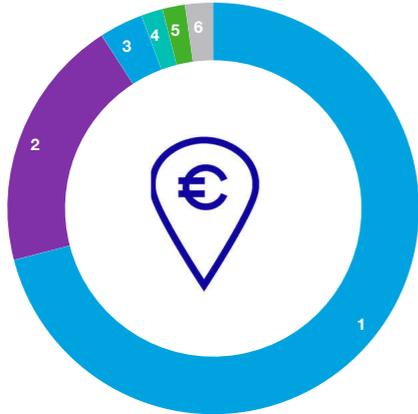
We strive to maintain an environment where all feel valued and respected



Across three continents
Headquartered in Netherlands since 1984

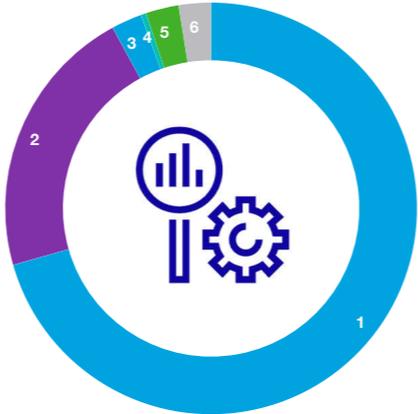
Tax breakdown

Total income tax paid
€2,573m



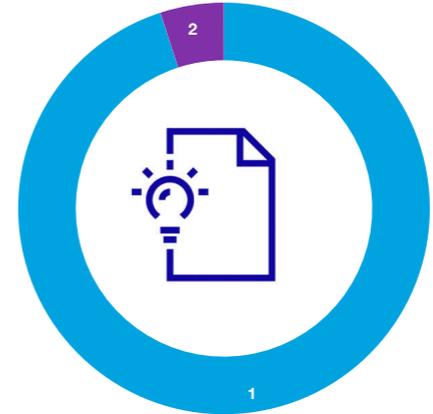
1. Netherlands	€1,826m
2. United States	€513m
3. Taiwan	€88m
4. South Korea	€44m
5. China	€46m
6. Rest of the World	€56m

R&D employees
15,604



1. Netherlands	71 %
2. United States	21 %
3. Taiwan	2 %
4. South Korea	— %
5. China	3 %
6. Rest of the World	3 %

IP portfolio patents
16,900



1. Netherlands	95 %
2. United States	5 %
3. Taiwan	— %
4. South Korea	— %
5. China	— %
6. Rest of the World	— %

Our operating model

We believe that our tax position should reflect our business operations – the sale of lithography systems and related products and services, supported by manufacturing and R&D activities. Our operating model is straightforward, with our campus in Veldhoven, the Netherlands, at its heart.

The operating model described below is key to understanding ASML's tax position.

Of ASML's global work force, 54% is located in the Netherlands, 20% in the US, 21% in Asia and 5% in EMEA (excluding the Netherlands). Of all senior management roles 70% are based in the Netherlands, reflecting the fact that ASML Netherlands actively leads and controls the group's activities, performance and risks.

With regard to R&D activities, 71% of our R&D employees are located in the Netherlands. The remaining employees are mainly employed by our legal entities in the US, with the rest spread over other locations. The costs of our US and other foreign R&D organizations are borne by ASML in the Netherlands, and 95% of our patents are owned by ASML Netherlands. Historically our R&D costs amount to approximately 15% of our annual revenue.

All our lithography machines are assembled in Veldhoven, with a significant percentage of the parts supplied by our ecosystem of suppliers in the Netherlands, Europe and the US. Some modules and metrology systems are manufactured by our factories in the US and Taiwan. In most cases, our new lithography machines are shipped directly from the Netherlands to our customers once they are ready.

We aim to continuously improve how we operate, and this includes evolving our supply chain as well as enhancing our products and services. Furthermore, the ESG landscape continues to be an increasingly important driver of change. Our Tax & Customs department closely monitors these developments in order to establish compliance and adherence to our tax principles.

Currently, our customers are mainly based in four countries: Taiwan, South Korea, China and the US. Our operations in those regions contribute to our sales and customer service efforts. In general, the leading roles for our sales and customer services activities are based in Veldhoven.

The profitability of our activities in the countries where we operate is a fair reflection of the operating model in line with local laws and international standards. Where possible and appropriate, we have agreed (or are in the process of agreeing) the level of remuneration for our activities with local tax authorities. Furthermore, we have processes and controls in place to monitor various taxes, such as customs, value-added tax (VAT), corporate income tax (CIT) and withholding tax (WHT). Our approach to tax is regularly discussed with senior management, and we regularly provide training to emphasize the importance of compliance with laws and regulations.

Key data of our five most significant countries of operations

Country	FTE	% of total ASML employee population	% of ASML R&D employees	% of ASML Senior Staff located	% of ASML patents owned
Netherlands	22,869	54 %	71 %	70 %	95 %
United States	8,224	19 %	21 %	19 %	5 %
Taiwan	4,543	11 %	2 %	4 %	— %
South Korea	2,280	5 %	— %	3 %	— %
China	1,656	4 %	3 %	2 %	— %
Rest of the world	2,844	7 %	3 %	2 %	— %
Total	42,416	100 %	100 %	100 %	100 %

The activities in our main countries can be summarized as follows:

Netherlands

ASML was founded and is headquartered in the Netherlands, where strategic decisions for the group are made, with the exception of the Cymer DUV light source business line. 95% of patents are owned by ASML in the Netherlands and more than half of all ASML employees work for ASML in the Netherlands. The vast majority of manufacturing and R&D activities take place in and are directed from the Netherlands. Our Veldhoven campus is constantly transforming as we continue to build future-proof factory and office facilities to support the growth of ASML.

Taiwan

In 2023, Taiwan was our largest market in terms of net sales. Our systems and related products and services are sold via our Taiwanese distributor group entity. Furthermore, manufacturing and R&D activities are performed by our Taiwanese group entities for ASML Netherlands.

China

Over the last 12 months, China was ASML's second largest market in terms of net sales. Our systems and related products and services are sold via our Chinese distributor group entity. Manufacturing and R&D services are performed in China for ASML Netherlands.

South Korea

During the year, South Korea was our third largest market in terms of net sales. ASML systems and related products and services are sold via our South Korean distributor group entity. In addition, repair services are performed for ASML Netherlands and manufacturing services related to the Cymer DUV light source business line are carried out for Cymer US.

United States

In 2023, the US was ASML's fourth largest market in terms of net sales. Strategic decisions for the Cymer DUV light source business line are made in the US. ASML systems and related products and services are sold via our US distributor group entity. Furthermore, manufacturing and R&D services are performed for ASML Netherlands.

Our tax principles

The following principles guide us in how we report and pay tax in the countries where we operate¹

Compliance

- We respect the tax laws applicable in each country. We are committed to act in accordance with the letter, intent and the spirit of tax laws and regulations.
- We make tax disclosures in accordance with reporting requirements, US GAAP and IFRS.
- ASML's profit allocation methods are based on internationally accepted standards as published by the OECD. We apply these consistently across our business, contingent on the relevant rules and regulations in the local jurisdictions where we operate.

Support tax systems

- We report taxable income in a jurisdiction commensurate with the added value of the business activities in that jurisdiction.
- We do not use so-called tax havens (as defined by the European Commission's 'blacklist') for tax avoidance.

