

# **Information about the taxable person's tax strategy**

Fiscal year: 2020

BMW Vertriebs GmbH Sp. z o.o. Oddział w Polsce

Warsaw, 21 December 2021

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## **1. INTRODUCTION**

This document (the "**Information**") constitutes information on the tax strategy implemented by BMW Vertriebs GmbH Sp. z o.o. Oddział w Polsce (hereinafter: the "**Branch**") in the fiscal year 2020 prepared in order for the Branch to fulfil its obligation under Article 27c of the Corporate Income Tax Act of 15 February 1992 (consolidated text: Dz. U. of 2021, item 1800 as amended, hereinafter: the "**CIT Act**").

## **2. GENERAL INFORMATION**

### **2.1. Information about the Branch**

The Branch's business primarily consists of import and sale of BMW passenger cars to dealers.

### **2.2. Objectives of the Branch's tax strategy**

The objective of the tax strategy pursued by the Branch is to duly fulfil its obligations arising under tax law, i.e. specifically the obligations relating to the timely payment of tax liabilities and other obligations of a formal nature, including as well as keeping of records, registers and books and the submission of any required tax returns and information.

The Branch as part of its business activities and in relation to business goals set by the headquarters, complies with tax strategy. Within its framework, the Branch aims to correctly and timely regulate its public liabilities as a taxpayer and tax remitter, and to fulfil other formal and legal obligations in the territory of Poland and in other tax jurisdictions.

The above objective is achieved by implementing and maintaining control over the process of fulfilment of tax obligations by the Branch's management, including in particular through:

- exercising due diligence with respect to the Branch's tax returns and tax settlements;
- verifying contractors and business partners of the Branch in the scope required by the tax law regulations;
- constant internal supervision over the process of settlement of individual taxes;
- monitoring changes in tax regulations applicable to the Branch;
- cooperation with tax advisors.

The strategy is adjusted to changes in the law and changes in the Branch's business environment.

## **3. INFORMATION ABOUT THE PROCESSES AND PROCEDURES APPLIED BY THE TAXABLE PERSON FOR MANAGING THE EXECUTION OF OBLIGATIONS ARISING FROM AND ENSURING COMPLIANCE WITH TAX REGULATIONS AND THE VOLUNTARY FORMS OF COOPERATION OF THE TAXABLE PERSON WITH THE NATIONAL TAX ADMINISTRATION**

### **3.1. Processes and procedures for managing the execution of obligations arising from and ensuring compliance with tax regulations**

The Branch applies processes to ensure that it properly complies with its obligations under tax law.

The Branch has taken a number of measures utilising internal resources as well as external support in order to duly perform its obligations under the tax law. The activities undertaken by the Branch in this respect include in particular:

- applying for individual tax interpretations in case of non-standard transactions, significant from the perspective of business operations,
- the use of services of external law firms and tax advisory companies covering ongoing support in the area of corporate income tax, personal income tax, VAT and excise duty; and
- monitoring all changes in tax regulations and in the case law practice of tax authorities, administrative courts and the Court of Justice that may affect the Branch.

The employees of the Accounting Department, Chief Accountant of the Branch and the Chief Financial Officer have had the necessary knowledge and skills to ensure that the Branch correctly fulfils its obligations under tax law.

Separately from this, the persons responsible for the Branch's tax settlements were supported by the relevant departments and business units in concluding agreements and settling transactions that may have tax consequences.

### **3.2. Organisation of the process of performing the obligations arising from the provisions of tax law**

The aforementioned procedures and processes were carried out as follows:

