



Philips Polska sp. z o.o.

Information on the tax strategy
pursued from 1 January 2022 through 31 December 2022
drawn up on the basis of art. 27c of the Corporate Income Tax Act

A. Introduction

This document presents the tax strategy of Philips Polska sp. z o.o. ("**Philips Polska**" or "**the Company**") in the fiscal year from 1 January 2022 to 31 December 2022 as well as the principles, values, and objectives followed by Philips Polska in its business operations with a view to ensuring compliance with tax laws and regulations.

The purpose of this document is to comply with the obligation under art. 27c of the CIT Act.

Philips has maintained a presence in Poland for over 100 years. In 1921, Anton Philips, co-founder and owner of the company, reached out to the Borkowski brothers and appointed their firm as distributor of his products in Poland. Already in 1922, a Warsaw factory commenced production of Philips lamps, soon joined by another Warsaw factory in 1923 staffed by 200 workers. As his cooperation with the Borkowski brothers went from strength to strength, Philips also set up a commercial company with an extensive sales network. 1927, in turn, witnessed the commencement of radio lamp production in Poland, and 1930 – introduction of X-ray machines to the Polish market.



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Over the past few decades, the group has been developing its Polish operations, among other entities, through Philips Polska, an entity incorporated in 2001. In 2022, the Company carried on supply of products in the following segments: professional medical equipment and personal health care products (shaving and oral care/hygiene). Philips Polska carries on part of its business through its branch in Łódź, which operates as a global competence centre for the Group (Global Business Services, "GBS") providing end-to-end support for transactional processes in the area of supply chains, provision of solutions and services, procurement, financial and accounting services, and HR services

B. The Company's tax strategy

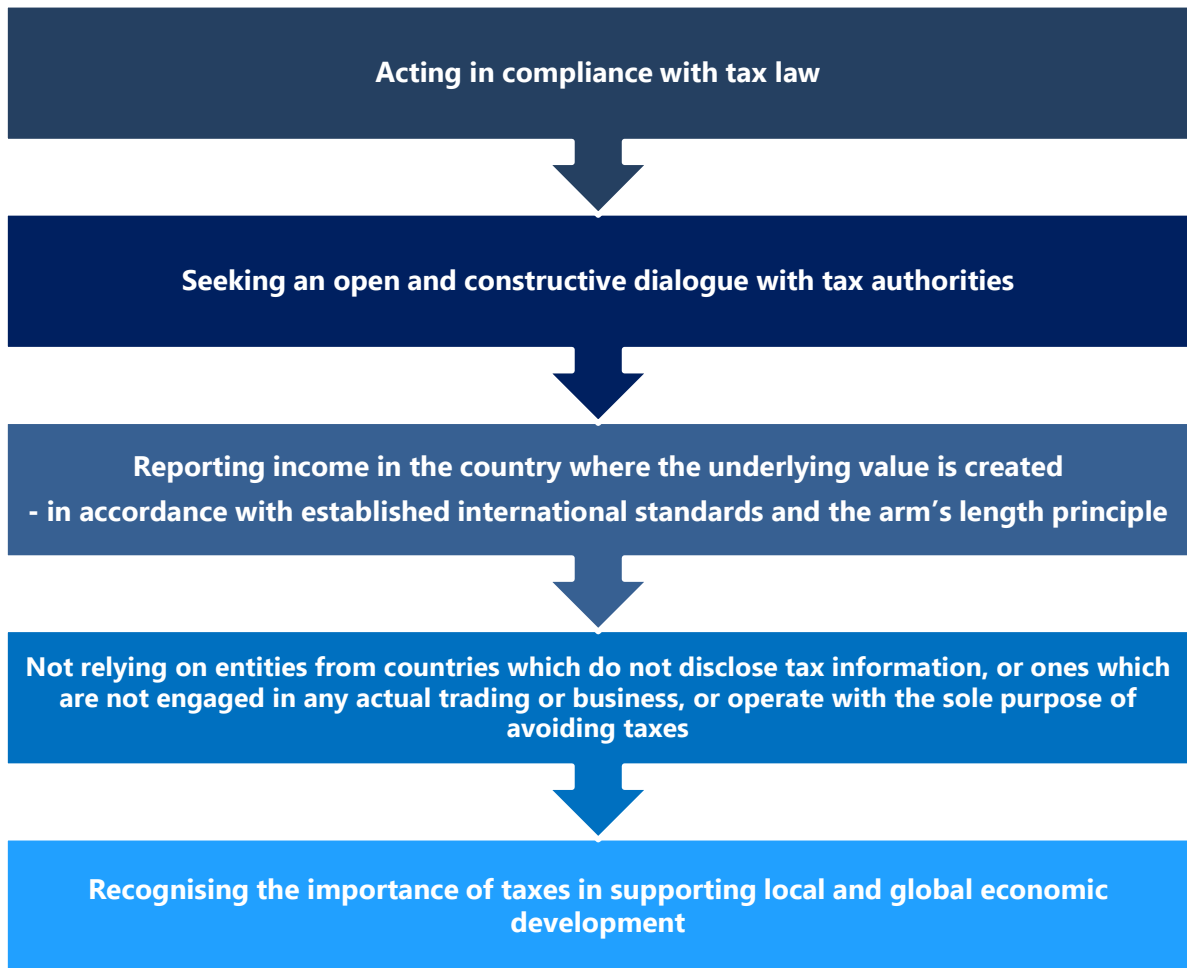
In pursuance of its objectives and business strategy, Philips Polska's priority is to ensure the accuracy of its tax reporting and settlements. The Company's tax strategy is an inherent part of its broader strategic premises, in that the Company regards full tax compliance not only as a legal obligation, but also as an element of its CSR strategy, which is one of the core values of Philips Polska.

