



## **Information on realization of the tax strategy**

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

#### **Introduction**

This document is an information on realization of the tax strategy (hereinafter: **Information**) and fulfilment of the obligation imposed on Albis Polska spółka z ograniczoną odpowiedzialnością (hereinafter: **the Company**), seated at ul. Marcelesińska 90, 60-324 Poznań, the Company's KRS (National Court Register) number: 0000148734, REGON (Polish National Official Business Register) number: 631011653. The Company is obliged to prepare Information and make it public pursuant to Art. 27c of the Act of February 15, 1992 on corporate income tax (further: **the CIT Act**) due to meeting the conditions referred to in art. 27b (2) (2) of the CIT Act.

The Information was prepared and published in accordance with the above provision and taking into account the guidelines issued by the National Tax Administration regarding the Internal Tax Supervision Framework (version 2.0 June 2020), in the part in which the content of these guidelines allows to identify and describe the existing mechanisms ensuring the correct implementation of the tax function.

The Information concerns the tax year lasted from January 1, 2022 to December 31, 2022 (hereinafter: "**tax year 2022**").

The Company is a member of ALBIS PLASTIC Group, which, in turn, is a member of OTTO KRAHN Group (hereinafter: 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.

In addition, the Company also distributes plastics produced by producers outside the OTTO KRAHN Group.

#### **1. Processes, procedures and voluntary forms of cooperation with tax authorities**

##### **1.1 Information on processes and procedures applied by the Company with regard to management of fulfilment of obligations under the tax law and ensuring their proper fulfilment**

In the tax year 2022, the Company implemented all the necessary processes and procedures for managing the performance of obligations under the tax law and ensuring their proper performance.

In 2022 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 standard procedures in tax areas as well as a description of the Group's value are presented in the document of OTTO KRAHN GROUP, Group Tax Policy approved by the Management Board of OTTO KRAHN GROUP 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:

- a. Rules of tax compliance and reporting, i.e.
  - compliance with applicable laws 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
  - implementation and maintenance of processes ensuring compliance with tax laws - the Group improves the existing processes and implements new processes allowing to avoid mistakes in issues related to tax settlements,
- b. Tax planning rules:
  - "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 for tax preferences provided by the law to encourage taxpayers to take certain actions or behaviours (e.g. special depreciation rates, special deductions for research and development, etc.),
  - 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.
- c. Risk management, including but not limited to the following rules:
  - Identified errors are disclosed to tax authorities and corrected,
  - Tax departments of Group entities do not treat the likelihood of identification by tax authorities as a reasonable criteria in assessment of the given tax risk - risk assessments are carried out based on the assumption that information is fully disclosed to tax authorities.
- d. Relations with tax authorities:
  - Cooperation-based approach - the Group aims at open, transparent and cooperation-based relations with tax authorities around the world,
  - 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.

In the areas of JPK and VAT the Company establishes an internal division of duties for data verification tasks.

In the area of CIT, each CIT clearance is verified by independent, external tax advisors.

In the area of PIT, PIT clearance is handled by an external company.

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

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:

- a. OTTO KRAHN GROUP Group Tax Policy - summary of standard procedures in tax areas and description of the Group's values.
- b. Process ZIM\_START \_ dostawy na magazyn (deliveries accepted in the warehouse) - process of acceptance of purchase invoices in the accounting system (electronic document circulation).
- c. 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.
- d. MDR, in particular the procedure for dealing with non-compliance with the obligation to provide information on tax schemes.
- e. WHT, in particular the withholding tax due diligence procedure.
- f. Invoice circulation procedure.
- g. Others:
  - rules and regulations for business travels,
  - group matrix outlining the responsibilities of the Management Board,
  - internal work divisions.

Procedures are subject to internal review, reporting on them is under discussion. The Company intends to implement a procedure review process in the future. Information regarding the review of procedures appears in each procedure. In 2022, 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 applicable to their position. The specified procedures are, in principle, subject to revision in case of any change of law and origination of new risks. The new procedures, including their revision, 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 form 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 (CIT / VAT) for its employees and monitored changes in tax regulations.

