



QURATE RETAIL, INC.'S APPROACH TO TAX

Qurate Retail, Inc. (“Qurate Retail”) is a global retailer that sells a wide variety of consumer products through video and interactive shopping experiences, reaching approximately 380 million worldwide households each day through broadcast networks and online. Qurate Retail’s operating subsidiaries include QVC, HSN, Zulily and Cornerstone Brands, with operations primarily in the U.S., Germany, Italy, Japan, and the U.K. Qurate Retail and subsidiaries employ approximately 27,000 full and part-time employees.

As a global retailer, we take our corporate, social and environmental responsibilities seriously. Our approach to tax applies to Qurate Retail and its subsidiaries.

Our overall tax objective is to comply with all applicable tax laws and regulations, to file all of our tax returns on time and to pay the right amount of tax when due in each of the territories where we do business.

The taxes we pay are substantial and varied, and include corporate income tax, employment taxes, duties, and other industry specific taxes. We also collect significant amounts of sales and value-added taxes and employment taxes on behalf of tax authorities.

We are committed to conducting our business with integrity and to the highest standards of corporate governance. Our Code of Business Conduct and Ethics applies to all of our employees, directors, and officers and governs our approach to accounting, reporting, taxation and disclosure matters.

Our tax approach covers the following areas:

- Governance, risk management and compliance
- Tax planning
- Tax authorities
- Tax risk

Governance, Risk Management and Compliance

Qurate Retail’s Senior Vice President-Tax is responsible for defining and delivering our overall tax objectives and identifying tax risks. In accordance with our governance procedures, relevant tax matters are regularly reviewed and approved by senior management. Further, certain relevant tax matters are reviewed and approved by the Board of Directors or the Executive Committee of the Board of Directors.

Our approach to tax is supported by a framework of processes and controls. Our Board of Directors and the Audit Committee of the Board of Directors are apprised of our objectives, processes, controls and significant tax risks.

Qurata Retail is subject to tax in many countries. We manage tax risks in a controlled and proactive manner. An important element of our tax governance and risk management is to ensure that we have the appropriate skills, tools, training, and tax knowledge within the group and that we seek external tax and legal advice when needed.

We are committed to responsibly complying with tax law and practice in all the taxing jurisdictions in which we operate. We have established and maintain appropriate policies and compliance processes to ensure the integrity of our tax returns, and timely and accurate tax payments in all jurisdictions in which we operate. Our employees generally prepare our tax filings and third-party service providers review material tax filings to ensure proper compliance.

Tax Planning

Qurata Retail is committed to acting with integrity and transparency on all tax matters and complying with relevant tax law. We engage in tax planning which aligns with our commercial and economic activity, and we consider tax when reaching our business decisions.

Qurata Retail has invested in a number of renewable energy projects such as wind, solar, and clean coal that provide for substantial reduction of emissions such as carbon dioxide, nitrous oxide, and mercury. These projects help fulfill our environmental and social responsibilities, and Qurata Retail receives U.S. tax benefits related to these renewable energy projects. We plan to continue investing in renewable energy projects and other projects that reduce harmful emissions.

Tax Authorities

Qurata Retail seeks to engage in open and constructive relationships with the Internal Revenue Service (“IRS”) as well as other tax authorities in all the jurisdictions in which we operate. In the U.S. we are part of the IRS Compliance Assurance Process (“CAP”). As part of CAP, we agree to a high degree of transparency and report all material transactions to our IRS exam team shortly after entering into such transactions as well as regular interim reporting of the results of our operations. Our Tax Department generally meets monthly with our IRS exam team to discuss material transactions and tax compliance matters in a professional and open dialogue. Generally, by the date we are required to file our annual U.S. corporate tax returns, we have full agreement with the IRS on material transactions and our tax return reporting. When disputes occur, we first try to resolve the matters through administrative procedures available such as IRS Appeals and other means.

Management ensures that Qurata Retail submits all tax filings on a timely basis. If we discover any inadvertent error in tax returns or correspondence with tax authorities, we disclose and correct them promptly.

Qurate Retail takes an active role in contributing to the U.S. and international tax policy-making process and where applicable takes part in formal and informal consultation with tax authorities and governmental agencies.

