

Tax strategy report

Wacker - Chemia Polska

Spółka z ograniczoną odpowiedzialnością

Tax year: 01.01.2022 – 31.12.2022

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1 NATURE, TYPE AND SCOPE OF BUSINESS

1.1 BASIC INFORMATION ABOUT THE COMPANY

- Wacker - Chemia Polska Spółka z ograniczoną odpowiedzialnością (“**the Company**”, “**Wacker PL**”) has its registered office in Warsaw, Poland.
- The Company’s office address is: Aleja Jana Pawła II 27, 00-867 Warsaw
- Company identification data:
 - National Court Register number KRS: 0000162829,
 - Statistical number REGON: 013295264,
 - Tax identification number NIP: 5252092240.
- The Company exceeded the revenue threshold of EUR 50 million in the tax year 2022 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”).
- Wacker Group is a technological leader in the chemical industry and manufactures products for all key global industries. It is active in the silicone, polymer and polysilicon markets.

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 2022 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 Company's board was responsible for business planning and decision-making.
- Bearing in mind that its business decisions and on-going operations triggered certain tax implications, and at the same time, having regard to the Company's dynamic legal environment, especially with respect to tax law, the Company used the services of a specialist accountancy firm and consulted tax advisers.
- The Company's tax accounts in Poland were handled by a third-party accounting firm.
- In case of necessity, the Company was supported by Polish certified tax advisors.
- The Company was responsible for on-time payment of taxes on the basis of calculations prepared by the tax advisers and the accounting firm.

2.2 TAX RISKS

The main risks related to the correctness of the Company's tax accounts included:

- regulatory risk associated with changes in legislation and the associated need to adapt the procedures and systems used to current regulations,
- regulatory risk associated with doubts about the application of tax laws arising from divergent judicial decisions and different positions of tax authorities in specific cases,
- risk associated with the proper formation of terms and conditions and documentation of intra-group transactions, in the context of regulations on transactions between related parties (in terms of so-called "transfer pricing").

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 TAX PROCEDURES AND GOOD PRACTICES

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

- division of tax-related functions, required for proper tax accounting, between itself and external service providers;
- in cases of doubt, using the services of external tax advisers;
- the external tax advisers informed the Company about changes in Polish tax law on an ongoing basis;
- the Company took measures necessary to adapt its software correctly so that transactions are recorded in compliance with tax laws currently in force;
- the correctness of transfer pricing accounts is subject to supervision by the external advisory firm specialising in transfer pricing consultancy;

Furthermore, the Company's financial statements for 2022 were audited by an independent statutory auditor. The audit ended with an auditor's opinion without any objections, which means that the audited financial statements complied with the law.

3 INFORMATION ABOUT THE COMPANY'S TAX OBLIGATIONS IN POLAND IN 2022

3.1 INFORMATION ABOUT TAXES PAID BY THE COMPANY

3.1.1 Corporate Income Tax (CIT)

- The Company earned taxable income and paid the due CIT.
- The Company did 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.
- In 2022 the Company acted as a withholding tax remitter.

3.1.2 Value Added Tax (VAT)

- The Company did not trade in sensitive goods/services subject to the mandatory split payment mechanism.
- The company did not make payments under the split payment procedure for transactions for which this procedure was not mandatory.
- The Company verified its business partners and their bank account numbers using the taxpayers' "whitelist".
- The Company applied on its sales VAT rates of 23%, VAT exemption and the reverse charge procedure.
- In its tax returns for 2022, the Company disclosed VAT to be paid to the tax office.

3.1.3 Personal income tax (PIT)

- The Company paid PIT advances resulting from paying out remuneration for its employees.
- Calculation of the advance payments made by the Company as a PIT payer was carried out by an external entity providing professional payroll accounting services.
- The Company generally hired employees under contracts of employment.

3.2 OTHER INFORMATION ABOUT TAX OBLIGATIONS

- In 2022, the Company did not enjoy any tax reliefs (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 nor agricultural tax in 2022.
- The Company was not subject to vehicle tax in 2022.
- The Company was not subject to excise duty in 2022.
- In 2022 the Company was not a taxpayer of tax on civil law transactions.

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- Tax inspections were not carried out in respect of the Company in 2022.
 - The Company was not a party to disputes with tax authorities in 2022.

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 2022.
- The Company neither concluded nor applied for the conclusion of an advance pricing agreement in 2022.
- The Company did not apply for a general advance tax ruling referred to in Article 14a(1) of the Tax Act. No general advance tax ruling was issued in the period under review in response to the Company's application (if any) filed before 2022, either.
- The Company did not apply for an individual advance tax ruling as per Article 14b of the Tax Act in 2021. No individual advance tax ruling was issued in 2021 in response to the Company's application (if any) filed before 2022 either.
- The Company neither applied for nor received in 2022 any binding VAT rate information (pl. wiążąca Informacja stawkowa) as referred to in Article 42a of the VAT Act of 11 March 2004.
- The Company neither applied for nor received in 2022 any application for binding tariff information (pl. wiążąca Informacja akcyzowa) as referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008.

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

5.1 REPORTABLE ARRANGEMENTS

- The Company did not submitted any reports related to reportable arrangements to the competent revenue authority in 2022.

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

- In 2022, 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.

6 INFORMATION ABOUT TRANSACTIONS WITH ASSOCIATED ENTERPRISES AND ABOUT 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 77,267,517.74 in 2022. This amount was determined based on the Company's approved balance sheet for 2022.
- 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 3,863,375.89.
- The following transactions exceeded the above threshold:

Associated enterprise	Transaction type
Wacker-Chemie AG	purchases
Wacker-Chemie AG	obtaining financing

6.2 INFORMATION ABOUT RESTRUCTURING MEASURES PLANNED OR UNDERTAKEN BY THE COMPANY

- The Company has not carried out or planned restructuring activities in 2022, including: merger of companies, transformation of the company into another company, contribution to the company in the form of an enterprise or an organized part thereof (including as part of a demerger of the company) and exchange of shares.