

Information on the implementation of the tax strategy

SEW-EURODRIVE Polska Sp. z o.o.



I. The legal basis for information on the implementation of the tax strategy.

The basis for the information on the implementation of the tax strategy of SEW-EURODRIVE POLSKA Sp. z o.o. ("Company") is Article 27c (1) of the Corporate Income Tax Act of 15 February 1992 (Journal of Laws 2021, item 1800, as amended, hereinafter referred to as the "Act of 15 February 1992"). Pursuant to this provision, the taxpayers as referred to in Article 27b (2)(1) and (2) of this Act are obliged to prepare and make public information on the tax strategy implemented for the tax year.

Pursuant to Article 27c of the Act of 15 February 1992, information on the implemented tax strategy shall include, taking into account the nature, type and size of the business, in particular:

- 1) the following information regarding the taxpayer:
 - a) processes and procedures for managing the performance of obligations under the tax law and ensuring their proper performance,
 - b) voluntary forms of cooperation with the authorities of the National Revenue Administration,
- 2) information on the taxpayer's fulfilment of tax obligations in the territory of the Republic of Poland, including information regarding the number of pieces of information provided to the Head of the National Revenue Administration regarding tax schemes referred to in Article 86a(10)(10) of the Tax Ordinance, with a breakdown into particular taxes,
- 3) Information regarding:
 - a) transactions with related entities within the meaning of Article 11a(1)(4) of the Act, whose value 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 that are not tax residents of the Republic of Poland,
 - b) restructuring activities scheduled or undertaken by the taxpayer which may affect the amount of tax liabilities of the taxpayer or related entities within the meaning of Article 11a (1)(4) of the Act,
- 4) information regarding the taxpayer's applications submitted for the issuance of:
 - a) a general tax ruling referred to in Article 14a(1) of the Tax Ordinance,
 - b) a tax law provisions ruling referred to in Article 14b of the Tax Ordinance,
 - c) binding information on the rate referred to in Article 42a of the VAT Act,
 - d) binding information on the excise referred to in Article 7d (1) of the Excise Duty Act of 6 December 2008 (Journal of Laws of 2022, item 143, as amended),
- 5) information regarding the taxpayer's tax settlements in territories or countries applying harmful taxation competition indicated in the implementing acts issued under Article 11j(2) and Article 23v(2) of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister competent for public finance issued under Article 86a(10) of the Tax Ordinance - excluding information subject to commercial, industrial, professional or process secrecy.

II. Processes and procedures for managing the performance of obligations under the tax law and ensuring their proper performance.

The Company has identified areas of tax risk related to its business activities. The specific nature of the business activity carried out, involving a wide range of taxable activities performed in Poland, including a wide range of cross-border transactions, was crucial in terms of identification.

Based on the identification activities carried out:

- a) As part of the organisational structure, the Company has established organisational units and separate positions to fulfil its tax obligations.
- b) A due diligence procedure for the verification of contractors based on the "Methodology for the Assessment of Due Diligence by Purchasers of Goods in Domestic Transactions" prepared by the Ministry of Finance has been implemented.
- c) A procedure has been implemented with regard to the Tax Schemes (MDR).

The governing body directly responsible for tax liabilities and the implementation of the tax strategy is the Management Board acting with the support of the Accounting Department including the Finance Director and the Chief Accountant.

The organisational structure is cascading and complementary. The Management Board directly supervises the Company's tax accounts. The person who is directly involved in the tax settlements and more broadly financial issues is the Finance Director and the Chief Accountant.

The procedures and organisational structure are intended to comprehensively and complementarily establish the correct settlement/calculation and declaration of public-law liabilities, taking into account the identification of tax risks at both the legal and tax levels:

- a) the correct application of applicable laws resulting from the legislation in force and its interpretation, as well as at the level of
- b) cooperation with contractors and the risks arising from such cooperation. The procedures implemented identify potential abuses that may result in the improper settlement of public-law liabilities before actions giving rise to a public-law obligation have even been taken.

