

## **Information on applied tax strategy**

### **– Albis Polska spółka z ograniczoną odpowiedzialnością**

#### **Introduction**

The purpose of this information on applied tax strategy (hereinafter: Information) is fulfilment of the obligation imposed on Albis Polska spółka z ograniczoną odpowiedzialnością (hereinafter: Company) under Article 27c of the Act on Corporate Income Tax. It is so since the Company is a corporate income taxpayer whose turnover value earned in the fiscal year ended in 2020 exceeded the equivalent of EUR 50 million, translated into PLN according to the average EUR exchange rate announced by the National Bank of Poland on the last business day of 2020.

The Company's fiscal year overlaps with the calendar year. The fiscal year this Information regards lasted from 1 January 2020 to 31 December 2020 (hereinafter referred to as "fiscal year 2020" or "2020").

The Company is a member of OTTO KRAHN Group (hereinafter: Group) which, in turn, is a member of ALBIS PLASTIC Group. The Company operates as a distributor of thermoplastics on the Polish market. The Company has its own distribution network. The objects of the Company's operation are:

- a) wholesale and retail sale of duroplasts and thermoplastics in the form of standard and non-standard goods
- b) wholesale and retail sale of paints (liquid and solid)
- c) wholesale and retail sale of other goods
- d) activity of advertising agencies
- e) trade of chemicals
- f) trade of auxiliary agents and additives for the plastic processing industry.

Furthermore, the Company is also involved in distribution of plastics produced by manufacturers from outside OTTO KRAHN Group.

The Company's KRS (National Court Register) number is 0000148734, and REGON (Polish National Official Business Register) number is 631011653. The Company's registered office address is: ul. Marcelesińska 90, 60-324 Poznań.

This document does not contain any information subject to trade, industrial, professional or production process secrecy,

#### **Information on processes and procedures applied by the taxable person with regard to management of fulfilment of obligations under the tax law and ensuring their proper fulfilment as well as voluntary forms of cooperation with the bodies of the National Revenue Administration**

In fiscal year 2020 the Company applied the Group's tax strategy. The Group entities commit themselves to observe the Group's values as well as local regulations and rules of conduct around the world. A summary of the standards procedures in tax areas as well as a description of the Group's value are presented in the document of OTTO KRAHN (GmbH & Co.): KG Group Tax Policy approved by the Management Board of OTTO KRAHN (GmbH & Co.) KG in 2017. The purpose of the document is supporting employees having any contact with the tax area in all locations and in all business entities of the Group in application of these values and rules in the workplace.

The main rules of the Group include:

1. Rules of tax compliance and reporting, i.e.
  - a) compliance with applicable law and regulations - the Group is obliged to comply with the applicable tax laws and legal requirements in all jurisdictions where the Group entities operate, and
  - b) implementation and maintenance of processes ensuring compliance with tax laws - the Groups improves the existing processes and implements new processes allowing to avoid mistakes in issues related to tax settlement,
2. Tax planning rules:
  - a) "Tax follows business" - the Group is not involved in artificial tax planning aiming at active abuse of legal gaps to reduce tax rates. The Group avails itself only of tax credits provided for by the law to encourage taxpayers to take certain actions or behaviours (e.g. special depreciation rates, special deductions for research and development, etc.),
  - b) The structures the Group entities participate in are determined by business or legal needs and not by tax planning - business and legal organisation (reorganisation) measures always result from business or legal needs, and the only purpose of tax planning should be prevention of undesirable consequences, such as double taxation, or mitigation of potential uncertainties in the area of taxes or other fees.
3. Risk management, including but not limited to the following rules:
  - a) Identified errors are disclosed to tax authorities and corrected,
  - b) Tax departments of Group entities do not treat the likelihood of identification by tax authorities as a reasonable criterion in assessment of the given tax risk - risk assessments are carried out based on the assumption that information is fully disclosed to tax authorities.
4. Relations with tax authorities:
  - a) Cooperation-based approach - the Group aims at open, transparent and cooperation-based relations with tax authorities around the world,
  - b) The Group makes all effort to clarify all issues with tax authorities pre-emptively, but not to use such clarifications for the purpose of aggressive tax planning or deviation from general applicable of tax laws or regulations.

The general provisions of the Company's tax strategy are also presented in the document Tax Strategy 2021.

The Company has procedures in place that influence management of fulfilment of obligations under the tax law and ensuring their proper fulfilment. These include, in particular, the following documents:

1. OTTO KRAHN (GmbH & Co.) KG Group Tax Policy - summary of standard procedures in tax areas and description of the Group's values.
2. Process ZIM\_START \_ dostawy na magazyn (deliveries accepted in the warehouse) - process of acceptance of purchase invoices in the accounting system (electronic document circulation).
3. WW-PR-0016 Personnel Qualification and Motivation - this procedure regulates the issue of identification of needs for training, necessary to conduct quality-related activities, organise trainings and evaluate trainings conducted in all parts of the enterprise; furthermore, the procedure describes all activities aiming at personnel incentivisation and increase of awareness.
4. Process of document circulation, control of documents, accounting evidence in terms of their reasonability and connection with revenues.
5. Procedure in the scope of counteracting failure to observe the mandatory disclosure rules for ALBIS POLSKA Spółka z ograniczoną odpowiedzialnością of 2021.