The Company's tax strategy is built around five pillars (principles) at the Company level and Philips Group level:



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The principles followed by the Company in the area of taxation are aimed primarily at ensuring **reliability, accuracy, completeness, timeliness, and transparency of the Company's tax reporting and settlements.**

Furthermore, the Company's tax strategy envisages the mitigation of tax risk for Philips Polska. The Company has **zero tolerance for any unlawful tax avoidance or evasion practices**, as well as any other activities resulting in tax law violations.

Philips Polska ensures that its tax strategy is followed by:

- 1) Implementing and observing tax procedures and good practices.
- 2) Providing dedicated ICT tools which support compliance with tax obligations.
- 3) Assigning execution of the tax strategy and discharge of tax obligations to specialised staff.



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- 4) A multidisciplinary approach to implementation of the strategy and compliance with tax obligations involving people from various Company departments and third-party advisors.
- 5) A multi-tiered control and governance system following the four-eyes principle.
- 6) Engaging the Management Board in execution and oversight of due implementation of the tax strategy.

C. Information on processes and procedures applied by the taxpayer to manage and ensure compliance with tax law obligations

The Company has procedures and best practices aimed at ensuring accurate, timely, and transparent tax reporting as well as due compliance processes. Procedures are in force at almost every level of tax obligations discharge – from collecting and reviewing source documentation, to establishing pricing and terms of cooperation, preparing and drawing up tax filings, to verifying accuracy of the reports and making any necessary adjustments.

In 2022, the Company applied procedures, best practices and processes in the following areas:

- 1) Corporate income tax (CIT) procedures
- 2) Value added tax (VAT) procedures
- 3) Withholding tax (WHT) procedures
- 4) Customer verification procedures
- 5) Payment processes for settlements with contracting parties
- 6) Transfer pricing (TP) procedures
- 7) Personal income tax (PIT) procedures
- 8) MDR procedure
- 9) Internal tax control procedure
- 10) Accounting policies
- 11) A multi-step process for approval of accounting documents

The procedures and processes are monitored throughout. In the event of any amendment of the applicable laws or of other relevant business and/or operational developments, the Company effectuates requisite changes.



The Company ensures that individuals involved in implementation of these procedures and practices carry them out with due care and skill and continuously develop and expand their skillsets.

Tax procedures and best practices constitute business information of an organisational nature and, as such, are treated as confidential within the Company and the Philips Group. Accordingly, they are classed as trade secrets and are not subject to public disclosure.

D. Information concerning the taxpayer's compliance with its tax obligations in the territory of the Republic of Poland

Philips Polska pursues for-profit business operations in Poland and, accordingly, **pays tax in Poland**. In 2022, **the Company remitted a total of PLN 121 136 303 to the Polish tax authorities** towards the various taxes specified below.

D1. Corporate income tax (CIT)

Philips Polska is a tax resident in Poland. The Company is subject to corporate income tax on its entire income, irrespective of where it is earned.

The Company filed its CIT-8 corporate income tax return for 2022 within the deadline arising from applicable laws. In like spirit, the Company also paid the tax reported in successive returns and paid tax advances throughout the year within the relevant time limits.

