



## Philips Polska sp. z o.o.

Information on tax strategy  
pursued from 1 January 2020 to 31 December 2020  
drawn up pursuant to Article 27c of the Act on Corporate Income Tax

### 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 2020 to 31 December 2020 as well as the principles, values, and objectives pursued by Philips Polska in its business with a view to ensuring compliance with tax laws and regulations.

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

Philips Polska is a member of the international Philips Group. In 2020, the Company carried out activities in the area of product deliveries in several segments, including professional medical equipment and personal health care products (shaving and oral care/hygiene). This product group additionally included a group of domestic appliances, such as kitchen appliances, coffee machines, fryers, irons, steam generator irons, steamers, etc.

Furthermore, Philips Polska carries out part of its business through its branch in Łódź, which operates as a global competence centre for the Group (Global Business Services, "GBS") offering end-to-end support for transactional processes in the area



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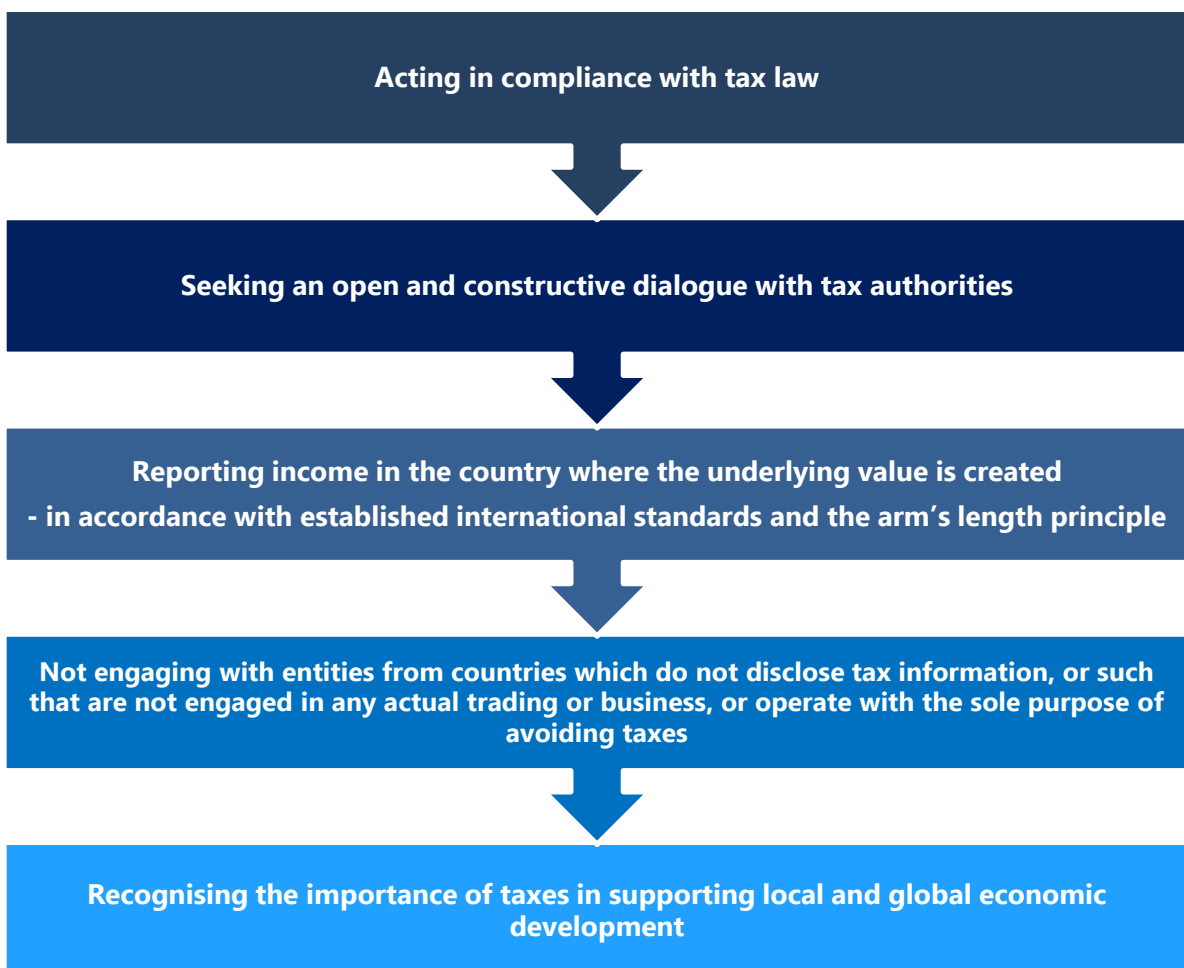
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of the supply chain, delivery of solutions and services, procurement, financial and accounting services, and HR services