Relationships with authorities

- We pursue open and constructive dialogue with the tax authorities, and relevant other authorities, in the jurisdictions where we operate, based on mutual respect, transparency and trust, disclosing all relevant facts and circumstances. We do not use tax structures intended for tax avoidance, nor will we engage in the artificial transfer of profits to low tax jurisdictions.

Tax transparency

In addition to our compliance with disclosure and reporting requirements, such as the mandatory disclosure of country-by-country reporting to the Dutch tax authorities, we consider it our responsibility to be transparent about our tax footprint.

In 2022, we expressed this commitment by signing up to the Tax Governance Code as drafted by the VNO-NCW. During 2023, we continued to monitor further developments in this regard such as the CSRD and Dutch implementation of the EU public country-by-country (CbCR) directive. Where appropriate, we respond proactively and take action in order to comply with upcoming compliance and reporting obligations.

Transfer pricing

Our priority is to maintain a sustainable global transfer pricing policy, establish compliance and safeguarding ASML's reputation in light of business developments and various transparency initiatives.

International activities and transactions with and between group subsidiaries are disclosed to the relevant tax authorities as part of our tax returns or other filing requirements. For example, in many countries, cross-border business relations with affiliated parties are subject to detailed documentation requirements, including their pricing and comparison basis known as master file, local file and country-by-country reporting. We see to it that the pricing for intra-group activities is consistent with the OECD arm's length principle as well as with local transfer pricing rules to pay adequate tax on profits where the value is created. We are committed to complying with the regulations of every tax jurisdiction in which we operate regarding the transfer pricing documentation and notification requirements.

ASML communicates openly with the Dutch tax authorities and continues to have unilateral/bilateral advance pricing agreements (BAPAs) with tax authorities around the world. Agreements with tax authorities in relation to transfer pricing are in place in several jurisdictions such as the US, Taiwan, Japan and Singapore. As part of our continuous monitoring process, we pro-actively approach local tax authorities for renewal/prolongation of advance pricing agreements in these countries. In 2023, we entered into such discussions in Singapore, Taiwan and the US. In addition, we also continued to engage with the Chinese and Korean tax authorities to align on the remuneration for local operations in these respective countries.



1. Where we refer to 'tax' in this context this also includes 'customs duties'.

Our tax principles (continued)

Activities in tax havens

We do not have activities in tax haven jurisdictions. Any acquisitions or investments in tax haven jurisdictions under consideration need upfront clearance from ASML Tax & Customs department in close consultation with ASML's Board of Management.

Tax regimes and incentives

To foster innovation, we make use of incentives that have been introduced in the countries in which we operate. We will only claim tax incentives in line with the policy intent of such tax incentives and provided these incentives are generally available.

Many jurisdictions stimulate Research & Development (R&D) activity that yields technological innovation and its positive spin-off effects for the economy at large. For example, this can be achieved by effectively lowering the tax on income arising from certain intellectual property.

Technology development is one of our key competitive success factors and growth driver for ASML. We primarily perform R&D activities in the Netherlands and the US. If and to the extent that our activities qualify for tax incentives in a domain, we make use of the available incentives.

The WBSO, innovation box and US R&D credits are the primary material incentives that we apply.

• Innovation box regime in the Netherlands

In the Netherlands, we apply certain wage tax and corporate income tax incentives. For corporate income tax, we make use of the so-called 'innovation box regime' that is available under Dutch tax law, which taxes the qualifying income associated with it at 9% (instead of the general corporate income tax rate of 25.8%).

R&D and innovation positively impact the growth of the Brainport Eindhoven region. The success of the region has an economic trickle-down effect that benefits a large ecosystem. Furthermore, innovation creates job opportunities. Between 2016 and 2023, ASML's workforce grew from 16,500 to more than 42,000 employees, with almost 22,900 based in the Netherlands – to a large extent working in R&D.

The application of the Dutch innovation box regime to the qualifying taxable profit has been agreed with the Dutch tax authorities. This provides certainty for both parties and reduces the risk of future disputes. This agreement was renewed in September 2023, and will be applicable for the years 2024 through 2028.

• Export activities from the United States

The US government aims to strengthen the US economy by encouraging export trade while also discouraging businesses from moving activities and jobs outside of the US. In the spirit of increasing the competitiveness of US-based companies, the US tax code provides for certain deductions or lower tax rates when certain requirements are met. Introduced in 2017 and available as from 2018, the Foreign Derived Intangible Income (FDII) deduction provides an incentive to US domestic corporations in the form of a lower tax rate on income derived from tangible and intangible products received in, and services benefiting, foreign markets.

ASML has significant business activities in the US that export goods and provide services to foreign recipients, and accordingly generate income that in principle qualifies for the FDII tax deduction.

However, given further guidance issued by the IRS in 2023 in relation to the capitalization of funded R&D activities, FDII deduction for 2023 has significantly reduced.

Next to the above, we annually claim the applicable R&D credits in our US tax return.



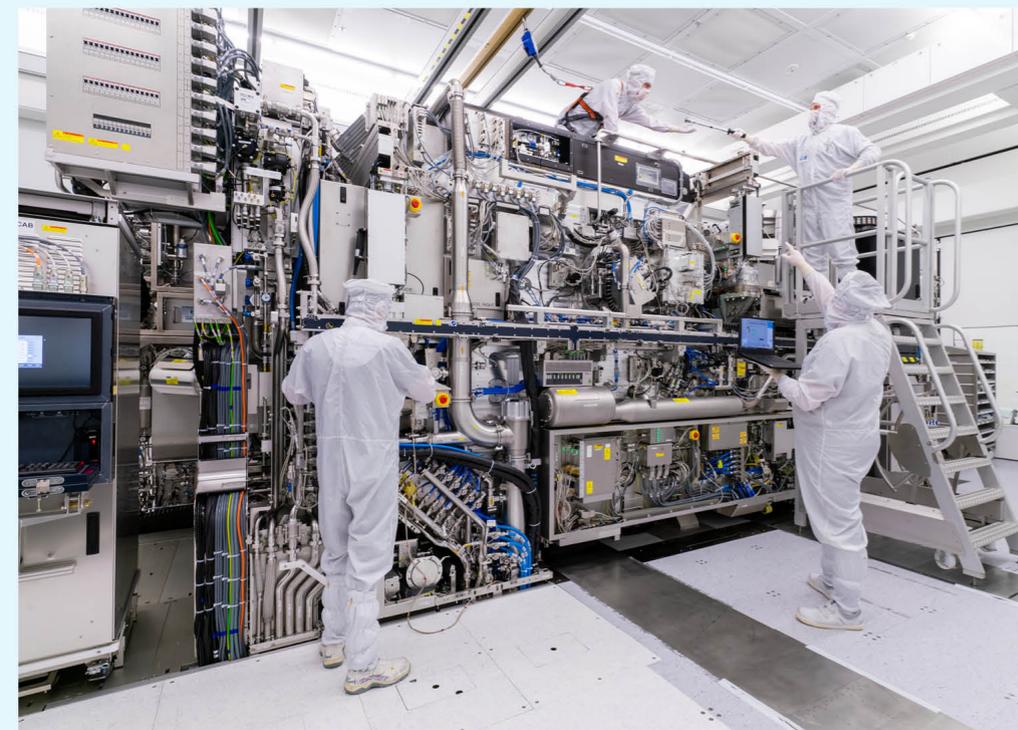
Innovation drives our success, with R&D primarily undertaken in the Netherlands and the US.”