The Company identifies the principal risks as arising from individual tax titles:

- a) VAT: inter alia, the correct application of tax rates, taking into account the broad spectrum of business activities, including intra-Community transactions and the provision of services to foreign contractors, the reliability of contractors in meeting formal as well as financial obligations, the correct recognition of tax liability,
- b) CIT: inter alia, correct revenue recognition by accounting period and revenue recognition, identification of economic events based on the provisions of Section III Chapter 11a of the Tax Ordinance Act of 29 August 1997 - tax schemes,

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- c) PIT: inter alia, the correct calculation and declaration of tax liabilities in respect of the payer function,
- d) Local taxes - including correct calculation and declaration.

These risks arising in the Company's business activities are recurrent and require ongoing analysis. Nevertheless, the scale and nature of the broad spectrum of business activities means that other tax risk events may also occur and, as a result, the Company conducts ongoing analysis in this respect both using its own resources and those of external entities.

The organisational structure is designed to distribute the burden of planning, declaring, paying public-law liabilities across individual substantive departments established in the organisational structure and to identify any tax risks. Each position has specific competences and responsibilities and, as part of fiscal governance, reports to the Company's Management Board. The organisational structure ensures the flow of information between individual organisational units enabling the comprehensive identification of tax events and risks of a complex nature.

The organisational structure and the division of responsibilities for individual tax titles are designed to take into account the obligations arising from the Company's tax liabilities and their specificities arising, inter alia, from the subject and object scope. It also aims to ensure that persons responsible for correctly identifying tax liabilities and declaring and paying them have access to the Company's full knowledge and records.

In view of the obligations under the Tax Ordinance Act relating to the reporting of tax schemes, the Company has implemented the Procedure for the prevention of non-compliance with the obligation to report tax scheme information. The purpose of the procedure is to implement the rules for the identification of activities in terms of the occurrence of a tax scheme and the possible obligation to report this scheme to the National Revenue Administration.

The implemented document includes as follows:

- a) the procedure for identifying and reporting tax schemes.
- b) principles for communicating MDR information to the Company's employees.

The implemented rules of conduct within the structure organisationally comply with the "Methodology for the Assessment of Due Diligence by Purchasers of Goods in Domestic Transactions" prepared by the Ministry of Finance. In this respect the procedure primarily aims at implementing principles of contractor verification in terms of meeting formal and legal requirements, on the basis of which it can be deduced that a potential contractor of the Company is actually an existing entrepreneur conducting business activity which correctly settles public-law liabilities.

As part of its tax risk management, the Company uses external advisory services for matters that require separate analysis in terms of:

- a) tax risks,
- b) the obligation to report MDR tax schemes,
- c) the correct settlement of public-law liabilities across a wide range of activities.

The Company pays significant attention to the timely and reliable declaration and payment of public-law liabilities. For this purpose, the Company's activities are aimed at a comprehensive assessment of the factual events arising from its business activities, based on the organisational structure and the internal procedures adopted, which are each time aimed at:

- a) establishing the purpose of the business activity in question,
- b) identifying tax risks arising from the planned action and consequently assessing the risks and their scale for the Company,
- c) taking actions resulting from the risk analysis, i.e. continuing with an action or refraining from an action, or to modifying an action in order to minimise the tax risk or to reducing it to an insignificant level from the Company's point of view,
- d) controlling and verifying the action carried out.

The implemented organisational structure and the actions taken with regard to the formal and legal issue of correct payment of public-law liabilities provide the framework for internal tax supervision. In this respect, the following stages of defence against tax risks can be distinguished:

- a) the internal control based on individual persons performing functions within the organisational structure,
- b) the tax risk management based on the Company's internal documents including, in particular, the Due Diligence Procedure and the Procedure for Countering the Failure to Provide Information on Tax Schemes,
- c) the internal audit on tax risk identification based on individual organisational units,
- d) the ongoing external tax advice to identify tax risks and determine the correct interpretation of tax legislation and its application.

The various stages of the process indicated above are aimed at defending against tax risks and are structured on individual business units. These stages aim to identify tax risks and the potential for tax risks to occur and as a result:

- a) determining the Company's lawful and tax-secure business conduct,
- b) carrying out the correct interpretation of tax legislation to settle public-law liabilities in a reliable way.

