



Philips Polska sp. z o.o.

Information on tax strategy
pursued from 1 January 2021 to 31 December 2021
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 2021 to 31 December 2021 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 2021, 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). 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 of the supply chain, delivery of solutions and services, procurement, financial and accounting services, and HR services



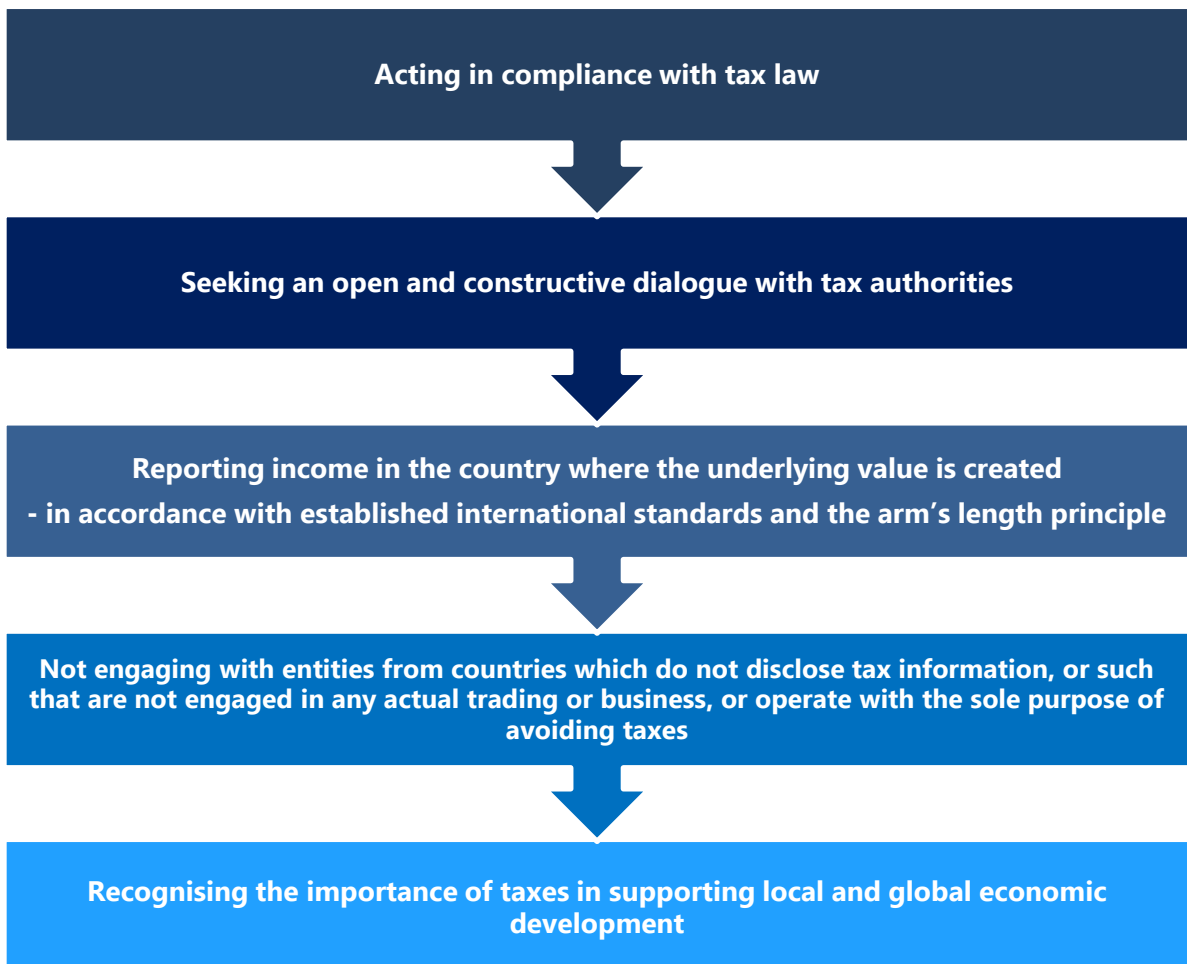
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B. The Company's tax strategy

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:



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.

In 2021, 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



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- 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 2021 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 2021 totalled PLN 10 430 145.95.