Concurrently, in 2022 the Company used the services of the Bank in the scope of verification of accounts in the VAT taxpayers list (whitelist). The Company's employees also 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 timelines of filing of tax returns, making tax payments,
- e. balance in bank accounts and archiving 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 meeting the criteria for deeming them as tax arrangements.

## **1.2 Information on the voluntary forms of cooperation with the bodies of the National Tax Administration**

In the tax year 2022 and as at the date of publication of this Information, the Company was not a party to the cooperation agreement referred to in Article 20s of the Tax Ordinance Act (hereinafter: Tax Ordinance).

As part of ongoing contact with the tax authorities, the Company aims to be diligent in contact, in particular by engaging people who know the specifics of the Company as a taxpayer. Concurrently, in relation to OTTO KRAHN GROUP Group Tax Policy, the Company is open to cooperation with the bodies of the National Tax Administration.

Director of the Company and also two employees at Krahn Chemie Polska Sp. z o.o. have power of attorney to contact National Tax Administration. Director of the Company and also two employees at Krahn Chemie Polska Sp. z o.o. are reported to the First Mazovian Tax Office as contact persons. Contact with tax authorities always precedes previous verification. Additionally, in case of any doubts as to interpretation of tax law, the Company tries to clarify them by the proper communication with the bodies of the National Tax Administration.

- a. in order to determine the correct VAT rate or other events resulting from classification of goods/services, the Company applies for the binding rate information referred to in Article 42a of the Act of March 11, 2004 on tax on goods and services (hereinafter: the Act on VAT),
- b. in order resolve all other doubts regarding interpretation of tax laws, the Company applies for the individual tax ruling referred to in Article 14b of the Tax Ordinance.

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

### **2.1 Introduction**

In the 2022 tax year, the Company was:

- a. a taxpayer of the corporate income tax (hereinafter also: CIT),
- b. a tax remitter of the personal income tax (hereinafter also: PIT),
- c. a taxpayer of value-added tax (hereinafter also: VAT).

The Company places particular emphasis on the reliability, correctness, transparency and timelines of its tax settlements. The performance of public law obligations and the need to pay amounts due are treated by the Company as an obligation resulting from conducting business in the territory of the Republic of Poland, in particular as a due return of part of the profit to the society in which the Company operates and uses its resources.

The Company does not use aggressive tax optimization methods in any area of taxation. The overriding principles of meeting tax obligations applied by the Company is to maximize compliance with the law and minimize the risk of disputes with tax authorities.

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.

In 2022 the Company performed transactions with foreign contractors. In particular, transactions concerned with purchase of goods. Other transactions made with foreign contractors, includes: management services, bank guarantees, sales process support services.

The company did not withhold withholding tax (WHT) in 2022 but was required to prepare transfer pricing documentation. The Company complied with the obligation on time.

The Company in the fiscal year to which the Information relates did not benefit:

- a) from exemption from income tax on the basis of a permit to operate in a special economic zone or a decision on investment support,
- b) from lump-sum taxation on income of capital companies ("Estonian" CIT),
- c) from preferential taxation of income from qualified intellectual property rights (5%; the "IP Box"),
- d) from the deduction from the tax base of deductible expenses incurred for research and development activities (the so-called R&D tax credit).

## **2.2 The corporate income tax**

The Company is a tax resident of Poland and is subject to taxation in Poland in relation to its entire income, regardless of the place of earning it. The tax office proper for the Company is the First Masovian Tax Office in Warsaw. In 2022 the Company filed declaration CIT-8 on time and paid the tax due. The Company is a taxpayer referred to in Article 27b of the CIT Act, so information on the details of the settlement is made available to the public and published in the Public Information Bulletin.

Each CIT-8 calculation is verified by two employees of the Company and a tax advisor.