Our tax strategy

The Board of Management is accountable for our tax strategy, tax principles and overall tax risk management. The ASML Tax & Customs department is responsible for executing the tax strategy set by the Board of Management.

ASML's tax strategy is based on our tax principles and is closely aligned to our business strategy and our ESG sustainability goals. The tax strategy is approved by the Board of Management and reviewed annually. The tax strategy, tax principles and the overall tax risk management apply to all group entities.



Key focus areas:

1

Stakeholder management

Externally, we communicate on a regular basis with tax authorities, regulators and investors, among others. Internally, we support our business in managing risks, staying in control, and at the same time remaining efficient in their administrative procedures and way of working. We work in an integrated way with other experts within ASML.

2

The future of taxation

We closely monitor developments in ESG (including tax transparency) and tax technology in the world and continuously translate these into potential requirements or implications for ASML.

3

Compliance & Control

We develop, implement and continuously monitor processes and controls for appropriate tax risk management and reporting purposes. Furthermore, we strive for timely and accurate fulfillment of tax compliance obligations in line with applicable tax laws and regulations, including timely payment of taxes due.

4

Tax & Customs organization

In a fast changing world it is important to have a diverse team which can handle change and consists of more than just competent tax and customs experts. Communication, digital and project management skills have become increasingly important. We strive to work together and develop each other in line with the ASML values - challenge, collaborate, and care.

5

Projects

Our business and the regulatory environment in which we operate change constantly. We work on projects that deal with these changes to ensure the solutions implemented are compliant and efficient. Likewise, we continuously strive for simplification and review existing business models to remain tax & customs compliant.

Our tax strategy (continued)

1. Stakeholder management

Stakeholder engagement

We engage in intensive dialogue with our stakeholders, including relevant tax authorities, our shareholders, customers, business partners, employees, governments, regulators, non-governmental organizations and the communities in which we operate.

Furthermore, we regularly engage with stakeholders regarding tax in relation to ASML's ESG framework.

These engagements provide us with significant insights into our stakeholders' expectations, while enabling us to retain and improve awareness of our tax principles.

Our relationship with government, business groups and civil society

We constructively engage in national and international dialogue with governments, business groups and society to support the development of effective tax systems, legislation and administration. This includes engagement via Business at OECD, VNO/NCW and the Semiconductor Industry Association.

Our relationship with the tax authorities

We are committed to develop a constructive dialogue with the tax authorities in the jurisdictions where we operate, based on mutual respect, transparency and trust, disclosing all relevant facts and circumstances. We work collaboratively with tax authorities to achieve early agreement on disputed issues and certainty on a real-time basis, whenever possible. Where there is disagreement we will strive to achieve resolution by applying our tax principles.

When we seek decisions from tax authorities to confirm applicable tax treatment, we do so on the basis of full disclosure of all relevant facts and circumstances. We have committed ourselves to trustworthy and transparent communication with the tax administration. Possible violations of the ASML Code of Conduct as well as laws or regulations including tax laws can be reported anonymously (as part of the ASML Speak Up and Non-Retaliation policy).

In 2023, the three-yearly meeting between our CFO and the Dutch Tax authorities took place as part of the individual compliance program for corporates.

2. The future of taxation

ESG Sustainability and tax

We aim to make a positive contribution towards a more sustainable future. We believe digital technologies are the cornerstone of a sustainable society, which can help society make progress and address global challenges. Our ESG Sustainability roadmap plays a key role in this. We believe openness and transparency regarding how we operate and the taxes we pay/collect contribute to these goals.

The same applies for actions we take to report regarding the Carbon Border Adjustment Mechanism (CBAM).

Tax technology

In 2023, we continued our journey towards greater digitalization of the tax function. The introduction of tax technology expertise has increased our focus on managing the technology roadmap and driving its implementation. The close alignment between our tax,

IT and finance functions ensures that the tax team is supported in its ambitions and is closely involved in relevant digital transformation programs driven by finance.

A number of successful projects have been executed based on our technology roadmap. These include the implementation of tooling to support our operational transfer pricing, the further roll-out of a VAT determination engine and the establishment of a technology foundation for the implementation of OECD Pillar II ("Global Minimum Tax"). The entire tax function is trained in the basics of technology through the tax technology academy.

We continuously monitor the development of emerging technologies such as artificial intelligence and advanced data analytics to see how we can best prepare for the tax function of the future. For example, we are working on automatically determining customs classifications by using AI technology.



Our tax strategy (continued)

3. Compliance & Control

Tax compliance

As an international organization, ASML has operations all over the world. Paying taxes and complying with the relevant laws and regulations in the jurisdictions where we operate are part of our overall business principles and codes.

All key operating entities benefit from a tax team of leading professionals with in-depth tax expertise who work closely together with local stakeholders both inside and outside the ASML organization.

The complete, accurate and timely preparation and submission of all required tax returns is subject to clear internal rules and processes. We continuously monitor the timely filing of tax returns and the payment of taxes due for the main taxes for which the Tax & Customs department is accountable. During 2023, we took various steps for streamlining our compliance processes by rationalizing our supplier network and bringing the majority of our compliance activities under the umbrella of one Big4 service provider (as of 2024).

We aim for certainty about our tax positions and seek internal or external advice to review and validate our positions where appropriate. Where our assessment and that of the authorities potentially do not match, we give early notice of possible divergent opinions in order to prevent misunderstandings.

In 2023, we continued our dialogues with the Dutch tax authorities to conclude outstanding matters where possible. Currently, the years 2020, 2021 and 2022 are still open with regards to the Dutch corporate income tax returns.

Managing our tax position

We seek efficiency in tax matters, including the prevention of double-taxation, following reasonable interpretation and application of tax rules. Our tax positions are aligned with the substance of the economic and commercial activity of ASML’s business and based on a reasonable interpretation of applicable law.

We refrain from discretionary tax arrangements. If jurisdictions offer tax incentives that are publicly available and rule-based, for example to promote a country’s economic development, and our business activity is within their scope, they are carefully considered. At all times the claiming of such tax incentives depends on the specific needs of our business operations and the overall fit with our investment or business strategy.

In 2023, several projects were concluded from a legal/tax rationalization perspective. Additionally, we have initiated projects to safeguard compliance and meet our responsibilities as a responsible taxpayer, in light of the growth of our organization and developments in the semiconductor landscape. We continuously monitor developments in tax legislation in the countries in which we operate as well as global developments from, amongst others, an OECD and ESG sustainability perspective.

During the year, we initiated the set-up of processes and controls in order to be able to comply with the requirements of Pillar II (‘Global Minimum Tax’). This will enable us to assess potential implications for ASML and any impact on the consolidated Effective Tax Rate.



“Our Tax & Customs teams work closely with tax authorities around the world to ensure ASML’s compliance.”

Gaby Bes
Head of Tax & Customs



Our tax strategy (continued)

3. Compliance & Control

Tax risk management & tax control framework

Our approach to tax risk management is consistent with and embedded in our general approach to risk management. We actively and continuously identify, assess, monitor and manage tax risks to ensure that they remain in line with our business and strategic objectives, taking into account ASML's appetite towards tax risks.