- (a) Duties arising from tax laws were discharged by employees of the Accounting Department and the Chief Accountant.
- (b) Supervision to ensure the correct performance of the obligations arising from the provisions of tax law was exercised by the Chief Accountant, who coordinated the work of the Accounting Department and took steps to clarify any doubts related to the tax classification of specific economic events, including deciding on the need to use the support of external consulting companies.
- (c) Employees of the Accounting Department carried out day-to-day verification of source documents intended as the basis for the preparation of calculations and tax filings (tax declarations), which included, in particular, verifying and accepting invoices and other accounting/settlement documents received from the Branch's contractors to ensure that they were defect-free, authentic and accurate.
- (d) Calculations of each tax, including advance payments towards corporate income tax, and all tax information, records, registers, and ledgers were prepared by dedicated employees of the Accounting Department on the basis of verified source documents.
- (e) Filings and information submitted by the Branch to the relevant tax authorities were prepared by the Branch's employees, under the supervision of the Chief Accountant, on the appropriate official forms (if applicable). In addition, the Branch was assisted by external entities in the field of verification, signing and submitting the following tax declarations and

information: CIT-8, VAT-7, VAT-UE, VAT-UEK, JPK\_V7M file, AKC-4, PIT4R, PIT-11. Additionally, TPR-C form was prepared by external tax advisor and submitted by the Branch.

- (f) Payments of taxes and instalments/advances for each specific tax were made by employees of the Accounting Department/Chief Accountant.
- (g) Documents related to tax calculations and copies of filings made by the Branch were archived in an orderly manner in electronic form on a company server.
- (h) Contacts with tax authorities relating tax settlements, in particular connected with tax checks (czynności sprawdzające) conducted in relation to the Branch in 2020, were maintained by employees of the Accounting Department and the Chief Accountant as well as by external consulting companies acting on behalf of the Branch, in particular in the field of JPK\_V7M files, AKC declarations and CIT-8 declarations.

### **3.3. Information on voluntary forms of cooperation by the taxable person with the National Tax Administration**

The Branch remained ready to provide all information required by law and to cooperate on an ongoing basis with the National Tax Administration, including in particular within the framework of tax checks, tax audits and customs and fiscal inspections. The Branch promptly responded to all enquires addressed to it and responded to any other measures taken in relation thereto by the authorities of the National Tax Administration. The Branch was not a party to a cooperation agreement in the scope of taxes (*umowa o współdziałanie w zakresie podatków*) within the meaning of Article 20s § 1 of the Tax Ordinance Act of 29 August 1997 (consolidated text: Polish Journal of Laws of 2021, item 1540, as amended, hereinafter the “**Tax Ordinance**”) nor an advance pricing arrangement (APA).

### **4. INFORMATION ON THE TAXABLE PERSON'S FULFILMENT OF TAX OBLIGATIONS IN THE TERRITORY OF THE REPUBLIC OF POLAND, INCLUDING INFORMATION ON THE NUMBER OF DISCLOSURES CONCERNING TAX ARRANGEMENTS COMMUNICATED TO THE HEAD OF THE NATIONAL TAX ADMINISTRATION, BROKEN DOWN ACCORDING TO THE TAXES TO WHICH THEY RELATE**

The Branch has taken all measures necessary for the proper and timely discharge of its obligations under applicable tax laws in the territory of the Republic of Poland. Specifically, and without limitation, the Branch took the following actions:

- identified events that gave rise to tax obligations
- calculated and in a timely manner paid due taxes, tax instalments and tax advances to the accounts of the relevant tax authorities;
- submitted to tax authorities appropriate tax returns, filings (tax declarations), lists, statements, reports and information required to be submitted under tax law;
- kept the necessary records, registers and books required by the provisions of tax law;
- prepared local transfer pricing documentation (the Local File) and benchmarking studies or compliance analyses;

- monitored transactions from the perspective of the provisions of the Tax Ordinance regarding tax arrangements and submitted all filings, declarations and information required by these provisions;
- requested foreign counterparties to provide the Branch with valid certificates of tax residence and beneficial ownership statements with respect to the amounts paid to these entities by the Branch that may be subject to withholding tax in Poland.

In fiscal year 2020, the Branch fulfilled its tax obligations as a taxable person with regard to the following taxes:

- the corporate income tax;
- the value-added tax (VAT); and
- excise duty

In fiscal year 2020, the Branch fulfilled its tax remitter obligations arising in respect of the following taxes:

- personal income tax - on account of salaries and wages of contracted employees; and
- lump-sum (*zryczałtowany*) corporate income tax - on account of income earned by the taxable persons referred to in Article 3(2) of the Corporate Income Tax Act of 15 February 1992.