Corporate income tax paid by the Company in 2022 totalled PLN 1 770 663.

D2. Withholding tax (WHT)

Philips Polska acquires services from non-resident entities and remits remuneration to such entities. With respect to transactions subject to WHT, the Company – in its capacity as remitter – calculated, withheld, and remitted the relevant tax amounts to the competent tax authority.



The Company's remittances proceeded on a timely basis throughout the year. Within the relevant deadline, the Company reported the amounts withheld in all of 2022 using the CIT-10Z return form as well as dispatching to the tax authorities and to the entities concerned IFT forms with the relevant information. All withholding tax remittances were made by the Company on time.

Withholding tax paid by the Company for 2022 totalled PLN 5 667 626.

D3. Value added tax (VAT)

Philips Polska is an active VAT payer. The Company is also registered for intra-Community VAT transactions and has a VAT-EU number.

The Company uploaded its monthly JPK_V7M files within the deadlines set by applicable law. The Company paid the tax arising from these tax returns on a timely basis.

In 2022, Philips Polska paid a total of PLN 78 937 294 in VAT to the Polish tax authorities.

D4. Personal income tax (PIT)

With respect to the remuneration paid to employees of the Company and of the Branch in Łódź (the latter operating as a separate employer), the respective employers acted as remitters of PIT withholdings. Therefore, the Company (or, as the case may be, the Branch) withheld advances towards PIT from the remuneration disbursed to employees and credited these amounts to the bank account of the relevant tax office.

In 2022, the Company and the Branch withheld and paid to the competent tax authorities advances towards personal income tax in the amounts of, respectively, PLN 12 968 974 and PLN 21 580 586, making for a total of PLN 34 549 560 in advances towards PIT.

The Company and the Branch also filed PIT-4R annual PIT advance returns within the statutory deadlines and informed their employees and the respective tax offices



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about the income earned by employees and the PIT withheld from that income by means of PIT-11 forms.

D5. Other taxes

In 2022, the Company paid **PLN 201 160** in civil transactions tax and filed the relevant tax returns.

E. Information on voluntary forms of cooperation with the National Revenue Administration authorities

The Company promptly replies to any and all summons, inquiries, and other communications addressed to it by the tax authorities as well as providing them with the relevant documents. In 2022, the Company did not participate in voluntary forms of cooperation as defined by applicable laws (e.g. cooperation agreements or investment agreements).

F. Information on the number of tax scheme disclosures referred to in art. 86a § 1 point 10 of the Tax Ordinance submitted to the Head of the National Revenue Administration by tax type

In 2022, the Company dispatched to the Head of the National Revenue Administration a total of 9 tax scheme disclosures (using MDR-1 and MDR-3 reporting forms). All of these concerned corporate income tax, of which 6 also had implications for deferred income tax.

G. Information on requests submitted by the taxpayer seeking general tax rulings, individual tax rulings, binding tariff information, and/or binding excise information

In 2022, the Company sought an opinion concerning application by the tax remitter of preferences in withholding tax at disbursement of dividends. The Company did not, at any point in 2022, seek any general or individual tax rulings, binding tariff information, and/or binding excise information.



H. Information on related party transactions within the meaning of art 11a sec. 1 point 4 of the CIT Act exceeding 5% of total balance sheet assets within the meaning of accounting regulations, established based on the most recent approved financial report of the Company, including with entities not resident in Poland for tax purposes

Some of Philips Polska's transactions are with its related parties. These transactions are effectuated at arm's length within the context of the Company's day-to-day business operations. The following table summarises the transactions executed by Philips Polska in 2022 with related parties which had a value in excess of 5% of the Company's balance sheet assets (all figures in PLN 000s).

Related party name	Sale	Purchase
KONINKLIJKE PHILIPS N.V.	127 365	806
Limited Liability Company "PHILIPS"	5 967	199
Philips AB	8 457	
Philips South Africa Commercial (Proprietary) Ltd.	794	
Philips AG	6 200	
PHILIPS ARGENTINA SA		
PHILIPS AUSTRIA GMBH	1 531	
Philips Baltic SIA	795	
Philips Belgium Commercial NV	6 708	
Philips Bulgaria EOOD		
Philips Česká republika s.r.o.	3 799	3 802
Philips Chilena S.A.	22	
Philips Colombiana S.A.S.	9	
Philips Consumer Lifestyle B.V.	9 391	277 099
Philips Danmark A/S	2 285	
Philips d.o.o.		370
Philips East Africa Limited	188	
Philips Egypt (Limited Liability Company)	188	
Philips Electronics (Israel) LTD	134	
Philips Electronics Nederland B.V.	14 154	39 413
Philips Electronics UK Limited	15 877	
Philips Export B.V		
Philips France Commercial SAS	16 828	
Philips GmbH	42 867	
Philips Healthcare Saudi Arabia Limited	477	