ASML's appetite for tax risks is low. We aim to be clear about all aspects of our tax position and to share these in a transparent manner, fostering a relationship of honesty, transparency and trust with the tax authorities. The quality of those relationships is evident in the individual monitoring plan we annually agree with the Dutch tax authorities and the number of bilateral advance pricing agreements (BAPAs) we have with the tax authorities in our significant jurisdictions. In some countries (such as the US and its CAP program), we do not meet the eligibility criteria (i.e. 10K or 10Q) to enter in the relevant program. Where necessary, we seek assistance and advice from external consultants.

We establish effective tax risk management via the following means:

1

All tax-related topics are handled by Tax & Customs experts that are highly qualified, with in-depth tax and business expertise.

3

Our uniform and well-established reporting processes see to the internal communication of any tax risks within the ASML risk universe. In addition to our quarterly SOX-compliant tax risk reporting procedures, we also hold a quarterly Tax Risk Committee meeting to discuss new and existing risks.

2

We have implemented a governance framework that is intended to establish appropriate processes and organizational structures to identify, assess, monitor and manage tax risks at different levels of the ASML organization.

4

The efficiency of the tax risk management process is continuously monitored by ASML's Tax & Customs department via institutionalized oversight processes. Our auditor annually audits our consolidated financial statements which includes our assessment of potential tax risks.

The main challenges in this area are associated with the strong growth of our organization and our continuous drive to improve our business operations. The Tax & Customs department collaborates closely with internal stakeholders to embed compliance requirements and related controls early in our processes. For example, in 2023, the department worked on various initiatives to underpin the risk and compliance mindset within the broader ASML organization and to strengthen our tax control framework through more formalized processes.

Further enhancements in the tax risk management process and assurance of sufficient level of controls in daily tax operational processes is subject to continuous improvement and regular dialogue with ASML's Risk & Business Assurance department.

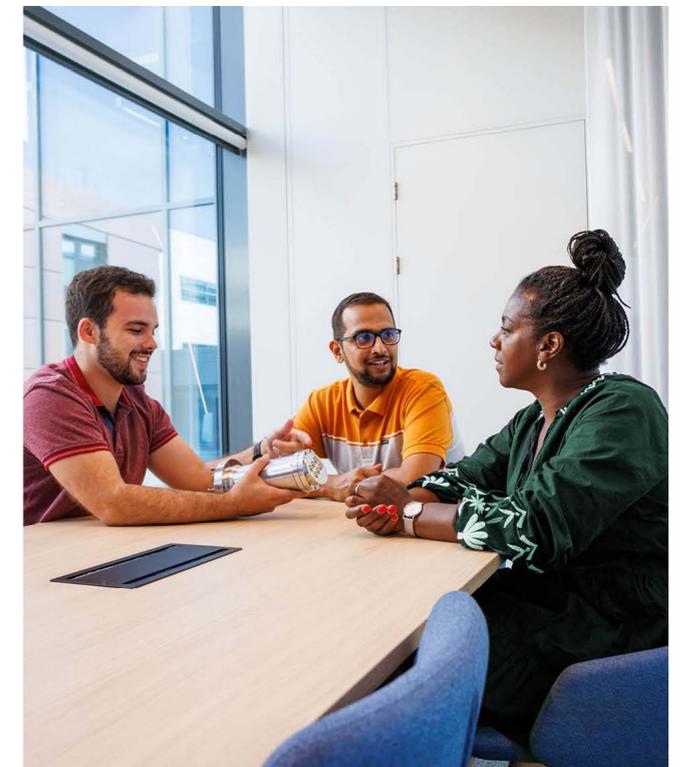
Tax governance

ASML's Board of Management is ultimately accountable for ASML's approach to tax. The tax function is embedded in the ASML finance organization and is therefore the responsibility of the Chief Financial Officer ('CFO'). Our Head of Tax & Customs regularly informs the Board of Management on key strategic tax topics, including updates on tax developments within or around the organization and any potential implications for ASML.

Every year, ASML's tax strategy is approved by the Board of Management and validated against the business strategy and organizational values. This process is supported by regular engagement between the Head of Tax & Customs and internal stakeholders such as the CEO, CFO and EVP finance.

Regular updates on all material tax topics and their current and future impact on ASML's financials are provided by the Tax & Customs department to internal stakeholders via regular tax update meetings.

The Audit Committee of the Supervisory Board reviews our tax strategy and annually confers with our tax professionals to discuss tax policies and the impact of tax laws and regulations on ASML.



Our tax strategy (continued)

4. Tax & Customs organization

Tax functions

Our Tax & Customs department is responsible for tax consulting and tax risk mitigation processes as a result of business developments, organizational changes and analysis of matters such as changes in tax laws and regulations. The department also carries out periodic reviews of tax returns and tax and customs compliance-related processes.

The Tax Accounting & Tax Compliance teams are responsible for determining ASML's tax position under the various reporting standards which are applicable to the group (US GAAP, IFRS, Local GAAP). They also prepare returns for taxes such as VAT, Corporate Income Tax and Withholding Tax for group companies and execute other related compliance activities, including country-by-country reporting and transfer price calculations, etc.

The Tax & Customs teams are organized in a matrix structure that is intended to ensure appropriate coverage of all the tax and customs affairs in the countries where the ASML group companies are located. Teams are therefore located in the Netherlands, China, South Korea, Taiwan and the US. These teams work closely with specialists in VAT, Customs, Wage Tax and Transfer Pricing based both in the Netherlands and in the local countries, and also with the Tax Accounting & Tax Compliance teams in the local countries.

In line with our belief that tax should not be managed in isolation, the Tax & Customs function is part of the Expert Advisory organization, where Tax, Treasury, Accounting and Legal teams work closely together.

Regular country-specific and international tax expert meetings facilitate the continuous interaction and collaboration between our tax functions. Together with standardized tax risk reporting procedures, this way of working aims to establish that local tax risks are assessed from a group perspective and are appropriately reported to and overseen by the Tax & Customs function.

Additionally, ESG and Tax Technology experts within the Tax & Customs department closely collaborate with internal stakeholders in the areas of ESG and automation.



5. Projects

Projects in 2023

Our business and the regulatory environment in which we operate change constantly. We develop and implement projects that deal with these changes in a compliant and efficient way. In addition, we continuously strive for simplification and regularly review our existing business models for compliance.

In addition to recurring compliance activities and the ongoing (B)APA dialogue we maintain with tax authorities in the countries where we operate, during 2023 we worked on several specific projects including:

- Developing a Tax Technology Roadmap for the mid- and longer-term, including alignment with our internal business partners
- Simplifying and rationalizing the ASML legal entity structure
- Renewing the innovation box agreement
- Improving supply chain compliance

- Setting up and implementing processes in order to comply with the requirements of Pillar II
- Setting up and implementing processes for the Carbon Border Adjustment Mechanism
- Continuing to deliver and further roll out Tax & Customs awareness training across ASML
- Carrying out compliance reviews and enhancing the existing control framework to ensure alignment with ASML's future ambitions.



Financial information for FY 2023

Income tax profile according to US GAAP consolidated financial statements

On this page we provide an overview of the revenues, income before income taxes, income tax accrued (based on our US GAAP consolidated financial statements) as well as income taxes paid for our most significant jurisdictions.

Significant deviations of the actual income tax expense from the expected income tax expense are largely due to the following reasons:

- The Netherlands: applicability of the innovation box results in a lower effective tax rate for our Dutch fiscal unity as compared to the Dutch statutory tax rate of 25.8%.
- United States: the actual income tax expense and effective tax rate for our US tax group are influenced by temporary differences on e.g. R&D expenses and deferred revenue as well as tax benefits resulting from the deduction of R&D credits for research and development activities performed in the US.
- Other: deviation of actual income tax expense for other countries as compared to expected income tax expense is mainly driven by timing differences.