In 2020, the Branch did not provide information to the Head of the National Tax Administration on corporate tax arrangements.

## **5. INFORMATION ON TRANSACTIONS WITH AFFILIATED ENTITIES AND ON RESTRUCTURING ACTIVITIES UNDERTAKEN BY THE TAXABLE PERSON**

### **5.1. Information on transactions with affiliated entities within the meaning of Article 11a.1(4) of the CIT Act whose value exceeds 5% of the balance sheet total of assets within the meaning of tax regulations, identified on the basis of the latest approved financial statements of the Branch, including transactions with entities that are not tax residents of the Republic of Poland**

The most recently approved financial statements of the Branch are the annual financial statements for 2020.

According to the Branch's approved financial statements for 2020, the balance sheet total of assets amounted to PLN 973,980,000. Consequently, 5% of the Branch's balance sheet total according to the report for that year amounted to PLN 48,699,000.

In 2020, the Branch entered into three transactions (one relating to goods and two relating to services) with three separate affiliated entities, the value of which exceeded 5% of the balance sheet total of its assets as determined on the basis of the financial statements for 2020.

### **5.2. Information on restructuring actions planned or taken by the taxable person which may have an impact on the amount of tax liabilities of the taxable person or affiliated entities within the meaning of Article 11a.1(4) of the CIT Act**

In 2020, the Branch took actions (also by submitting applications for individual tax interpretations) in relation to the planned reorganization into a limited liability

company. However, the reorganization did not take place and currently, as of the date of this Information, the Branch is not carrying out any restructuring activities.

## **6. INFORMATION ON REQUESTS FILED BY THE BRANCH**

### **6.1. Requests for the issuance of a general tax interpretation as referred to in Article 14a § 1 of the Tax Ordinance**

In 2020, the Branch did not apply for a general tax interpretation as referred to in Article 14a § 1 of the Tax Ordinance.

### **6.2. Requests for the issuance of an interpretation of tax regulations as referred to in Article 14b of the Tax Ordinance**

In 2020, the Branch applied for the following interpretations of tax regulations as referred to in Article 14b of the Tax Ordinance:

- regarding VAT taxation of the supply of goods prior to the planned restructuring (division) - the standpoint presented by the Branch was found correct,
- regarding recognizing the planned sale of a group of assets as an organized part of an enterprise within the meaning of the VAT Act - the standpoint presented by the Branch was found incorrect,
- regarding recognizing the planned sale of a group of assets as an organized part of an enterprise within the meaning of the CIT Act - the Branch's application was left without consideration,
- regarding tax on civil law transactions taxation of the supply of goods prior to the planned restructuring (division) - the Branch's application was left without consideration,
- regarding tax consequences of the planned restructuring (division) in the tax on civil law transactions - the Branch's application was left without consideration,
- regarding tax consequences of the planned restructuring (division) in corporate income tax - the Branch's application was left without consideration,
- regarding tax consequences of the planned restructuring (merger) in corporate income tax - the Branch's application was left without consideration,
- regarding applying the limitations resulting from Art. 15e of the CIT Act to the costs of marketing services purchased by the Branch - the Branch's application was left without consideration.

### **6.3. Requests for the issuance of binding information about rates as referred to in Article 42a of the VAT Act.**

In 2020, the Branch did not apply for any binding information about rates as referred to in Article 42a of the VAT Act.

### **6.4. Requests for the issuance of binding excise tax information as referred to in Article 7d.1 of the Act on Excise Tax**

In 2020, the Branch did not apply for any binding excise tax information as referred to in Article 7d.1 of the Act on Excise Tax.

**7. INFORMATION ABOUT TAX SETTLEMENTS MADE BY THE TAXABLE PERSON IN TERRITORIES OR STATES APPLYING HARMFUL TAX COMPETITION WITHIN THE MEANING OF ARTICLE 27C(2)(5) OF THE CIT ACT**

In 2020 the Branch did not make any tax settlements in territories or states applying harmful tax competition within the meaning of Article 27c(2)(5) of the CIT Act.