In 2020, the procedures and other documents (contracts, ordinances, etc.) were kept in the Company's document base. Any new employee was obliged to familiarise himself/herself with the documents regarding it. The specified procedures are, in principle, subject to revision in case of any change of law, changes in situation, lapse of time, origination of new risks. The new procedures, including their revisions, are communicated to the Company's employees and they are trained in this scope (especially new employees). Upon employment, all employees receive an Introduction Training from and the workstation training plan from their direct superiors.

Additionally, for the purpose of proper performance of its tax obligations, the Company used trainings regarding tax law for its employees and monitored changes in tax regulations.

Concurrently, in 2020 the Company used the services of the Bank in the scope of verification of accounts in the VAT taxpayers list (whitelist).

Additionally, in 2020 the Company's employees carried out a number of verifications, including but not limited to verifications of:

- a) payments in terms of the Split Payment Mechanism,
- b) collected documentation regarding transactions, including its compliance with the factual status,
- c) contractors, including but not limited to new contractors,
- d) correctness and timeliness of filing of tax returns, tax payments,
- e) balance in bank accounts and archiving of internal information on bank balances,
- f) issues connected with counteracting payment gridlocks (a report is generated weekly in this scope, according to the internal arrangements of the Company),
- g) arrangements in terms of satisfaction of the criteria for deeming them tax arrangements.

Concurrently, in relation to OTTO KRAHN (GmbH & Co.) KG Group Tax Policy, the Company is open to cooperation with the bodies of the National Revenue Administration. As the tax office proper for the Company was changed to the First Masovian Tax Office in Warsaw as of 2021, an appointed Tax Office representation for contact was assigned to the Company. Additionally, in case of any doubts as to interpretation of tax law, the Company tries to clarify same by way of proper communication with the bodies of the National Revenue Administration.

- a) in order to determine the correct VAT rate or other events resulting from classification of goods/services, the Company applies for binding the rate information referred to in Article 42a of the Act on VAT.
- b) in order resolve all other doubts regarding interpretation of tax laws, the Company applies for the individual interpretation referred to in Article 14b of the Tax Ordinance.

If irregularities are identified in tax settlements, the Company adjusts its settlements immediately and pays any potential tax arrears with interest, and the relevant employees file the report of offence (voluntary disclosure) along with the overdue return/information, if required in the given situation.

**Information on fulfilment by the taxable person of its tax obligations in the territory of the Republic of Poland, including information on the number of tax arrangements reports referred to in Article 86a §1(10) of Tax Ordinance, broken down into the taxes they regard, submitted to the National Revenue Administration**

The Company is a tax resident of Poland and is subject to tax obligation in relation to its entire income, regardless of the place of earning it. The Company's Tax Identification Number is 7811548764. In fiscal year 2020, the tax office proper for the company was the First Greater Poland Tax Office. Due to the Regulation of the Minister of Development and Finance on certain taxes and taxable persons in relation to whom the tasks are performed by the head of a tax office other than the tax office of proper jurisdiction, as of 1 January 2021 the tax office proper for the Company is the First Masovian Tax Office in Warsaw. Due to the subject Regulation, CIT-8 return for 2020 was filed with the First Masovian Tax Office in Warsaw.

The Company is:

- a) an active taxpayer of value added tax (hereinafter also referred to as VAT),
- b) a taxpayer of corporate income tax (hereinafter also referred to as CIT),
- c) a taxpayer of personal income tax (hereinafter also referred to as PIT).

In 2020, the Company was not a taxpayer of tax on civil law transactions.

As regards CIT settlement for 2020 - the Company paid monthly CIT advances in the simplified form.

In fiscal year 2020, the Company:

- a) was not obliged to file CIT-ST,
- b) did not exclude any expenses from tax-deductible expenses under Article 15c or Article 15e of the Act on Corporate Income Tax,
- c) did not elect a method of determination of exchange differences under the accounting regulations referred to in Article 9b(1) of the Act on Corporate Income Tax,
- d) did not deduct tax-deductible expenses incurred on research and development activities from the tax base,
- e) did not conduct any activity in a special economic zone under a permit or decision on support,
- f) was not obliged to pay the tax referred to in Article 24b of the Act on Corporate Income Tax,
- g) did not earn any income on disposal of virtual currencies against payment,
- h) did not carry out temporary transfers of assets within the meaning of Article 24g(2) of the Act on Corporate Income Tax,

- i) did not earn any income on qualified intellectual property rights,
- j) did not settle any claims or liabilities under Article 4(1a) of the Act on Counteracting Excessive Delays in Commercial Transactions of 8 March 2013,
- k) did not earn any income from a controlled foreign company (CFC),
- l) did not earn any income on unrealised profits.