For more background on the nature of the above items, please see section 'Tax regimes and incentives' on page 6.

The €2,573 million of income taxes paid in 2023 for the consolidated group are not equal to the total income tax expense of €1,436 million recorded in our 2023 group financials. This is due to a number of reasons:

- The income tax expense is based on the accrual accounting concept that allows for the allocation of a tax expense to the same period in which the underlying taxable item is realized. In contrast, income taxes paid during a financial year may include payments or refunds relating to prior financial years, and may exclude final payments or refunds that occur in the next financial year.
- The Income before income taxes in our financial statements may differ from the taxable income reported in tax returns. These differences result in deferred taxes in the financial statements to reflect any future taxable events (2023: deferred tax benefit €217 million).
- Certain income taxes have to be booked directly in equity in case the underlying results have also been recognized in equity.

For more detailed information on the activities of our group companies in all the countries where we are located as well as relevant financial data insights, please see pages 13 -19.

Income tax profile per significant country					
(€, in millions)	Netherlands	United States	Taiwan	South Korea	China
Total net external sales	123	3,142	7,927	6,760	7,192
Total net internal sales	26,891	2,815	1,959	1,176	500
Income before income taxes	7,002	222	38	228	131
Income tax expense (actual)¹	1,022	69	55	244	42
Income tax paid²	1,931	513	46	-6	28

1. Income tax expense (actual) only concerns the total current tax expense/benefit accrued for FY 2023. Deferred tax expense/benefit as well as movement in provision for uncertain tax positions is excluded.

2. Income tax paid reflects the actual income tax paid in 2023 (including withholding taxes paid on certain payments between group companies).

Our total tax contribution overview



The taxes paid and collected by our global operations during 2023 totaled €3,180m.

- The amount above includes €2,460m of corporate taxes on profits, as well as €114m other direct taxes (e.g. withholding taxes) levied on our activities.
- The total also includes a net amount of €548m of taxes collected on behalf of others – for example our customers, investors and employees – and paid to governments.

More details can be found on page 19 of this report.

Amounts on this page are rounded in millions. As result some countries show nil amounts while taxes have been paid.



Key financials per country

ASML CbCr data (non-audited) – in millions of EUR (employees in full number)

	Number of employees	Total net external sales ¹	Total net internal sales ²	Income before income taxes ³	Tangible assets other than cash and cash equivalents ⁴	Income tax paid ⁵	Income tax expense (actual) ⁶	Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax.
Belgium	52	€0.75	€36.34	€1.25	€11.86	€0.03	€0.36	Certain costs not deductible for tax purposes
China	1,656	€7,191.74	€499.57	€130.87	€441.94	€28.04	€41.52	Certain costs not deductible for tax purposes
France	61	€256.53	€15.79	€3.16	€9.95	€0.60	€0.83	Certain costs not deductible for tax purposes
Germany	1,823	€75.74	€307.88	€26.99	€461.17	€44.34	€52.66	Certain costs not deductible for tax purposes and tax expense on equity investment
Hong Kong	—	€416.40	€37.06	€6.62	€0.00	€0.00	€0.13	Certain income not taxable for tax purposes
Ireland	177	€720.32	€107.67	€11.49	€427.31	€0.13	€1.44	Certain costs not deductible for tax purposes
Israel	76	€49.07	€26.91	€1.87	€30.93	€0.52	€0.51	Certain costs not deductible for tax purposes
Italy	15	€62.89	€4.05	€0.49	€1.21	€0.00	€0.12	Certain costs not deductible for tax purposes
Japan	417	€581.40	€80.33	€14.18	€147.68	€8.10	€3.14	Certain costs not deductible for tax purposes
South Korea	2,280	€6,759.79	€1,176.05	€228.23	€1,074.67	€-5.54	€244.29	Certain costs not deductible for tax purposes
Malaysia	3	€3.38	€1.24	€0.12	€1.73	€0.09	€0.03	Certain costs not deductible for tax purposes
Netherlands	22,870	€123.47	€26,891.08	€7,001.70	€10,109.36	€1,931.30	€1,021.97	Certain costs not deductible for tax purposes and Innovation box deduction
Singapore	212	€282.58	€40.46	€5.59	€74.41	€2.17	€1.06	Certain costs not deductible for tax purposes
Taiwan	4,543	€7,927.13	€1,958.99	€38.24	€1,845.97	€45.88	€54.79	Certain costs not deductible for tax purposes
UK	9	€6.95	€1.06	€0.33	€0.30	€0.10	€0.08	Certain costs not deductible for tax purposes
United States	8,224	€3,141.63	€2,814.50	€221.68	€2,180.78	€512.50	€69.28	Certain costs not deductible for tax purposes, FDII and deduction for R&D credits
Grand Total	42,416	€27,599.77	€33,998.98	€7,692.81	€16,819.27	€2,568.26	€1,492.21	0

1. Including net external interest income.

2. Concerns aggregate net sales of all group entities in respective jurisdiction, without intercompany elimination; including net intercompany interest income.

3. Concerns aggregate income before income taxes of all group entities in respective jurisdiction without intercompany elimination.

4. Including legal mark-up upon intercompany transfer of assets.

5. Including withholding taxes paid on certain payments between group companies. In conformity with tax CbCr guidance in the below table these withholding taxes have been presented as Income tax expense in the countries where the income is received.

6. Excluding income tax expense on intercompany elimination.

Activities per legal entity

Summary of activities									
Tax Jurisdiction (Country)	Names of tax resident entities	Research and Development	Holding or Managing Intellectual property	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Customer Services	Holding shares or other equity instruments	Dormant
Netherlands	ASML Netherlands B.V.	X	X	X	X	X	X		
Netherlands	ASML Holding N.V.							X	
Netherlands	ASML Trading B.V.				X				
Netherlands	Cymer B.V.				X	X			
Netherlands	Hermes Microvision Incorporated. B.V.							X	
Germany	ASML Germany GmbH	X			X		X		
Germany	Cymer BV – Germany ¹						X		
Germany	ASML Participations Germany GmbH							X	
Germany	ASML Verwaltungs GmbH i.l.								X
Germany	ASML Berlin GmbH	X		X					
France	ASML France SARL				X		X		
France	Cymer BV – France						X		
UK	ASML (UK) Ltd.				X		X		
Israel	ASML Israel (2001) Ltd.				X		X		
Israel	Cymer BV – Israel						X		
Ireland	ASML Ireland Ltd.				X		X		
Ireland	Cymer BV – Ireland						X		
Italy	ASML Italy S.r.l.				X		X		
Italy	Cymer BV – Italy						X		
Belgium	ASML Belgium BV	X			X		X		
Belgium	Cymer BV – Belgium						X		

¹ No branch legally, only for tax purposes.

