



## Philips Polska sp. z o.o.

Information on the tax strategy  
pursued from 1 January 2023 through 31 December 2023  
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 2023 to 31 December 2023 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 2023, 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**

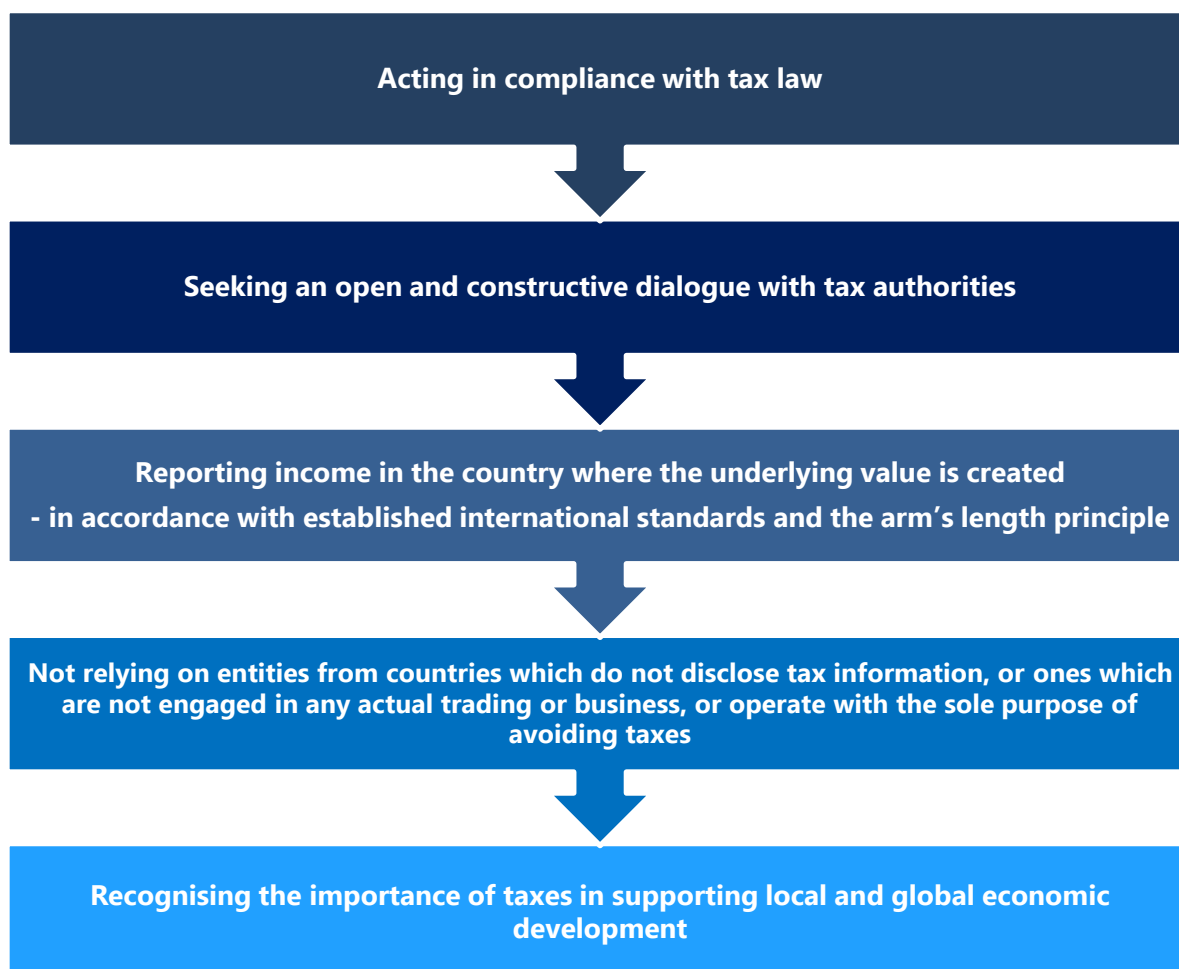
In pursuance of its objectives and business strategy, Philips Polska's priority is to ensure the accuracy of its tax reporting and settlements. The Company's tax strategy is an inherent part of its broader strategic premises, in that the Company regards full tax compliance not only as a legal obligation, 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 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 2023, 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) Payroll tax (PIT) and social security contributions 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 on a regular basis. 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 2023, **the Company remitted a total of PLN 141 560 506 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 2023 and paid the tax reported in that form. Within the relevant time limit the Company paid tax advances throughout the year.

**Corporate income tax paid by the Company in 2023 totalled PLN 13 060 988.**

### **D2. Withholding tax (WHT)**

Philips Polska acquires services from non-resident entities and remits remuneration to such entities. With respect to transactions subject to flat-rate corporate income tax, 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



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2023 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 2023 totalled PLN 355 791.**

### **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 2023, Philips Polska paid a total of PLN 94 134 235 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 2023, the Company and the Branch withheld and paid to the competent tax authorities advances towards personal income tax in the amounts of, respectively, PLN 12 671 781 and PLN 21 337 711, making for a total of PLN 34 009 492 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 about the income earned by employees and the PIT withheld from that income by means of PIT-11 forms.