Level of Tax Risk

Our processes, policies and governance are designed to identify and mitigate material tax risks in jurisdictions where we operate.

Tax laws and regulations can be subject to interpretation. We analyze uncertain tax positions in accordance with U.S. GAAP Accounting Standards. Where appropriate, we seek assurance regarding tax positions taken by obtaining advice, opinions, transfer pricing studies, and valuations from third-party advisors to support our interpretation of tax laws. The U.S. GAAP required disclosures for uncertain tax positions are included in our annual financial statements.

Total Tax Contribution

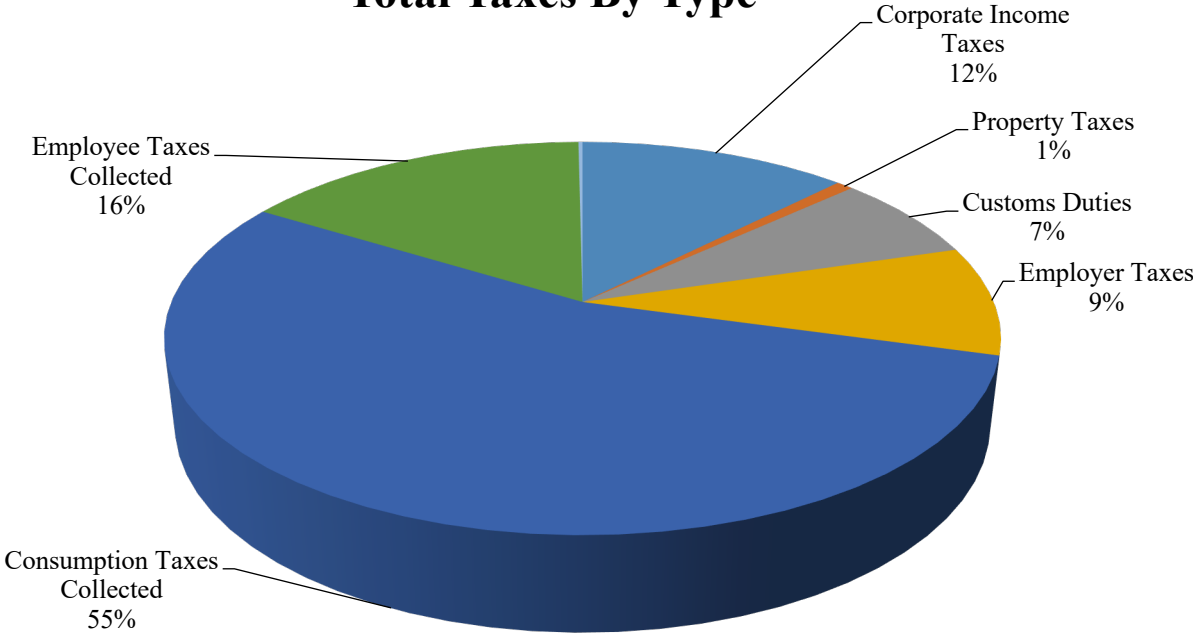
Qurate Retail and subsidiaries make significant economic contributions to the jurisdictions where we operate through taxation, either borne by the group or collected on behalf of and paid to the relevant tax authorities.

In 2019, the group's income taxes by major jurisdiction were as follows:

<i>(\$ in millions)</i>	US	UK	Germany	Japan	Italy
Revenue	\$ 10,666	\$ 656	\$ 890	\$ 1,028	\$ 148
Net income (loss)	\$ (745)	\$ 22	\$ 71	\$ 179	\$ (10)
Income tax expense (benefit)	\$ 137	\$ 11	\$ 17	\$ 54	\$ (2)
<i>Effective tax rate</i>	<i>(18.4)%</i>	<i>50.0%</i>	<i>23.9%</i>	<i>30.2%</i>	<i>20.0%</i>
Cash paid for income taxes	\$ 59	\$ 10	\$ 51	\$ 54	\$ -

In 2019, the total taxes borne and collected by the group amounted to approximately \$1.41 billion. See tables on the next page for the breakout of these taxes by type and by jurisdiction.

Total Taxes By Type



Total Taxes By Jurisdiction