According to the document Individual Data of CIT Taxable Persons (published on <https://www.gov.pl/web/finanse/indywidualne-dane-podatnikow-cit>; status as at 1 September 2021; access on 21 November 2021), in 2020 the Company earned income from other sources of revenues amounting to PLN 16,202,991.75. The Company's revenues amounted to PLN 310,539,084.25 and tax-deductible expenses amounted to PLN 294,336,092.50. The Company did not recognise any deductions from income. The Company applies the tax rate of 19%. The output tax amounted to PLN 3,078,568.

Concurrently, the Company did not recognise revenues or tax-deductible expenses from capital gains.

The Company verifies its obligations related to payment of remuneration to non-residents on a current basis and, if such an obligation exists, it collects and pays the withheld tax to the account of the tax authority.

The Company submits monthly JPK-VAT7M files (standard audit file for tax) and pays the tax obligations thereunder or applies for carrying any VAT surplus further.

The Company calculates, collects and pays monthly personal income tax advances to the tax authority, and payroll calculations are carried out by a professional third-party entity providing the Company with HR and payroll services.

In case of any doubts, the Company uses also support of professional tax advisors. The Company cooperates also with external law firms who support the Company in civil matters.

The Company monitors existence of tax arrangements and, if so required, reports arrangements using the relevant forms. In 2020, the Company did not submit any reports on tax arrangements referred to in Article 86a § 1(10) of the Tax Ordinance to the Head of the National Revenue Administration as no transactions forming reportable tax arrangements were executed.

**Information on transactions with related entities within the meaning of Article 11a(1)(4) of the Act on Corporate Income Tax the value of which exceeds 5% of the balance sheet total of assets within the meaning of accounting regulations, determined on the basis of the last approved financial statements of the Company, including entities who are not tax residents of the Republic of Poland**

In 2020, the Company concluded transactions with related entities within the meaning of Article 11a(1)(4) of the Act on Corporate Income Tax the value of which exceeds 5% of the balance sheet total of assets within the meaning of accounting regulations, determined on the basis of the last approved financial statements of the Company, including entities who are not tax residents of the Republic of Poland.

The transactions referred to above regarded:

- a) Purchase by the Company of goods from related entities Albis Distribution GmbH & Co. KG, Albis (U.K) Ltd., ALBIS Plastic Vertriebsgesellschaft m.b.H., Albis Benelux B.V., Albis Iberia S.A., Albis Plastic CR s.r.o., Albis Plastique France S.A.R.L., Albis Plastic

Italia S.R.L., Albis Plastic Kereskedelmi Kft., Albis Plastic Scandinavia AB, Albis Plastic SRL, MOCOM Compounds GmbH & Co. KG, Albis Plastic GmbH (currently: OTTO KRAHN Group GmbH), WIPAG Sud GmbH & Co KG, used in production from plastics and, subsequently, resold to other entities operating on the Polish market,

- b) guarantees granted to the Company by related entity Albis Plastic GmbH (currently: OTTO KRAHN Group GmbH) - in connection with functioning within one Group, the Group entities grant guarantees to each other for contracted liabilities. The granted guarantees are considerations provided against payment, for which fees are determined.

**Information on reorganisation activities taken or planned by the taxable person which may affect the value of tax obligations of the taxable person or its related entities within the meaning of Article 11a(1)(4) of the Act on Corporate Income Tax**

In fiscal year 2020, the Company did not plan or take any of the above specified reorganisation activities that would be subject to the publication obligation referred to in Article 27c of the Act on Corporate Income Tax.

**Information on applications for issue of the general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance filed by the taxable person**

In fiscal year 2020, the Company did not file any applications for issue of the general tax interpretation referred to in Article 14a § 1 of the Tax Ordinance.

**Information on applications for issue of the tax law interpretation referred to in Article 14b of the Tax Ordinance filed by the taxable person**

In fiscal year 2020, the Company did not file any applications for issue of the tax law interpretation referred to in Article 14b of the Tax Ordinance.

**Information on applications for issue of the binding rate information referred to in Article 42a of the Act on Value Added Tax filed by the taxable person**

In fiscal year 2020, the Company did not file any applications for issue of the binding rate information referred to in Article 42a of the Act on Value Added Tax.

**Information on applications for issue of the binding excise duty information referred to in Article 7d(1) of the Act on Excise Duty Tax filed by the taxable person**

In fiscal year 2020, the Company did not file any applications for issue of the binding excise duty information referred to in Article 7d of the Act on Excise Duty Tax.

**Information on the taxable person's tax settlements carried out in territories or countries applying harmful tax competition specified in the secondary legislation issued under Article 11j(2) of the Act on Corporate Income Tax and under Article 23v(2) of the Act on Personal Income Tax of 26 July 1991 and in the announcement of the minister proper for public finance issued under Article 86a § 10 of the Tax Ordinance**

In fiscal year 2020, the Company did not settle any taxes in the above specified territories or countries.

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For the Company