TAX POLICY STATEMENT

ALTERNATIVE TAX HEADQUARTERS ELECTION

(7/1/2026)

Harland Clarke provides marketing services in a multistate environment, meaning that more than one taxing jurisdiction may assert the authority to impose tax on Harland Clarke's fees on a single invoice. The process of determining how much of the selling price for a product is attributable to a specific jurisdiction is known as "sourcing." Each taxing jurisdiction defines its own sourcing rules, resulting in potential conflicts when a single invoice charge crosses jurisdictional boundaries. This conflict could cause more than 100% of certain charges on a single invoice to be allocated and taxed.

To avoid conflicts in sourcing rules, Harland Clarke uses the client's headquarters state to decide the applicable sourcing rules for all the products and services billed to the client on an invoice. This decision means the sourcing rules for one state control the allocation process for all products regardless of the number of different states in which the products may be distributed. Harland Clarke chose to follow the rules of the client's headquarters state on the assumption that the headquarters state will perpetually audit the client. By following the rules imposed by the client's headquarters state, the headquarters state should be satisfied with the allocation process as part of its next audit cycle.

As indicated, a client's headquarters state is a critical consideration in Harland Clarke's tax process. Harland Clarke identifies the headquarters state based on the sold to address applicable to the customer number in our billing system. Sometimes the sold-to address in our system does not properly reflect the client's headquarters state. A client typically designates the sold-to address based on its accounts payable requirements. The sold-to address may simply reflect an administrative convenience. In addition, different legal entities owned by a client as well as different divisions of a client may have different headquarters addresses from the sold-to address. Because of these real-world issues, Harland Clarke allows a client to elect an alternative tax headquarters address for purposes of tax sourcing. This alternative address does not change the sold-to address for the invoice. Instead, the alternative tax address is a separately stored address used strictly for tax sourcing purposes.

Selecting an alternative tax address can have dramatic tax consequences, so Harland Clarke requires clients to complete and sign an election form. As part of completing the form, the client must explain the reason the sold-to address is not accurate and accept the audit deficiency risks connected with designating an alternative address. HCC personnel are prohibited from signing the form for the client. The Harland Clarke Tax Department may reach out to the client to ask clarifying questions. After validating the form, the Tax Department will enter the client's election in the billing system. Receiving, validating, and entering the election form may take up to five business days. To obtain a copy of the election form, refer to "Tax Forms—Alternative Tax Headquarters Election" at Harland Clarke Tax Help Desk > Knowledge Base > Marketing Services > Tax Forms. To ask questions related to sourcing or electing an alternative tax address, contact the Tax Department at the Tax Help Desk.

Harland Clarke Tax Help Desk

https://taxhelpdesk.harlandclarke.com

TAX FORMS

Alternative Tax Headquarters Address Client Election Form

(7/1/2026)

Harland Clarke provides marketing products and services to clients on a multistate basis. Harland Clarke's systems capture various geographic data and apply this data in a coordinated approach across the multiple jurisdictions as required to support invoicing and tax collection processes. However, certain of Harland Clarke's default processes may not reflect certain geographic information as otherwise known independently by the client.

01 Purpose: Harland Clarke's tax calculation process incorporates an evaluation of the client's sold to address as maintained in connection with the client's Customer Number. For a variety of reasons, the sold to address may not properly reflect the headquarters location applicable to the Customer Number for tax purposes. This form enables a client to identify an alternative headquarters address to use for tax purposes. Harland Clarke will use the alternate address provided to support the tax calculation process and will not alter the sold to address as otherwise applicable to the client's Customer Number.

02 Client Acknowledgment: When executing this form, the client acknowledges that the address provided on this form may alter the geographic information applicable to the client's invoice, thereby altering the taxes otherwise computed and collected by Harland Clarke. The client accepts the tax audit deficiency risks connected with this election.

03 Harland Clarke Verification: Before Harland Clarke activates the alternate address as indicated by the client, Harland Clarke must confirm in good faith that the alternate address is applicable to the client's facts. Harland Clarke will base its analysis on the factual representations provided below and may decline the request if the facts do not support good faith acceptance.

04 Instructions: To designate an alternate headquarters address, provide the information below.

Customer Number(s) Marketing Services	

Customer Name	

Street				
City		**State**	**Zip Code**	**Plus 4**

Reason for Alternate Tax Address	

05 Client Acknowledgment: By signing below, the client acknowledges the tax impacts discussed in this document, certifies that the election and information provided in this document are factually correct, and asserts that Harland Clarke may reasonably rely in good faith on the information provided. Further, the signer acknowledges the signer is authorized to sign this document on behalf of the client.

____ ________________________
Date

Name:

Title:

Related Knowledge Base Documents
Marketing Services > Tax Policy Statements > Alternative Tax Headquarters Address
Marketing Services > Tax Policy Statements > Geography Allocation Process for Direct Mail