

# Tax strategy report

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„Schaeffler Polska”

spółka z ograniczoną odpowiedzialnością

Tax year 01/01/2021–31/12/2021

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# 1 NATURE, TYPE AND SCOPE OF BUSINESS

## 1.1 BASIC INFORMATION ABOUT THE COMPANY

- “Schaeffler Polska” Spółka z ograniczoną odpowiedzialnością (hereinafter: “*the Company*”, “*Schaeffler*”) has its registered office in Warsaw, Poland.
- The Company’s office address is: ul. Szyszkowa 35/37, 02-285 Warsaw.
- Company identification data:
  - National Court Register number (KRS): 0000136224
  - Statistical number (REGON): 01209195
  - Tax identification number (NIP): 5210324266
- The Company exceeded the revenue threshold of EUR 50 million in the tax year 2021 and is therefore obliged to prepare and publish its tax strategy, as referred to in Article 27c of the Corporate Income Tax Act of 15 February 1992 (“the CIT Act”).
- Schaeffler Polska is engaged in sale and distribution activities in Poland and, to a small extent, in Baltic countries. Its activities are focused on the supply of Automotive Aftermarket and Industrial customers.

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## 2 GENERAL ISSUES, TAX RISKS AND METHODS TO MITIGATE THOSE RISKS

### 2.1 GENERAL ISSUES AND THE COMPANY'S TAX STRATEGY OBJECTIVE

- The basic objective of the tax strategy followed by the Company in 2021 was to maintain full compliance of the Company's activities with the Polish tax laws, explanatory notes and guidelines published by the National Revenue Administration as well as with international standards and guidelines. The Company's organisation and activity was oriented towards maintaining compliance with high corporate governance standards and generally acceptable rules of ethics.
- The responsibility for strategic business decision making rested with the local Management in cooperation with the Management of the Group headquarter.
- The responsibility for daily business decision making rested with the local Management.
- Bearing in mind that its business decisions and on-going operations trigger certain tax consequences, and at the same time, having regard to the Company's dynamic legal environment, especially with respect to tax law, the Company verified the tax consequences of undertaken and planned business decisions.
- Calculation of CIT, VAT, WHT & Excise Tax is made by the Local Finance Team.
- Executing of the payments for the mentioned taxes is made by the local Finance Team.
- PIT for employees is calculated by the external accounting office.
- Executing of the PIT payments is made by the Local Finance Team.

### 2.2 TAX RISKS

- Tax risks could arise mainly from transactions between related entities, like transfer pricing risks due to material transactions with associated enterprises, and deductibility of intercompany services.
- To minimise those risks, the Company:
  - benefits from support of external tax advisors related to tax declarations preparation and ongoing tax support,
  - preparing proper documents in order to support the applicability of arm's length principles for intercompany transactions
  - benefits from the access to databases, websites, special trainings and newsletters provided by tax advisors.

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2.3 PROCESSES AND PROCEDURES APPLIED TO MANAGE THE FULFILMENT OF THE OBLIGATIONS ARISING FROM TAX LAWS AND ENSURING THAT THOSE OBLIGATIONS ARE FULFILLED CORRECTLY

2.3.1 FORMAL TAX PROCEDURES

*MDR (MANDATORY DISCLOSURE RULES) / DAC6*

- The Company introduced a formal procedure for identification and disclosure of reportable arrangements.
- Monitoring of the company's transactions was performed to check if they are classified as reportable arrangements.

*INTERNAL SCHAEFFLER TAX GUIDELINES*

- These documents describe the Group approaches to various tax obligations and sets out the principles for local tax policies.

2.3.2 GOOD PRACTICES

To effectively manage and minimise the tax risk, the Company followed a number of good practices, such as:

- Division of the tax-related functions between the Company and external service providers.
- In the case of doubt, the Company used the advice of several external providers of legal and tax advisory services, and addressed the open issues, having in mind the specialisation of the advisers (e.g. WHT, VAT, CIT).
- Verification of the contracting parties in the context of their VAT registration.
- Verification of the contracting parties bank accounts using the so-called "white list".
- Applying the Group TP Guidelines in order to ensure the arm's length principle.

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## 3 INFORMATION ABOUT THE COMPANY'S TAX OBLIGATIONS IN POLAND

### 3.1 INFORMATION ABOUT TAXES PAID BY THE COMPANY

#### 3.1.1 Corporate Income Tax (CIT)

- The Company does not operate in a Special Economic Zone or in the Polish Investment Zone and did not disclose any tax-exempt revenue;
- The Company accounted for foreign exchange gains (losses) according to the tax method;
- The Company paid simplified monthly income tax advances;
- The Company makes transactions which must be assessed in terms of the obligation to pay flat (withholding) tax in Poland.

