

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

WASHINGTON, D.C. 20549

FORM 8-K

**CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(D)
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported) **October 11, 2023**

Microsoft Corporation

Washington
(State or Other Jurisdiction
of Incorporation)

001-37845
(Commission
File Number)

91-1144442
(IRS Employer
Identification No.)

One Microsoft Way, Redmond, Washington

98052-6399

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www.microsoft.com/investor

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of exchange on which registered
Common stock, \$0.00000625 par value per share	MSFT	NASDAQ
3.125% Notes due 2028	MSFT	NASDAQ
2.625% Notes due 2033	MSFT	NASDAQ

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter). Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 8.01. Other Information

On October 11, 2023, Microsoft Corporation announced the receipt of Notices of Proposed Adjustment (“NOPAs”) from the Internal Revenue Service (the “IRS”) for the tax years 2004 to 2013. The NOPAs were received on September 26, 2023. The primary issues in the NOPAs relate to intercompany transfer pricing. In the NOPAs, the IRS is seeking an additional tax payment of \$28.9 billion plus penalties and interest. As of September 30, 2023, we believe our allowances for income tax contingencies are adequate. We disagree with the proposed adjustments and will vigorously contest the NOPAs through the IRS’s administrative appeals office and, if necessary, judicial proceedings. We do not expect a final resolution of these issues in the next 12 months. Based on the information currently available, we do not anticipate a significant increase or decrease to our tax contingencies for these issues within the next 12 months.

This Form 8-K contains forward-looking statements, which are any predictions, projections or other statements about future events based on current expectations and assumptions that are subject to risks and uncertainties, which are described in our filings with the Securities and Exchange Commission. Forward-looking statements speak only as of the date they are made. Readers are cautioned not to put undue reliance on forward-looking statements, and Microsoft undertakes no duty to update any forward-looking statement to conform the statement to actual results or changes in the company’s expectations.

Item 9.01. Financial Statements and Exhibits

(d) Exhibits:

- 99.1 [Microsoft on the Issues Blog](#)
- 104 Cover Page Interactive Data File (embedded within the Inline XBRL document)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MICROSOFT CORPORATION
(Registrant)

Date: October 11, 2023

/s/ ALICE L. JOLLA

Alice L. Jolla
Corporate Vice President and Chief Accounting
Officer

[BLOG POST]

Microsoft on the Issues Blog – An update on our IRS tax audit

By Daniel Goff, Corporate Vice President, Worldwide Tax and Customs

Today, we're sharing an update about our ongoing audit with the U.S. Internal Revenue Service (IRS), including background and context for this specific case and what we generally expect next.

Background on the IRS audit

For nearly a decade, as we have previously disclosed in our financial statements, Microsoft has been working with the IRS to address questions about how we allocated our income and expenses for tax years beginning as far back as 2004. We have changed our corporate structure and practices since the years covered by the audit, and as a result, the issues raised by the IRS are relevant to the past but not to our current practices.

The IRS recently sent us a series of Notices of Proposed Adjustment (NOPAs), sharing with us for the first time detailed information and explanations of their views about the issues in question. This marks the end of the audit covering 2004 to 2013, and the beginning of a new process to resolve these decades-old issues.

The IRS says Microsoft owes an additional \$28.9 billion in tax for 2004 to 2013, plus penalties and interest. The IRS's proposed adjustments do not represent a final determination. Not reflected in the proposed adjustments are taxes paid by Microsoft under the Tax Cuts and Jobs Act (TCJA), which could decrease the final tax owed under the audit by up to \$10 billion.

Microsoft disagrees with these proposed adjustments and will pursue an appeal within the IRS, a process expected to take several years. We believe we have always followed the IRS's rules and paid the taxes we owe in the U.S. and around the world. Microsoft historically has been one of the top U.S. corporate income taxpayers. Since 2004, we have paid over \$67 billion in taxes to the U.S.

What the dispute is about

The main disagreement is the way Microsoft allocated profits during this time period among countries and jurisdictions. This is commonly referred to as transfer pricing and the IRS has established regulations that allow companies to use a specific arrangement for transfer pricing, called cost-sharing.

Many large multinationals use cost-sharing because it reflects the global nature of their business. Because our subsidiaries shared in the costs of developing certain intellectual property, under those IRS cost-sharing regulations, the subsidiaries were also entitled to the related profits.

Next steps: Proposed adjustments and IRS Appeals

We strongly believe we have acted in accordance with IRS rules and regulations and that our position is supported by case law. We welcome the IRS's conclusion of its audit phase which will provide us with the opportunity to work through these issues at IRS Appeals, a separate division of the IRS charged with resolving tax disputes.

It is important to note that the IRS Appeals process will take several years to complete, and if we are unable to come to a direct agreement with the IRS, Microsoft will then have an opportunity to contest any unresolved issues through the courts.

We will continue to work with the IRS and hope to reach a mutual resolution to this issue over the coming years. We will also continue to share updates on significant developments through our public quarterly and annual reports and financial statements, as we have through this entire process. As of September 30, 2023, we believe our allowances for income tax contingencies are adequate.