Activities per legal entity

Summary of activities									
Tax Jurisdiction (Country)	Names of tax resident entities	Research and Development	Holding or Managing Intellectual property	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Customer Services	Holding shares or other equity instruments	Dormant
Singapore	ASML Singapore Pte. Ltd.					X		X	
Singapore	Cymer Singapore Pte. Ltd.					X		X	
South Korea	ASML Hong Kong Ltd Korea Branch					X			
South Korea	ASML Korea Co. Ltd.						X	X	
South Korea	ASML Repair Center Korea Ltd.			X					
South Korea	Cymer Korea, Inc.			X	X			X	
Japan	ASML Japan Co. Ltd.					X		X	
Japan	Cymer Japan, Inc.					X		X	
China	ASML (Shanghai) LFST Co. Ltd.							X	
China	ASML (Shanghai) Electrical Equipment Co. Ltd.					X			
China	ASML (Beijing) Equipment Repair Company Ltd.			X					
China	Brion Technologies (Shenzhen) Co. Ltd.	X							
China	Cymer Semiconductor Equipment (Shanghai) Co. Ltd.					X		X	
China	Hermes Microvision (Shanghai) Co., Ltd.								X
China	Hermes Microvision (Beijing) Co., Ltd.	X		X					
Malaysia	ASML Equipment Malaysia Sdn. Bhd.					X		X	
Hong Kong	ASML Hong Kong Ltd.						X		
United States	ASML US LLC			X	X			X	
United States	ASML US, L.P.	X							
United States	EO Technical Serivces LLC			X					
United States	Cymer, LLC	X	X	X	X		X		
United States	Hermes Microvision, LLC	X		X					

Activities per legal entity

Summary of activities									
Tax Jurisdiction (Country)	Names of tax resident entities	Research and Development	Holding or Managing Intellectual property	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Customer Services	Holding shares or other equity instruments	Dormant
Taiwan	ASML Taiwan Ltd.	X		X					
Taiwan	ASML Technology Taiwan Ltd					X		X	
Taiwan	ASML Hong Kong Limited Taiwan Branch								X
Taiwan	Cymer Southeast Asia Ltd.					X		X	

Our total tax contribution

Taxation on business activities

As well as paying income taxes, we also fulfill our responsibility towards society through other taxes which are due as a taxpayer or as an intermediate. Below we include information about our most material tax types for the countries where we are located. Our total tax contribution can be segmented into taxes borne (by ASML as a taxpayer) and taxes collected (by ASML as an intermediate) that we remit to tax authorities specifically for our employees or service providers.

Taxes borne by ASML

Taxes borne by ASML mainly relate to corporate income taxes that we pay on taxable profits generated from operational activities – the sales of lithography systems and related products and services. These sales are supported by our manufacturing and research & development activities. Profits derived from these operations from a value chain perspective are subject to tax at the income tax rates applicable in the country of operation.

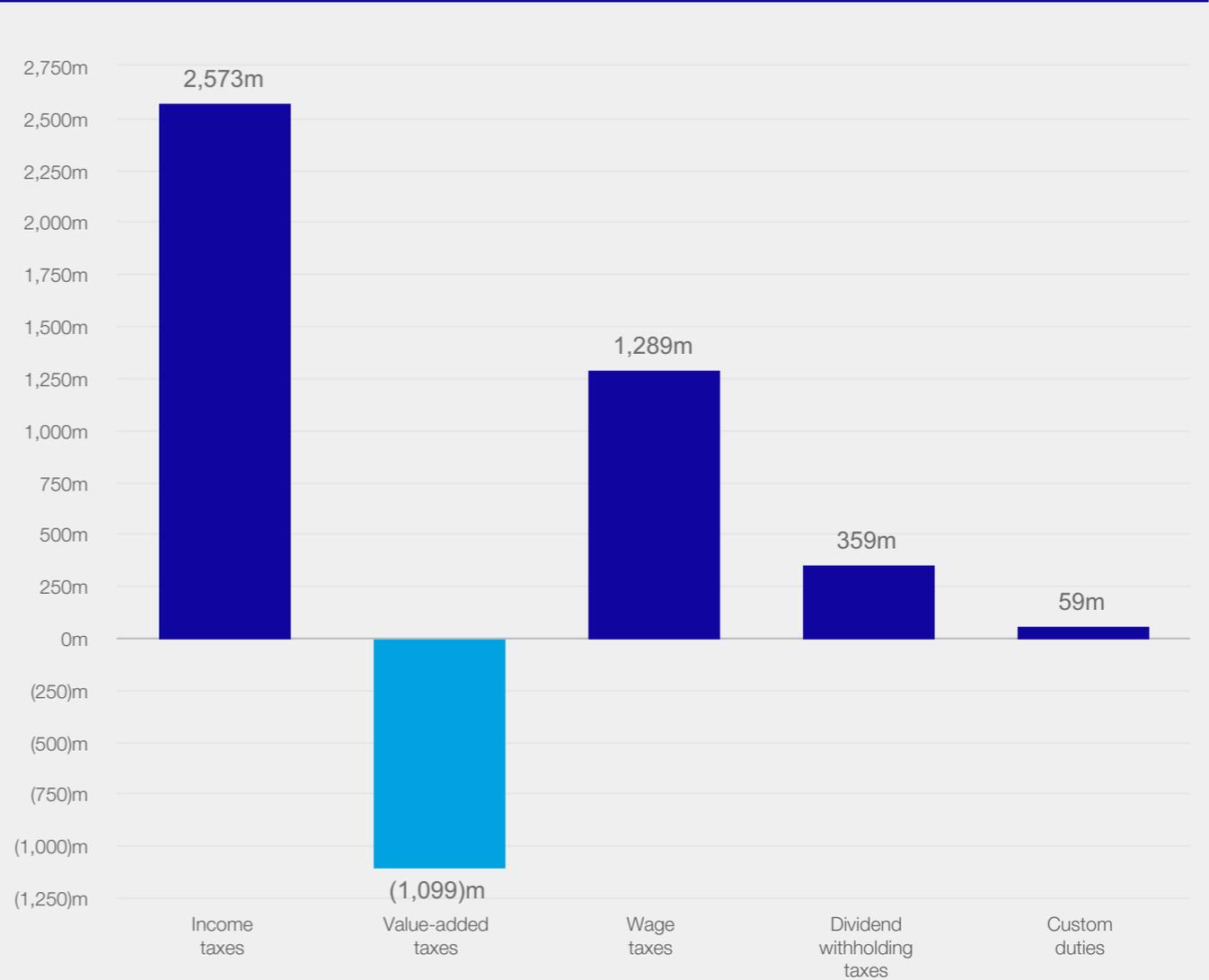
Additionally, in several countries we pay withholding taxes upon distribution of dividends or payment of license and/or service fees to our centralized functions.

Furthermore, we bear costs resulting from other tax types such as non-recoverable VAT on purchased services, customs duties, employer’s share of wage taxes, stamp duties and several smaller items.

Taxes collected and remitted by ASML

As a company, we are obliged to collect and remit taxes for certain activities. The most relevant of these relate to salaries paid to our employees (wage taxes), VAT and withholding tax upon distribution of dividends to our shareholders.