#### 3.1.2 Value Added Tax (VAT)

- The Company does trade in sensitive goods;
- The Company verifies its business partners using the "whitelist" of taxpayers;
- The Company applied 23% VAT on domestic sales and 0% VAT to sales towards foreign customers.

#### 3.1.3 Personal income tax (PIT)

- The tax advances payable by the Company as the PIT withholder were calculated and the PIT returns were filed by an external accounting service provider.
- The Company paid PIT advances.

#### 3.1.4 Excise tax

- The Company was subject to excise duty in 2021.

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### 3.2 OTHER INFORMATION ABOUT TAX OBLIGATIONS

- In 2021, the Company did not enjoy any tax relief (postponement of tax payment deadline, payment of tax in instalments, cancellation of tax liability at the taxpayer's request) referred to in Article 67a of the Polish Tax Act;
- The Company was not subject to real property tax;
- The Company was not subject to vehicle tax;
- No tax inspections were carried out in respect of the Company in 2021;
- The Company was not a party to disputes with tax authorities in 2021;



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## 4 VOLUNTARY FORMS OR COLLABORATION WITH THE NATIONAL REVENUE ADMINISTRATION BODIES AND APPLICATIONS FILED BY THE TAXPAYER

- The Company was not a party to any cooperative compliance agreement with the National Revenue Administration in 2021.
- The Company neither concluded nor applied for the conclusion of an Advance Pricing Agreement in 2021.
- The Company did not apply for any advance tax ruling.
- No advance tax ruling was issued in 2021 in response to the Company's application (if any) filed before 2021.
- The Company did not apply for an advance tax ruling.
- No advance tax ruling was issued in 2021 in response to the Company's application (if any) filed before 2021.
- The Company neither applied for nor received any binding VAT rate information (WIS) as referred to in Article 42a of the VAT Act of 11 March 2004.
- The Company neither applied for nor received any application for binding tariff information as referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008.

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## 5 REPORTABLE ARRANGEMENTS AND INFORMATION THAT THE COMPANY DID NOT ACCOUNT FOR TAXES IN “TAX HAVENS”

### 5.1 REPORTABLE ARRANGEMENTS

- In 2021 the Company:
  - did not apply reportable cross-border or domestic arrangements;
  - neither implemented nor used reportable arrangements developed in previous years.

Therefore, the Company did not disclose any reportable arrangements to the Head of the National Revenue Administration.

- The Company introduced a formal procedure for identification and disclosure of reportable arrangements to ensure compliance with tax scheme reporting regulations.

### 5.2 INFORMATION ABOUT THE TAXPYER'S TAX ACCOUNTS IN TERRITORIES OR COUNTRIES APPLYING HARMFUL TAX COMPETITION

- In 2021 the Company did not account for taxes in territories or countries applying harmful tax competition, as specified in the implementing regulations issued on the basis of Article 11j(2) of the Corporate Income Tax Act and Article 23v(2) of the Personal Income Tax Act as well as in the announcement issued by the minister competent for public finance based on Article 86a(10) of the Tax Act.

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## 6 INFORMATION ABOUT TRANSACTIONS WITH ASSOCIATED ENTERPRISES AND RESTRUCTURING MEASURES

### 6.1 INFORMATION ABOUT TRANSACTIONS WITH ASSOCIATED ENTERPRISES WHOSE VALUE EXCEEDS 5% OF THE TAXPAYER'S TOTAL ASSETS IN THE BALANCE SHEET

- The total assets in the Company's balance sheet amounted to PLN 414.424.236,94 in 2021. This amount was determined based on the Company's balance sheet for 2021.
- Therefore, relevant for the Company's tax strategy are transactions with associated enterprises in the meaning of Article 11a(1)(4) of the CIT Act whose value exceeds 5% of the above amount, i.e. PLN 20.721.211,85.
- In 2021 the Company made transactions whose total value exceeds 5% of its balance sheet value with the following companies:
  - Schaeffler Technologies AG & Co. KG (Germany) – the subject of the transaction was the Intercompany Purchase of finished Goods,
  - Schaeffler Automotive Aftermarket GmbH & Co. KG (Germany) - the subject of the transaction was the Intercompany Purchase of finished Goods.

### 6.2 INFORMATION ABOUT RESTRUCTURING MEASURES PLANNED OR UNDERTAKEN BY THE COMPANY

- The Company did not undertake any restructuring measures in 2021 and is not planning to take any such measures that would have an impact on the amount of tax liabilities of the Company and its associated enterprises in the meaning of Article 11a(1)(4) of the CIT Act.