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 monthly JPK_V7M files within the time limit arising from applicable law. Furthermore, the Company paid the VAT arising from monthly reporting on time.



In 2021, Philips Polska paid a total of PLN 106 054 892.37 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 2021 the Company and the Branch withheld and paid to the bank account of the respective tax office advance payments in the amounts of PLN 10 934 867 and PLN 15 195 091 respectively. In total, the Company and the Branch paid to the State budget PLN 26 129 958 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 2021, the Company was not liable to pay any other taxes.

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

In 2021, 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



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In 2021, 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 2021, the Company submitted an application for individual tax ruling regarding considering the sale of a set of tangible and intangible assets separated from the Company's business as an organized part of the enterprise under VAT regulations.

H. Information on related party transactions within the meaning of Article 11a sec. 1 point 4 of the CIT Act 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 2021, 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	Sale	Purchase
KONINKLIJKE PHILIPS N.V.	91 595	(4 171)
LLC PHILIPS	9 380	(3 064)
Philips AB	4 409	
Philips Africa (Pty) Ltd	1 352	
Philips AG	5 123	
PHILIPS AUSTRIA GMBH	1 397	
Philips Baltic SIA	1 216	
Philips Belgium Commercial NV	2 496	(264)
Philips Bulgaria EOOD	(59)	
Philips Ceska Republika S.R.O.	3 406	(1 494)
Philips Chilena SA	20	
Philips Colombiana S.A.S.	8	



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Philips Consumer Lifestyle B.V.	13 898	(357 934)
Philips Danmark A/S	854	
Philips doo Beograd		(428)
Philips East Africa Ltd.	172	
Philips Egypt LLC	172	
Philips Electronics (Israel) LTD	124	
Philips Electronics Nederland B.V.	484	(26 274)
Philips Electronics UK Limited	13 986	
Philips France Commercial	11 452	
Philips GmbH	35 708	(1)
Philips Health	424	
PHILIPS HELLAS SA	151	
PHILIPS HUNGARY LTD.	1 530	(75)
PHILIPS IBERICA, S.A.U.	4 268	
Philips DS North America LLC	17	
Philips Medical Systems Ltda.	8	
MEDICAL SYSTEMS NEDERLAND B.V.	61 871	(131 149)
MEDICAL SYSTEMS PUERTO RICO Inc.	16	
PHILIPS NO	523	
Philips Oral Healthcare T&D	347	
Philips Electronics Middle East & Africa B.V.	16	
Philips Romania S.R.L.	4 532	(606)
Philips Oy	911	
PHILIPS PORTUGUESA S.A.	1 311	
PHILIPS SEM S.A.		(185)
PHILIPS S.p.A.	7 773	
Philips Ukraine LLC	2 193	(303)
Philips Ultrasound, Inc.		(4)
Respiromix SP. Z O.O.	38	



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Philips Global Business Services LLP		(1 095)
Philips International B.V.	13 889	(3 810)
Philips Medical Systems DMC GmbH	17	
PHILIPS MEDICAL SYSTEMS (CLEVELAND), INC.	1 630	
Philips Nederland B.V.	6 621	(109)
ELECTRONICS SINGAPORE PTE LTD		(42)
PHILIPS USA	2 249	(2 507)
PHILIPS Electronics Ireland Limited	4	
Volcano Europe BV	4 667	54
PHILIPS RS North America LLC	89	
PHILIPS Oral Healthcare B.V.	285	
PHILIPS Orastie S.r.l.	180	
PHILIPS Ultrasound LLC	214	(1)
Turk Philips Ticaret A.S.	1 119	
Philips Enterprise Service (Suzhou) Co., Ltd.	161	
Philips India Ltd.	69	
Philips Export B.V.	467	
P.T. Philips Industries Batam		(36)

TOTAL: 315 882 -573 593

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 of the CIT Act.

In 2021, Philips Polska took restructuring measures which had an effect on the amount of tax liability of the Company and its related parties within the meaning of Article 11 sec. 1 point 4 of the CIT Act.

Restructuring involved the spin-off of a business unit (an organised part of an enterprise) engaged in the development and distribution of domestic appliances: kitchen appliances, coffee machines, irons, steamers, vacuum cleaners, steamers, air



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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.

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 2021, 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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