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## **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 the same way the Company cooperated with tax authorities during tax control.

In 2023, 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 2023, the Company dispatched to the Head of the National Revenue Administration a total of 7 tax scheme disclosures (using MDR-1 and MDR-3 reporting forms). All of these concerned corporate income tax, of which 4 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 2023, the Company received a positive opinion concerning application by the tax remitter of preferences in withholding tax at disbursement of dividends. The Company did not, at any point in 2023, 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 2023 with related parties, the aggregate value of which exceeded 5% of the Company's balance sheet assets (all figures in PLN 000s).

Related party name	Sale	Purchase
Koninklijke Philips N.V. Philips N.V.	121 733,00	248,00
Limited Liability Company "Philips"	6 079,00	-
Llc Philips	76,00	-
Philipe Electronics Middle East & Africa B.V.	66,00	-
Philips Ab	7 518,00	47,00
Philips Ag	6 686,00	36,00
Philips Austria Gmbh	2 323,00	20,00
Philips Baltic Sia	1 061,00	292,00
Philips Belgium Commercial Nv	187,00	17,00
Philips Bulgaria Eood	-	233,00
Philips Ceska Republika S.R.O.	4 289,00	4 844,00
Philips Chilena S.A.	21,00	-
Philips Colombiana S.A.S.	9,00	-
Philips Consumer Lifestyle B.V.	23 016,00	287 770,00
Philips D.O.O.	-	418,00
Philips Danmark A/S	2 074,00	33,00
Philips Dap Care Co.Of Zh Sez Ltd	-	25,00
Philips Domestic Appliances And Personal Care Company Of Zhuhai Sez Ltd.	12,00	-
Philips East Africa Ltd.	369,00	-
Philips Egypt Llc	215,00	-
Philips Electronics (Israel) Ltd.	141,00	-
Philips Electronics Ireland Limited	121,00	4,00
Philips Electronics Nederland B.V.	10 412,00	48 060,00
Philips Electronics Singapore Pte	764,00	423,00
Philips Electronics Uk Limited	19 912,00	362,00
Philips France Commercial	21 679,00	218,00



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Philips Global Business	-	1 097,00
Philips Gmbh	41 731,00	584,00
Philips Healthcare Informatics, Inc.	6,00	2,00
Philips Healthcare Saudi Arabia Limited	1 123,00	-
Philips Hellas S.A.	390,00	-
Philips Hungary Ltd.	2 894,00	483,00
Philips Iberica, S.A.U.	6 829,00	225,00
Philips India Limited	75,00	99,00
Philips International B.V.	16 738,00	2 460,00
Philips Med Syst. Ned Bv Hs Rdc NI	-	39 982,00
Philips Medical Syst Nederland B.V.	-	28 527,00
Philips Medical Systems (Cleveland), Inc.	1 963,00	-
Philips Medical Systems Dmc Gmbh	1 623,00	-
Philips Medical Systems Ltda.	9,00	-
Philips Medical Systems Nederland B.V.	76 740,00	156 793,00
Philips Medical Systems Puerto Rico, Inc.	18,00	-
Philips Medical Systems Technologies Ltd.	48,00	-
Philips Medizin Systeme Böblingen Gmbh	3 990,00	48 060,00
Philips Nederland B.V.	9 338,00	711,00
Philips Norge As	1 156,00	-
Philips North America Llc	4 509,00	-
Philips Oral Healthcare B.V.	3 794,00	-
Philips Oral Healthcare T&D	-	-
Philips Oral Healthcare, Llc	807,00	-
Philips Oy	1 800,00	10,00
Philips Portuguesa S.A.	-	6,00
Philips Portuguesa, S.A.	1 625,00	-
Philips Respiromix Sp. Z O.O.	18,00	-
Philips Romania S.R.L.	6 719,00	1 404,00
Philips Rs North America Llc	8 083,00	-
Philips S.P.A. - Sector Healthcare	-	110,00
Philips Societa Per Azioni	10 563,00	-
Philips South Africa Commercial (Proprietary) Ltd.	994,00	-
Philips Ukraine Llc	1 864,00	230,00
Philips Ultrasound Llc	181,00	-
Philips Usa Consolidated	-	18,00
Pmsna-Customer Service Sps Americas	-	159,00
Remote Diagnostic Technologies Limited	40,00	-
Remote Diagnostic Technologies Ltd.	-	(239,00)
Respiromix Respiratory Drug Delivery Uk Ltd	-	-
Spectranetics International B.V.	-	1 075,00
Türk Philips Ticaret Anonim Sirketi	1 319,00	-



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Volcano Europe BV	2 311,00	8 563,00
<b>Total:</b>	<b>438 061,00</b>	<b>633 409,00</b>

**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 2023, Philips Polska embarked on restructuring measures which could have an effect on the tax liabilities of the Company. These activities did not affect its related parties within the meaning of art. 11 sec. 1 point 4 of the CIT Act. Namely in 2023 the Company completed the employment restructuring process. The average employee headcount nonetheless remained high, at 2 168 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**

In 2023, 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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