In tax year 2022, the Company:

- a. did not exclude costs from tax-deductible costs pursuant to Article 15c of the CIT Act,
- b. deducted hypothetical interest (notional interest deduction) pursuant to Article 15cb of the CIT Act,
- c. did not deduct tax-deductible costs incurred on research and development activities from the tax base,
- d. did not conduct any activity in a special economic zone under a permit or decision on investment support,
- e. was not obliged to pay the tax referred to in Article 24b of the CIT Act,
- f. did not earn any income on disposal of virtual currencies,
- g. did not earn any income on qualified intellectual property rights,
- h. did not earn any income from a controlled foreign company (CFC),
- i. did not earn any income on unrealised profits,
- j. did not settle any claims based on Article 18f of the CIT Act or liabilities indicated in Article 4 (1a) of the Act on Counteracting Excessive Delays in Commercial Transactions of 8 March 2013,
- k. paid monthly CIT advances in the simplified form based on Article 25 of the CIT Act.
- l. was not obliged to file CIT-ST.

## **2.3 The personal income tax**

The Company 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.

## **2.4 VAT**

The Company is an active VAT taxpayer and submits monthly JPK-VAT7M files (standard audit file for tax). In most settlement periods, the Company shows a surplus of output tax over input tax, thus the VAT amount to be paid.

#### **2.4 Tax Scheme Reporting (MDR) issues**

The Company monitors existence of tax schemes and, if required, reports tax schemes using the relevant forms. In 2022, the Company did not submit any reports on tax schemes referred to in Article 86a § 1 (10) of the Tax Ordinance to the Head of the National Tax Administration as no transactions forming reportable tax schemes were executed.

### **3. Information on transactions with related entities and reorganization activities**

#### **3.1 Information on transactions with related entities within the meaning of Article 11a (1) (4) of the CIT Act 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 2022, the Company performed transactions, which meet the abovementioned conditions in particular purchase of goods with: Albis Distribution GmbH & CO. KG, Albis Nordics & Baltics AB, Albis Plastique France S.A.R.L., Albis (U.K.) LTD., Albis Benelux B.V. Breda, Albis Iberia S.A., Albis Impex AG, Albis Plastic CR S.R.O., Albis Plastic Italia s.r.l., Albis Plastic KFT, Albis Plastic S.R.L., ALBIS Plastic Vertriebs-gesellschaft m.b.H., Albis Plastik TR, WIPAG Nord GmbH & Co. KG, WIPAG Süd GmbH & Co. KG.

The exact value of transaction is a trade secret and company secret (it is possible to relate it to the transaction, and therefore to determine the negotiated prices), and is therefore not subject to publication as part of the information on the realization of the tax strategy.

### **3.2 Information on reorganisation activities taken or planned by the taxpayers, which may affect the value of tax obligations of the taxpayer or its related entities within the meaning of Article 11a (1) (4) of the CIT Act**

In tax year 2022, the Company did not plan or perform any of the above specified reorganisation activities that would be subject to the publication obligation referred to in Article 27c of the CIT Act.

## **4. Tax protection mechanisms**

### **4.1 Information on applications for the general tax ruling referred to in Article 14a § 1 of the Tax Ordinance submitted by the taxpayer**

In tax year 2022, the Company did not submit any applications for the general tax ruling referred to in Article 14a § 1 of the Tax Ordinance.

### **4.2 Information on applications for the individual tax ruling referred to in Article 14b of the Tax Ordinance submitted by the taxpayer**

In tax year 2022, the Company did not submit any applications for the individual tax ruling referred to in Article 14b of the Tax Ordinance.

### **4.3 Information on applications for the binding rate information referred to in Article 42a of the VAT Act submitted by the taxpayer**

In tax year 2022, the Company did not submit any applications for the binding rate information referred to in Article 42a of the Act on Value Added Tax.

### **4.4 Information on applications for the binding excise duty information referred to in Article 7d (1) of the Act on Excise Duty Tax submitted by the taxpayer**

In tax year 2022, the Company did not submit any applications for the binding excise duty information referred to in Article 7d of the Act on Excise Duty Tax.

## **5. Information on the taxpayer'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 CIT Act 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 tax year 2022, the Company did not settle any taxes in the above specified territories or countries.