

Tax strategy report

Wacker - Chemia Polska

Spółka z ograniczoną odpowiedzialnością

Tax year 01/01/2023 – 31/12/2023

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1 NATURE, TYPE AND SIZE 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 registered office is located at Aleja Jana Pawła II 27, 00-867 Warsaw.
- The Company's identification numbers are:
 - 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 2023 and is therefore required to prepare and publish a tax strategy report referred to in Article 27c of the Corporate Income Tax Act of 15 February 1992 (the “CIT Act”).
- The Wacker Group is a technology leader in the chemical industry and manufactures products for all key industries worldwide. It operates in the silicone, polymer and polysilicon market.

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 2023 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 business planning and business decision making rested with the Company's management board.
- Bearing in mind that its business decisions and on-going operations triggered 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 consulted tax advisers.
- The Company's tax accounts in Poland were handled by an external accounting firm.
- The transfer pricing documentation was prepared by an external professional tax advisory firm.
- The Company was responsible for the timely payment of taxes based on calculations prepared by 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 related to changing legislation and the associated need to adapt procedures and systems to applicable regulations,
- regulatory risk related to doubts about the application of tax laws arising from divergent court rulings and different approaches of revenue authorities to specific cases,
- risk related to proper structuring of the terms and conditions and documentation of intra-group transactions, in the context of regulations on transactions between associated enterprises (in terms of "transfer pricing").

2.3 PROCESSES AND PROCEDURES FOR MANAGING AND ENSURING THE PROPER PERFORMANCE OF TAX LAW OBLIGATIONS

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:

- it allocated tax-related functions, as required for correct tax accounting, between the Company and external service providers,
- if in doubt, it used the services of external tax advisers,
- it was kept up to date about changes in tax laws by external tax advisers,
- it took the necessary steps to properly adapt its software to record the transactions in compliance with the applicable tax legislation;
- the correctness of its transfer pricing was supervised by an external firm specialising in transfer pricing consultancy.

Furthermore, the financial statements for 2023 were audited by an independent statutory auditor. The audit ended with an unqualified auditor's opinion, which meant that the audited financial statements complied with the law.

3 INFORMATION ABOUT THE COMPANY'S TAX OBLIGATIONS IN POLAND IN 2023

3.1 INFORMATION ABOUT TAXES PAID BY THE COMPANY

3.1.1 Corporate Income Tax (CIT)

- The Company generated taxable income and paid tax.
- 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 did not act as a withholding agent of flat-rate corporate income tax (withholding tax) in 2023.

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 made no payments in the split payment procedure for transactions for which that procedure was not mandatory.
- The Company screened its business partners and checked their bank account numbers against the whitelist of VAT payers.
- For sales, the Company applied a VAT rate of 23%, VAT exemption and the reverse charge procedure.
- The Company had to pay VAT in individual months of 2023.

3.1.3 Personal income tax (PIT)

- PIT advances payable by the Company as a PIT withholder were calculated by an external provider of payroll accounting services.
- The Company paid PIT advances.
- The Company hired employees under contracts of employment.

3.2 OTHER INFORMATION ABOUT TAX OBLIGATIONS

- In 2023, the Company did not enjoy any tax reliefs, such as postponement of tax payment deadline, payment of tax in instalments, cancellation of tax liability at the taxpayer's request, as referred to in Article 67a of the Tax Act.
- The Company was not liable to pay real property tax or agricultural tax in 2023.
- The Company was not liable to pay vehicle tax in 2023.

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- The Company was not liable to pay excise duty in 2023.
 - No tax inspections were carried out in the Company in 2023.
 - The Company was not a party to disputes with revenue authorities in 2023.

4 VOLUNTARY FORMS OF COLLABORATION WITH THE NATIONAL REVENUE ADMINISTRATION AND APPLICATIONS SUBMITTED BY THE TAXPAYER

- The Company was not a party to any cooperative compliance agreement with the National Revenue Administration in 2023.
- The Company neither concluded nor applied for an Advance Pricing Agreement in 2023.
- The Company did not apply for a general tax ruling referred to in Article 14a(1) of the Tax Act in 2023. No general tax ruling was issued in the period under review in response to the Company's application (if any) filed before 2023, either.
- The Company did not apply for an advance tax ruling referred to in Article 14b of the Tax Act in 2023. No advance tax ruling was issued in 2023 in response to the Company's application (if any) filed before 2023, either.
- The Company neither applied for nor received in 2023 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 binding tariff information 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 disclose any reportable arrangements to the competent revenue authorities in 2023.

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

- In 2023, 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 of 26 July 1991 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 Company's balance sheet total assets as of 31 December 2023 amounted to PLN 52,155,334.17. This amount was determined based on the Company's approved financial statements for the financial year ended 31 December 2023.
- 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 2,607,766.71.
- The following transactions exceeded the above threshold:

Associated enterprise	Transaction type
Wacker-Chemie AG	purchase of goods and services

6.2 INFORMATION ABOUT RESTRUCTURING MEASURES PLANNED OR CARRIED OUT BY THE COMPANY

In 2023, the Company carried out or planned no restructuring activities, including: merger of companies, transformation of the company into another company, contribution of an enterprise or an organised part thereof to the company (including as part of a demerger of the company) and exchange of shares.