Harris’ Approach to Taxation

Harris’ mission is to be the best-in-class global provider of mission-critical products, systems, and services to both government and commercial customers, combining advanced technology and application knowledge to offer a superior value proposition. Harris will achieve its mission by abiding to its core values, one of which is integrity in our words and actions. Harris never compromises our values in pursuit of business performance and success. Harris tax strategy is aligned with the Company’s core values.

The Company has a long-standing presence in the UK and views the UK as a hallmark foreign operation. This document sets out the tax strategy for Harris’ UK Group and outlines the Company’s tax risk management as it is applied globally and in the UK. This document is reviewed annually by senior tax leadership and is made available to all Harris stakeholders and the public. This document is effective for the tax year ending June 30, 2018.

The Company’s tax team ensures that the following principles are adhered to:

- The tax strategy is adopted and consistently followed, ensuring that clear levels of responsibility and accountability are applied.
- The Company is committed to paying the right amount of tax required in the UK ensuring that all relevant laws and regulations are followed.
- The Company approaches dealing with HMRC in a proactive and fair manner with respect to tax matters involving the UK.

1. Attitude Towards Tax Planning

Harris Corporation’s UK operations do not engage in artificial tax arrangements designed purely to reduce its UK tax liability. This includes artificial arrangements explicitly outlined by the OECD and further addressed by BEPS. Harris does conduct transactions between subsidiaries on an arm’s-length basis and in accordance with current OECD principles.

The Company is committed to ensuring the following objectives are met when conducting tax planning, including in the UK:

- Ensuring first and foremost that the tax strategy in the UK is in step with the business strategy of Harris Corporation and is consistent and compliant with the Company’s Mission and Values.
- Complying with all relevant laws, rules, regulations and reporting requirements in relation to tax planning activity.
- Creating channels of communication with tax authorities to transparently navigate any tax planning activity and initiatives.

2. Governance and Compliance

The Company’s Global Tax Group, as part of Global Finance, has overall responsibility for the tax affairs of the UK operations including the monitoring, managing, and where appropriate, the escalation of tax risks. Senior tax leadership establishes the Company’s global tax strategy inclusive of its UK operations.
However, certain duties, accountabilities and filings sit with other business units and companies. These are documented to ensure responsibilities are clear. Tax administration is supported by the Company’s Global Accounting Organization (GAO). The GAO supervises the preparation of tax computations, annual lodging of tax filings, and settlement of liabilities. Tax filings affecting UK taxation are subject to internal review by appropriately qualified members of the Global Tax Group or third-party advisors as deemed necessary.

3. Tax Risk Management and Risk Level

Professional care and judgment is applied when assessing tax risk including UK tax risk. Third party consultants are retained and consulted where uncertainty exists in the implementation, interpretation, or application of relevant tax laws. Tax risks are identified, assessed, managed, and accounted for properly.

Harris is committed to complying with all applicable tax laws in the jurisdictions in which it operates including the UK. Harris has a low risk tolerance level as it relates to tax matters. Transactional and reporting risk is assessed quarterly by the Global Tax Group, and senior tax leadership reports tax risks to the Company’s Board of Directors on a periodic basis.

4. Approach Towards Relationship with Tax Authorities

Harris is committed towards engaging in a forthright and open manner in its dealings with HMRC. Harris deals with HMRC in a timely manner and attempts to form a successful and collaborative relationship. If disputes do arise, the Company is committed to reaching collaborative resolutions which are amicable to both parties. Harris engages with government bodies globally who set tax laws either directly, through legislative representatives, or through trade associations or similar organizations.

5. Further Information

This document is reviewed and updated annually. Subsequent changes to UK tax law requiring additional disclosures will be reflected accordingly. This document was most recently approved on June 30, 2018, is published by Harris Systems Ltd., and is compliant with the requirements of Schedule 19 of the Finance Act of 2016. Any questions can be directed to TaxDept@Harris.com.