

# UK tax strategy

## Introduction

This document sets out Topcon Positioning (Great Britain) Limited's ("Topcon Positioning") and its UK subsidiaries (collectively "the Topcon UK Group", "the UK Group", "the Group") approach to handling its UK tax affairs, for the period ended 31 March 2021.

This document is intended to comply with the Group's requirements under Schedule 19 of the Finance Act 2016 and has been approved by the Board of Topcon Positioning.

## UK tax strategy

Topcon Positioning is ultimately owned by Topcon Corporation, the ultimate parent of a Japanese listed Group that has as its objective to comply with tax legislation and pay the correct amount of tax where necessary.

The UK Group has detailed its tax strategy as it relates to UK taxation using the main headings within Schedule 19 Finance Act 2016 and in accordance with the wider group's compliance objectives.

### **Approach of the Group to risk management and governance arrangements in relation to UK taxation**

The Board of Topcon Positioning is responsible for ensuring compliance with UK tax law, with support and oversight from Topcon Europe Positioning BV, the European parent. The wider Topcon Group support the UK Group through their tax and legal teams as and when required. Support is also provided by Topcon Corporation head office based in Japan, to ensure the overall group risk management and governance arrangements are aligned.

The UK Group is responsible for ensuring that UK tax risk is managed appropriately and meets the wider Topcon Group's overall attitude towards acceptable levels of risk. The overall aim of the Group is to manage and reduce any tax risk across all taxes to an acceptable level. Material transactions are therefore reviewed for tax risk by the Group tax and legal teams where necessary.

External qualified advisors that are competent with the required knowledge in each area of taxation are used to ensure compliance with local tax legislation and to mitigate any tax risk arising.

Transactions within the UK Group are commercially driven in line with the wider Topcon Group's governance policies. Any tax risks arising from these commercial decisions are managed within the commercial and reputational objectives of the UK Group and wider Topcon Group.

### **Attitude of the Group towards tax planning**

Tax planning is undertaken to utilise tax incentives or reliefs as set out in the legislation. This will only be undertaken where the underlying transaction meets the commercial and governance objectives of the Group. Any planning is aligned to the policy of complying with tax legislation and paying the right amounts of tax legally due within each jurisdiction.

The Group does not enter into artificial transactions which lack economic substance in order to reduce tax. The Group does not use nil or low corporate income tax jurisdictions to artificially reduce tax liabilities.

Where legitimate and commercially driven tax planning is undertaken, external advice will be sought to ensure that the planning is carried out efficiently, but also that it is carried out in accordance with the intentions of parliament and the purpose of the applicable legislation.

The Group tax team will be involved for significant transactions to assess the potential tax impact and to manage the related tax risks. The assessment of risk and compliance is undertaken across all taxes.

### **Managing risk in relation to UK taxation**

The Group has a risk averse approach to managing tax risk and will only accept a low level of tax risk that does not have a material tax impact. The Board of Topcon Positioning, with support from the Group tax team, will review each material transaction on an appropriate basis to assess any risk and to ensure that it meets internal risk and control objectives set by the group.

Where there is uncertainty as to the application of the legislation, or where the internal tax finance teams do not have the necessary expert knowledge, appropriate external advice will be sought to help assess the risk and provide support on reaching the correct tax position.

Professional care is taken when the group are deciding on the levels of tax risk to accept. These decisions are made by competent professionals with the required knowledge and skills to arrive at conclusive and supportable decisions.

### **Approach of the Group towards dealing with HMRC**

The UK Group's aim is to have an open and constructive relationship with HMRC. All tax filings and tax payments are made to HMRC on a timely basis to meet statutory deadlines and to reduce the risk of penalties. This is consistent across all taxes and related tax filing obligations.

Accurate and timely disclosures are made in the tax computations and returns to reflect transactions undertaken and any positions taken where the tax treatment is uncertain are appropriately identified.

If inadvertent errors occur in the tax submissions, full disclosure is made to HMRC as soon as is reasonably practical once the errors have been identified and any outstanding tax settled promptly.

In the event of a disagreement with HMRC, the group seeks to resolve all such disputes on a timely basis. The group may also engage external advisors to help resolve the dispute where appropriate.

### **List of entities covered by this Tax Strategy**

- Topcon Positioning (Great Britain) Limited
- Topcon Europe Positioning BV T/A Topcon Positioning Northern Ireland