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Philips Hellas Single Member Commercial and Industrial Societe Anonyme of Electrotechnical Products and Medical Systems	185	
Philips Magyarország Kereskedelmi Kft.	867	875
Philips Ibérica, S.A.U.	6 166	
Philips DS North America LLC		
Philips Medical Systems Ltda.	9	
PHILIPS MEDICAL SYSTEMS NEDERLAND B.V.	84 487	151 828
Philips Medical Systems Puerto Rico, Inc.	18	
PHILIPS NORGE AS	717	
Philips Oral Healthcare, LLC	379	
Philips Electronics Middle East & Africa B.V.	18	
Philips Romania S.R.L.	4 243	1 487
Philips Oy	2 010	
Philips Portuguesa, S.A.	1 367	
Philips SEM S.A.		
Philips Societa per Azioni	9 545	
Philips South Africa		
Limited Liability Company "Philips Ukraine"	1 728	153
Philips Ultrasound, Inc.	190	
Respiromix sp. z o.o.	16	5
Respironics (UK) Ltd		
Philips Global Business Services LLP		1 291
Philips International B.V.	20 295	1 628
Philips Medical Systems DMC GmbH		
Philips Medical Systems (Cleveland), Inc.	1 773	
Philips Nederland B.V.	8 437	205
PHILIPS ELECTRONICS SINGAPORE PTE LTD	122	156
Philips North America LLC	3 937	499
Philips Medizin Systeme Böblingen GmbH	1 529	34 496
Philips Electronics Ireland Limited	244	
Volcano Europe BV	5 134	8 618
Philips RS North America LLC		
Philips Oral Healthcare B.V.		
Philips Orastie S.r.l.		
Philips Ultrasound LLC		5
Türk Philips Ticaret Anonim Sirketi	639	
Philips Enterprise Service (Suzhou) Co., Ltd.	13	
Philips India Limited	476	
Philips Export B.V.		
P.T. Philips Industries Batam		
Philips Philippines, Inc.		56



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Spectranectics International B.V.		145
CardioNet, LLC	15	
BioTel Europe AB	115	
Remote Diagnostic Technologies Ltd	154	
Respironics, Inc.	1 036	
Invivo Corporation	233	
Philips Healthcare Informatics, Inc.	56	
TOTAL:	420 189	523 136

I. Information on the taxpayer's planned or actual restructuring measures which may have an effect on the amount of tax liability of the taxpayer or its related parties within the meaning of art. 11 sec. 1 point 4 of the CIT Act.

In 2022, Philips Polska embarked on restructuring measures which had an effect on the tax liabilities of the Company and/or of its related parties within the meaning of art. 11 sec. 1 point 4 of the CIT Act.

These restructuring measures comprised acquisition of organised parts of the business enterprises of related entities within the meaning of art. 11 sec. 1 point 4 of the CIT Act. Philips Polska effectuated two such transactions in 2022, purchasing – from two separate entities – two organised parts of a business enterprise devised for operations concerning sale of two types of medicinal products (for treatment and diagnosis of vascular and cardiac disorders). The aim of these restructurings was to bring about a situation in which Philips Polska can sell these medicinal products and provide attendant services independently, in its own name.

2022 also witnessed the commencement of employment restructuring. The average employee headcount nonetheless remained high, at 2 231 employees.

J. Information on the taxpayer's tax settlements in territories or countries engaged in harmful tax competition as specified in secondary legislation adopted pursuant to art. 11j sec. 2 of the Corporate Income Tax Act of 15 February 1992 and on the basis of art. 23v sec. 2 of the Personal Income Tax Act of 26 July 1991, and in the announcement of the Minister with responsibility for public finance promulgated on the basis of art. 86a § 10 of the Tax Ordinance



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In 2022, Philips Polska did not conduct any tax settlements in territories or countries engaged in harmful tax competition as specified in secondary legislation adopted on the basis of art. 11j sec. 2 of the CIT Act of 15 February 1992 and in the announcement of the Minister with responsibility for public finance promulgated on the basis of art. 86a § 10 of the Tax Ordinance.



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