The implementation of the Company's Tax Strategy stipulates that the following actions are taken in the event of potential tax risks:

- a) taking actions due to a final determination of no tax risk;
- b) taking actions due to the identification of the risk as being immaterial to the Company;
- c) resigning from the planned action due to tax risks that cannot be removed and are material from the Company's point of view;

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- d) using external specialised entities to identify the risk scale and the possibility of avoiding it in order to take the behavioural decisions as referred to in points (b) or (c);
- e) making use of measures under tax law (request for an individual interpretation of tax law or binding rate information) to identify the risk scale and the possibility of avoiding it with a view to deciding on the conduct as referred to in points (b) or (c).

Above and beyond the aforesaid activities, the implementation of the Company's tax strategy ensures (which is a direct result of the tasks and competences of the individual organisational units and employees with managerial functions):

- a) ongoing monitoring of changes in tax law provisions and their interpretation by tax authorities (administrative court judgements, individual tax law interpretations, general tax law interpretations, binding rate information) - for which individual organisational units are responsible,
- b) ongoing monitoring of the accounting and payroll systems to ensure that they comply with current legislation and regulatory changes affecting updates to this software,
- c) ongoing monitoring of the staff resources responsible for implementing the Company's public-law obligations.

III. Information on the Company's fulfilment of tax obligations in the territory of the Republic of Poland, including information regarding the number of pieces of information provided to the Head of the National Revenue Administration regarding tax schemes referred to in Article 86a(1)(10) of the Tax Ordinance, with a breakdown into particular taxes. Information on voluntary forms of cooperation with the National Revenue Administration.

For the fiscal year ended, the Company fulfilled its public-law liabilities on time and has no tax arrears relating to public-law liabilities. The Company did not use voluntary forms of cooperation with the National Revenue Administration authorities for the fiscal year ended. The Company did not report tax schemes.

IV. Related-party transactions

The Company entered into transactions with related parties that exceeded 5% of total assets within the meaning of the accounting regulations. The transactions with related parties (turnover) in the fiscal year encompassing the period between 1 January 2024 and 31 December 2024, as determined on the basis of the Company's latest financial statements, had a total value of PLN 160,958,943.62, of which purchases totalled PLN 160,099,373.49 and sales PLN 859,570.13.

V. Restructuring activities

The Company does not plan or undertake restructuring activities which may affect the amount of tax liabilities of the

taxpayer or related entities under Article 11a (1)(4) of the Act of 15 February 1992.

VI. Requests for tax authorities' opinions

The company did not apply for an individual interpretation in 2024 and did not make any requests for issuing:

- a) a general tax ruling referred to in Article 14a(1) of the Tax Ordinance,
- b) binding information on the rate referred to in Article 42a of the VAT Act of 11 March 2004,
- c) binding information on the excise referred to in Article 7d(1) of the Excise Duty Act of 6 December 2008.

VII. Information regarding the taxpayer's tax settlements in territories or countries applying harmful taxation competition indicated in the implementing acts issued under Article 11j(2) and Article 23v(2) of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister competent for public finance issued under Article 86a(10) of the Tax Ordinance

The Company does not make any tax settlements in territories or countries applying harmful taxation competition indicated in the implementing acts issued on the basis of Article 11j(2) of the Act of 15 February 1992 and under Article 23v(2) of the Personal Income Tax Act of 26 July 1991 and in the announcement of the minister competent for public finance issued under Article 86a(10) of the Tax Ordinance.

VIII. Publication, review and update of the implementation of the tax strategy.

1. The implementation of the Company's tax strategy is reviewed and updated on an ongoing basis in the event of changes to the applicable legislation and internal organisational structure at least once a year prior to the publication deadline for the relevant tax year.
2. The implementation of the Company's tax strategy is accepted by the Management Board.
3. Information on the implemented tax strategy is drawn up and made public on the website: <https://www.sew-eurodrive.pl> by the end of the twelfth month following the end of the fiscal year.
4. Information on the address of the website on which the Information on the implemented tax strategy has been published is submitted, within the time limit as referred to in section 3, to the Head of the Tax Office competent for the Company.