Fortinet UK Tax Strategy

Introduction

This document is published by Fortinet Inc. ("Fortinet" or the "Group"), the parent of a group of companies (the "Fortinet Group"), on 27 February 2019 in accordance with its duty under paragraph 16(2) of Schedule 19 of Finance Act 2016 to publish a UK tax strategy in the current financial year.

Our approach to risk management and governance in relation to UK taxation

Tax risk is considered as part of Fortinet's broader business risk management processes. The Board of Directors has the ultimate responsibility for the tax risk management process with the support of various committees including the Audit Committee. At periodic meetings of the Board of Directors and its committees and in other meetings and discussions, management reports to and seeks guidance from the Board of Directors and its committees with respect to the most significant risks that could affect our business, such as legal risks and financial, tax and audit related risks. In addition, management provides the Audit Committee periodic reports on Fortinet’s compliance programs and efforts, investment policy and practices. The Board of Directors and Audit Committee are ultimately responsible for our tax strategy. The Chief Financial Officer, who is responsible for tax matters, delegates the day-to-day implementation of the tax strategy to the Group Tax Vice President, who is supported by the group tax and finance teams. Additional assistance from professional advisors is sought when required.

Our tolerance for UK tax risk

We are committed to compliance with the tax laws and practices in the countries in which we operate (including the UK), and continuously monitor changes to tax legislation, ensuring that we take advice where appropriate from professional advisers. Given the nature of our business and geographic footprint, it is inevitable that risks may arise with respect to the application of tax laws that are complex and uncertain at times. However, all material positions and transactions are appropriately reviewed and documented with local professional advice routinely being obtained as part of these processes.

Our attitude towards tax planning

We do not enter into aggressive tax planning arrangements. We claim incentives and reliefs and make any other beneficial claims or elections (including in the UK) to minimise the tax costs of our business activities in order to meet commercial objectives. Where legally possible, we will seek to take positive steps to eliminate the risk of double taxation in different jurisdictions in respect of the same income. Furthermore, we may engage in tax planning to structure our operations and finances in a tax efficient manner. All such tax planning is based on supporting sound business objectives and reflects commercial and economic reality. We comply with all relevant laws, including the OECD arm's length standard in relation to transfer pricing.

Our approach to working with HMRC

We engage in an open, honest and transparent manner with all tax authorities. Our goal is to maintain a constructive and collaborative approach with HMRC with respect to UK tax matters. We seek tax clearances and guidance from tax authorities when appropriate. We understand that there might be instances where a tax authority’s interpretation of tax legislation differs from our view. Only in the rare occasions that we cannot reach an agreement with a tax authority, and our position is supported by external advice (or if it is an industry-wide issue), we would be prepared to litigate the issue in court, having first sought to resolve these differences though constructive dialogue with the relevant tax authority.