Total tax contribution 2023 in € millions

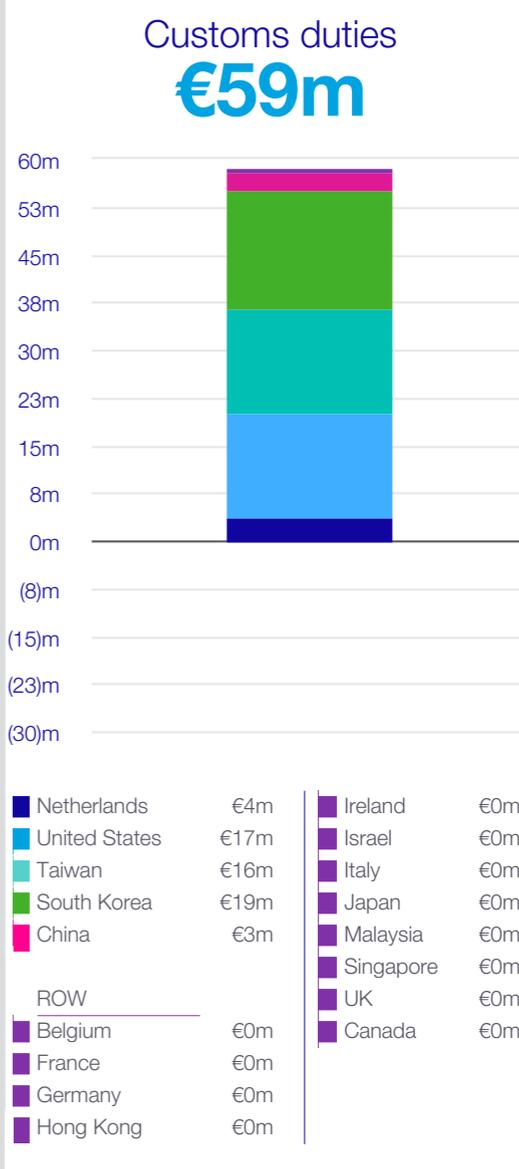
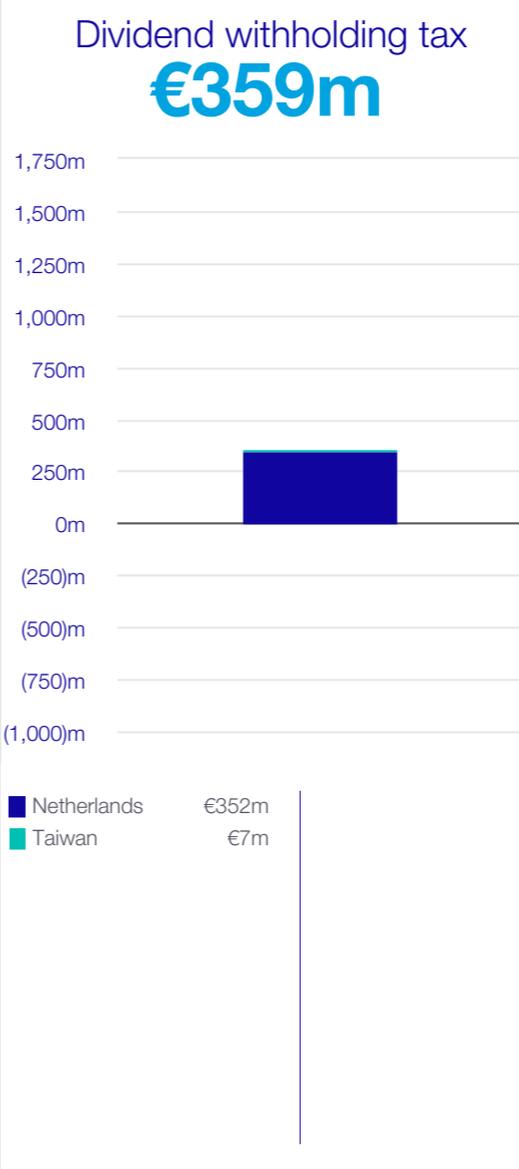
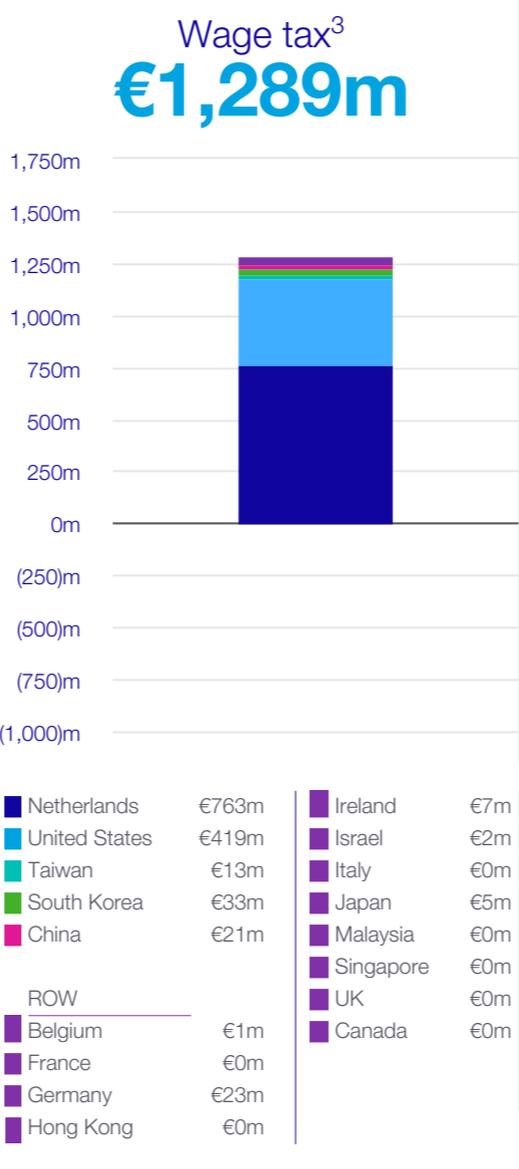
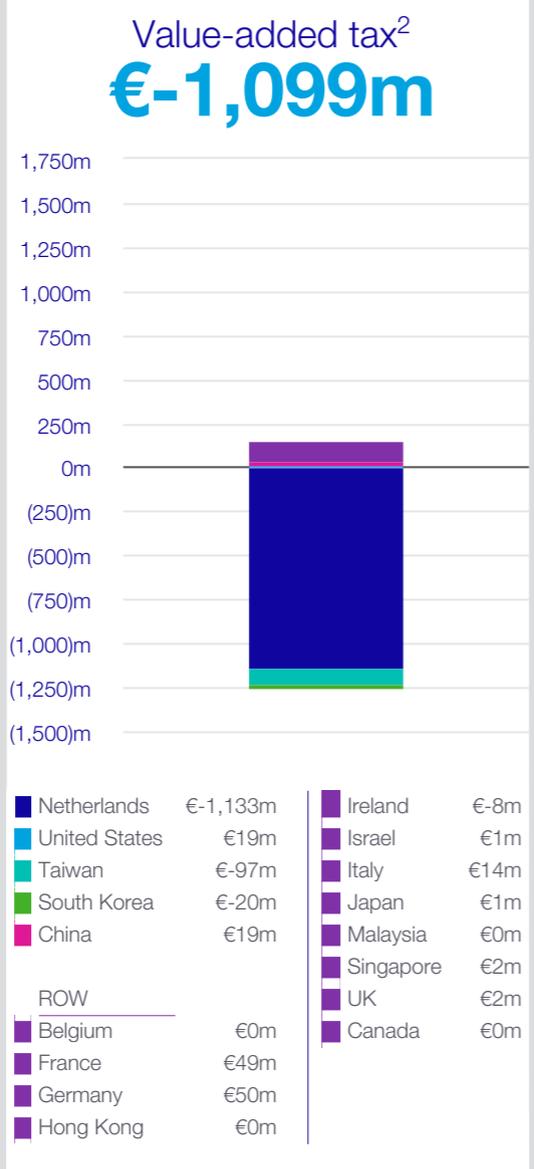
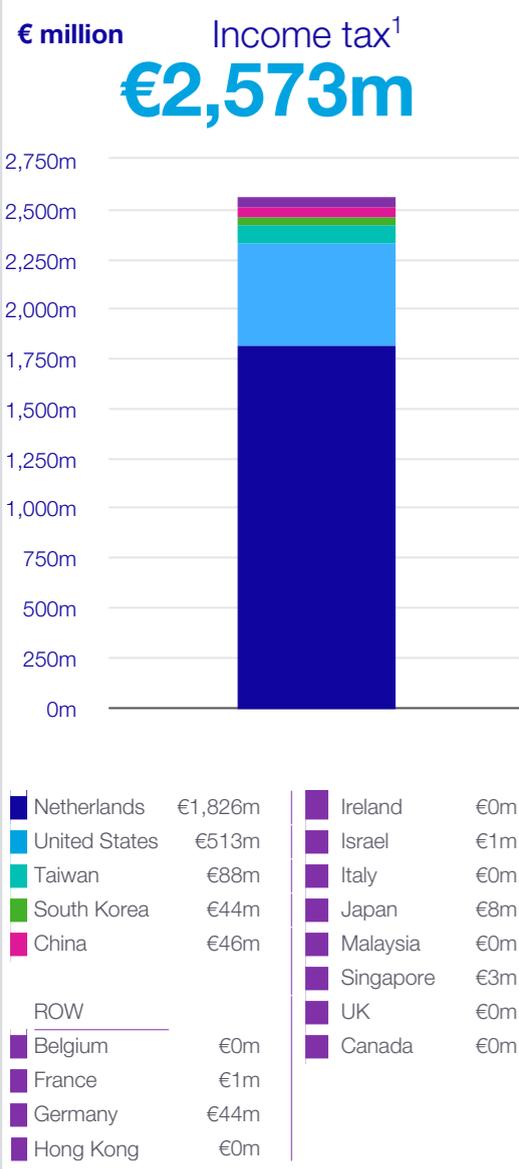