## 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. The Company's tax strategy is an inherent part of its business strategy, since from the Company's perspective, ensuring full tax compliance is not only a legal obligation, but also 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, and transparency of the Company's tax reporting.**

Furthermore, the Company's tax strategy envisages the mitigation of tax risk for Philips Polska. The Company has **zero tolerance towards 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 applying tax procedures and good practices.
- 2) Providing dedicated ICT tools to support compliance with tax obligations.
- 3) Allocating the execution of the tax strategy and discharge of tax obligations to specialist staff.
- 4) A cross-functional approach to the implementation of the strategy and compliance with tax obligations that involves people across the 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 the 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 good practices in place aimed at ensuring accurate, timely, and transparent tax reporting. The procedures are applicable to almost every level of discharge of tax obligations – from collecting and reviewing source documentation, to establishing pricing and terms of cooperation, preparing and drawing up tax reports, to verifying the accuracy of the reports and making corrections, if any.



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In 2020, the Company applied procedures and good practices 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) Transfer pricing (TP) procedures
- 6) Personal income tax (PIT) procedures
- 7) MDR procedure
- 8) Internal tax control procedure

The Company ensures that all individuals involved in the implementation of these procedures and practices carry them out with due diligence.

Tax procedures and good practices constitute business information of an organisational nature and are treated as confidential within the Company and the Philips Group. As such, 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**

### **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 2020 within the time limit arising from applicable law. The Company also timely paid the tax reported in the return and paid tax advances during the year on time.

**Corporate income tax paid by the Company in 2020 totalled PLN 5,578,459.09.**



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## **D2. 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 filed its VAT returns and JPK\_VAT files within the time limit arising from applicable law (and, starting from October 2020, JPK\_V7M files with monthly VAT returns). Furthermore, the Company paid the VAT arising from monthly reporting on time.

**In 2020, Philips Polska paid a total of PLN 128,901,357 in VAT to the State budget.**

## **D3. Personal income tax (PIT)**

With respect to the remuneration paid to the 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 Branch) withheld advance PIT payments from the remuneration paid to an employee and transferred to funds to the bank account of the respective tax office.

**In 2020 the Company and the Branch withheld and paid to the bank account of the respective tax office advance payments in the amounts of PLN 10,338,554 and PLN 10,582,937 respectively. In total, the Company and the Branch paid to the State budget PLN 20,921,491 in advance PIT payments.**

The Company and the Branch also filed PIT-4R annual PIT advance returns on time and informed their employees and the respective tax offices about the income earned by the employees and the PIT collected on that income by means of PIT-11 forms.

## **D4. Other taxes**

In 2020, the Company was not liable to pay any other taxes.



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## **E. Information on voluntary forms of cooperation with the National Revenue Administration (NRA) authorities**

In 2020, the Company did not engage in any voluntary forms of cooperation with the NRA, except for duly complying with its tax obligations, responding to any summons, inquiries, or any other communication sent to the Company by tax authorities in due time, and providing appropriate records when requested by tax authorities.

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

In 2020, the Company did not disclose any tax schemes to the Head of the NRA.

## **G. Information on applications submitted by the taxpayer for general tax rulings, individual tax rulings, binding tariff information, binding excise information**

In 2020, the Company did not submit any applications for general tax rulings, individual tax rulings, binding tariff information, or binding excise information.

