



## **2019 Tax Strategy - this strategy reflects the approach taken for the year ending 31 December 2019**

Cummins is a global power leader in the design, manufacturing, sales, service and support of diesel and natural gas engines and related technologies. We comply with tax laws, reporting requirements and payment obligations in every jurisdiction where we operate.

### **Approach to Risk Management and Governance**

Our Code of Business Conduct demands that our financial records are accurate and our reporting processes are clear and understandable. As a large, complex organisation, we employ a network of global tax professionals. When appropriate, we complement our network with external advisors to accurately identify, measure, manage and report tax risks. We enforce robust internal controls and continuously invest in the systems and technologies which enable our global tax compliance processes. The Audit Committee of the Board of Directors has oversight of Cummins' global tax strategy. The Chief Financial Officer ensures governance of tax matters through rigorous internal review and approval processes led by the Vice President of Tax, who is supported by the group tax, finance and internal audit teams.

### **Attitude towards Tax Planning and Risk**

Tax planning is directly tied to business operations and growth objectives. We are located in over 190 countries and have many intercompany transactions. We comply with transfer pricing rules in the countries in which we operate, applying the arm's length principle and OECD guidelines for international tax matters when setting or correcting the pricing on these transactions.

We have a low tolerance for tax risk and do not enter into artificial tax planning arrangements as they are not in line with our Code of Business Conduct or our reputation as a good corporate citizen. Where uncertainty exists, we engage external advisors and/or governmental authorities for clarification and guidance. We do not enter into transactions where the main purpose is to gain a tax advantage and, therefore, we do not engage in what could be deemed aggressive tax planning.

### **Relationships with Tax Authorities**

Our Code of Business Conduct demands that we will communicate honestly and with integrity. We are committed to open, honest and professional engagement with tax authorities in all countries where we operate. We value transparency and share relevant information in a timely manner. In the event a tax authority disagrees with our view, we follow the appropriate dispute resolution processes collaboratively and constructively.

#### Specific Country legislation

*The UK – references to 'tax authorities' or 'tax' in this document for the purposes of UK tax strategy legislation should be read as 'Her Majesty's Revenue and Customs' and 'UK tax' respectively. Cummins believes that this document complies with its duties under paragraph 19(2) of Schedule 19 of Finance Act 2016 to publish a group tax strategy.'*