[See more detail on the next page >](#)

Our total tax contribution (continued)

As can be seen in the graphs below, in the Netherlands our most significant tax payments/collections are made due to the location and central role of our corporate headquarters. Amounts paid/collected at local level are increasing, commensurate with the expansion of our business activities in those local jurisdictions. We expect these to increase in the future in line with the growth of our organization.

Taxes paid / collected



1. Income tax includes withholding taxes paid on certain payments between group companies. These withholding taxes have been presented as Income tax expense in the countries of remittance to local authorities.
 2. Value-added tax are the net amounts paid to/refunded by tax authorities based on VAT returns filed. In the Netherlands we are in a VAT refundable position as a result of VAT charged to us by our suppliers, while our export sales are exempt from VAT.
 3. Only includes wage taxes; excluding social security contributions.

Forward-looking statements

This document and any related discussion contains statements that are forward-looking within the meaning of the U.S. Private Securities Litigation Reform Act of 1995, including statements with respect to our plans, principles, strategy and commitments with respect to tax, our plans with respect to tax risk management, our plans and commitments on tax transparency, our commitment to comply with tax and customs laws and regulations, statements with respect to ESG sustainability strategy, our plans and strategy with respect to tax compliance and control, our tax risk management and control framework, our governance and other non-historical statements. You can generally identify these statements by the use of words like 'may', 'will', 'could', 'should', 'project', 'believe', 'anticipate', 'expect', 'plan', 'estimate', 'forecast', 'potential', 'intend', 'continue', 'aim', 'seek', 'target', 'future', 'progress', 'committed to', 'goal' and variations of these words or comparable words. These statements are not historical facts, but rather are based on current expectations, plans, strategies and goals and readers should not place undue reliance on them.

Forward-looking statements do not guarantee future performance and involve a number of substantial known and unknown risks and uncertainties, including risks relating to our tax policies, strategies, practices, controls and procedures, actions taken by tax authorities and other regulators, changes in tax laws, rules and regulations and the application of such laws, rules and regulations, stakeholder reaction to our tax policies, practices and procedures, our compliance with tax laws and regulations and other risks indicated in the risk factors included in our most recent Annual Report on Form 20-F and other filings with and submissions to the US Securities and Exchange Commission. These forward-looking statements are made only as of the date of this document. We undertake no obligation to update any forward-looking statements after the date of this report or to conform such statements to actual results or revised expectations, except as required by law.

Our approach to tax in 2023 - reference to Tax Governance Code VNO-NCW

Disclosure	Description	Page	Section
A. Approach to Tax: Tax Strategy & Tax Principles			
A.1.	Approach to tax is based on a tax strategy and principles approved by the Board	1,7	Introduction, Our tax strategy (Header)
A.2.	Annual reporting to the Board on tax risks and adherence to the tax strategy and principles	7	Compliance & Control
A.3.	Tax strategy and principles to all group entities	7	Our tax strategy (Header)
A.4.	Tax principles in ASML's relationships with employees, customers and contractors	8	Relationships with authorities
B. Accountability & Tax Governance			
B.1.	Accountability of the Board for tax strategy, principles and risk management	7	Our tax strategy (Header)
B.2.	Tax control framework that sets out tax controls and risk management	10	Tax risk management & tax control framework
B.3.	Internal and external auditors regularly review tax controls	10	Compliance & Control
C. Tax compliance			
C.1.	Prepare and file tax returns required, with complete, accurate and timely disclosures	9	Tax compliance
C.2.	Responsible tax planning based on interpretations of law and aligned with substance of economic and commercial activity	4	Our operating model (Header)
C.3.	No transactions undertaking or engagement in arrangements with purpose to create tax benefit in excess of relevant tax rules	5	Relationships with authorities
C.4.	Claim tax incentives in line with policy intent of such tax incentives only	6	Tax regimes and incentives
C.5.	Certainty in advance from tax authorities based on full disclosure of facts and circumstances	8	Our relationship with the tax authorities
D. Business structure			
D.1.	No use of tax havens for tax avoidance, all entities in tax havens exist for substantive and commercial reasons	5	Support tax systems
D.2.	Pay tax on profits to where value is created within normal course of commercial activity	5	Support tax systems
D.3.	Use of arm's length principle, with guidelines of OECD across the businesses, contingent on local laws	5	Transfer pricing
E. Relationships with tax authorities and other external stakeholders			
E.1.	Develop cooperative relation with tax authorities	5	Relationships with authorities
E.2.	Engage in national and international dialogue to support development of effective tax systems, legislation and administration	8	Stakeholder Management
E.3.	Work collaboratively with tax authorities to achieve agreement on disputed issues and certainty on real-time basis	8	Stakeholder Management
F. Tax transparency & reporting			
F.1.	Tax strategy or policy and its task risk management strategy	7, 10	Our tax strategy (Header), Compliance & Control
F.2.	List of entities with ownership information and activities	15, 16, 17	Activities per legal entity (Header)
F.3.	Information on corporate income tax and cash basis accrued and payed on country level	14	Key financials per country (Header)
F.4.	Total tax borne and collected	18, 19	Our total tax contribution (Header)
F.5.	Information on financially material tax incentives	6	Tax regimes and incentives
F.6.	Advocacy approach on tax issues and engagement in regard to policy development and overall purpose	8	Stakeholder engagement