## **H. Information on related party transactions within the meaning of Article 11a sec. 1 point 4 exceeding 5% of the total assets within the meaning of accounting regulations, established based on the most recent approved financial statements, including with non-residents of the Republic of Poland for tax purposes**

In 2020, Philips Polska entered into the following related party transactions (all figures in thousand PLN) with a total value exceeding 5% of the Company's total assets:

Related party name	Sales	Purchases
KONINKLIJKE PHILIPS N.V.	44,329	(1,453)
LLC PHILIPS	3,350	
Philips AB	2,787	



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Philips Africa (Pty) Ltd	514	
Philips AG	3,560	
PHILIPS ARGENTINA SA	7	
PHILIPS AUSTRIA GMBH	893	
Philips Baltic SIA	1,292	
Philips Belgium Commercial NV	2,572	(259)
Philips Bulgaria EOOD	59	
Philips Ceska Republika S.R.O.	5,268	(2,859)
Philips Chilena SA	18	
Philips Colombiana S.A.S.	18	
Philips Consumer Lifestyle B.V.	17,355	(481,488)
Philips Dann	489	
Philips doo Beograd	3	(372)
Philips East Africa Ltd.	515	
Philips Egypt LLC	484	
Philips Electronics (Israel) LTD	310	
Philips Electronics Nederland B.V.	1,299	(18,229)
Philips Electronics UK Limited	12,079	
Philips Export B.V.	27	
Philips France Commercial	12,928	
Philips GmbH	32,284	(2,241)
Philips Health	899	
PHILIPS HELLAS SA	330	
PHILIPS HUNGARY LTD.	2,397	(1,188)
PHILIPS IBERICA, S.A.U.	4,166	
Philips Medical Systems Export, Inc	66	
Philips Medical Systems Ltda.	73	
MEDICAL SYSTEMS NEDERLAND B.V.	44,341	(131,627)
MEDICAL SYSTEMS PUERTO RICO Inc.	32	



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# PHILIPS

PHILIPS NO	416	
Philips Oral Healthcare T&D	80	
PHILIPS PERUANA S.A.	7	
Philips Romania S.R.L.	276	(2,146)
Philips Oy	871	
PHILIPS PORTUGUESA S.A.	955	
PHILIPS ROMANIA SRL	6,403	
PHILIPS S.p.A.	5,650	(411)
Philips South Africa	1,861	
Philips Ukraine LLC	2,027	
Philips Ultrasound, Inc.	99	(1,774)
Respiromix SP. Z O.O.	38	
Respironics (UK) Ltd	923	
Philips Global Business Services LLP		(1,203)
Philips International B.V.	4,493	(23,464)
Philips Medical Systems DMC GmbH	614	(1,223)
PHILIPS MEDICAL SYSTEMS NA	1,531	4,956
Philips Nederland B.V.	6,891	(202)
ELECTRONICS SINGAPORE PTE LTD		(90)
PHILIPS USA		(25)
PMS Boeblingen GmbH	287	(101,973)
PMS Cleveland Industrial	1,537	912
Volcano Europe BV	3,525	(543)
VitalHealth Software B.V.		(219)
Turk Philips Ticaret A.S.	847	
<b>TOTAL:</b>	<b>234,074</b>	<b>-767,121</b>



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**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 Article 11 sec. 1 point 4.**

In 2020, Philips Polska did not take any restructuring measures which could have an effect on the amount of tax liability of the Company or its related parties within the meaning of Article 11 sec. 1 point 4 of the CIT Act.

Restructuring had been planned since 2020 involving the spin off of a business unit engaged in the development and distribution of domestic appliances: kitchen appliances, coffee machines, irons, steamers, vacuum cleaners, steamers, air purifiers, and humidifiers. In line with a decision made at the corporate level, Philips Polska is expected to focus on the medical equipment and personal health business areas.

The branch of activities was sold by Philips Polska to Philips Domestic Appliances Polska sp. z o.o. in 2021.

**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 Article 11j sec. 2 of the Corporate Income Tax Act of 15 February 1992 and pursuant to Article 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 pursuant to Article 86a § 10 of the Tax Ordinance**

In 2020, Philips Polska did not make any tax settlements in territories or countries engaged in harmful tax competition as specified in secondary legislation adopted pursuant to Article 11j sec. 2 of the CIT Act of 15 February 1992 and in the announcement of the Minister with responsibility for public finance pursuant to Article 86a § 10 of the Tax Ordinance.



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