

Information on the implementation of  
tax strategy by  
Vestas-Poland sp. z o.o.  
for the fiscal year ended  
December 31, 2021



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## List of abbreviations

Abbreviation	Name
Company, Vestas	Vestas-Poland sp. z o.o.
Group, Vestas Group	Vestas Capital Group
Tax Ordinance	Tax Ordinance Act of 29 August 1997 (Journal of Laws of 2021, item 1540, as amended)
CIT Act	Corporate Income Tax Act of 15 February 1992 (Journal of Laws of 2020, item 1406, as amended)
Accounting Act	Accounting Act of 29 September 1994 (Journal of Laws of 2021, item 217, as amended)
CIT or CIT tax	Corporate income tax
TCLT or TCLT tax	Tax on civil law transactions
PIT or PIT tax	Personal income tax
VAT or VAT tax	Value added tax
Head of NRA	Head of the National Fiscal Administration ( <i>Szef Krajowej Informacji Skarbowej</i> )
MDR	Mandatory Disclosure Rules related to the obligation to provide (report) information on tax schemes to the Head of KAS

## Introduction

This information covers the period from 1 January 2021 to 31 December 2021 and includes transactions, documentation, procedures, plans and other elements of factual situation and knowledge for this period.

1. Information on the tax processes and procedures in place for managing and ensuring the proper performance of obligations under tax law, voluntary forms of cooperation with tax authorities

The Company manages tax issues in a manner that is designed to ensure proper assessment of the tax consequences of its operations from an economic and regulatory perspective (including in terms of tax law), taking into account the interpretation of the law presented by tax authorities, administrative courts and the judiciary. As part of the Company's operational activities, key aspects of the Company's operations are analyzed in terms of their compliance with the Company's tax strategy, compliance with the applicable tax laws, as well as internal procedures and processes in place at the Company.

The Company's tax policy assumes conducting activities in a manner that ensures long-term, continuous and uninterrupted development of the Company, growth of its financial results while respecting the obligations arising from tax law regulations.

### 1.1 Applied tax processes and procedures

The Company, in order to ensure compliance of the actions taken with the provisions of the tax law, as well as to ensure proper management of the execution of the obligations under the tax law and their lawful execution, has and applies, adapted to the multiplicity and structure of the Company, the tax procedures and processes, i.e:

1. Group Tax Strategy (*The Vestas Group's Tax policy*) describing tax policy of the Vestas Group entities, including the Company, covering inter alia tax risk management principles, attitude to tax planning and relations with tax authorities;
2. the Company's tax procedures and processes, which further clarify the principles arising from the Group Tax Strategy in relation to selected specific tax obligations of the Company and areas of its activity, and which cover various activities related to the tax settlement process, both written and unwritten. The procedures include:
  - a) Correct accounting of economic events affecting the creation or non-arising of tax obligations and liabilities.
  - b) The correct recognition in tax settlements of events resulting from the accounting entries.
  - c) Proper fulfilment of formal obligations, including the timely submission of necessary returns, declarations, tax information, notifications, and other necessary letters.
  - d) Proper application of applicable tax rates.
  - e) Proper qualification of parties, subject matter and circumstances of business events insofar as this affects tax obligations and liabilities.
  - f) Proper collection and preparation of documentation directly required by tax law.
  - g) Correct collection and preparation of documentation that is required indirectly by tax law but that affects the due diligence for the correct discharge of tax obligations.
  - h) Procedure for acceptance/signature of documents affecting tax accounts.
  - i) Document circulation procedure.

- j) Procedure for archiving documents.

In addition, the Company has implemented the following procedures relating to specific taxes / tax obligations:

- a) Reporting of tax schemes (MDR),
- b) Procedure for VAT settlements,
- c) Procedures for verification and selection of contractors, including vendor screening and procedure for verification of contractors on the so-called white list (VAT),
- d) Dedicated functionalities in the accounting system related to tax settlements (especially VAT),
- e) Transfer pricing policy.

## 1.2 Agreement on cooperation with the Head of NRA

In case of cooperation with the tax authorities the Company is always acting according to its best knowledge, carries out its tax obligations on time and if necessary – applies for official interpretation of tax regulations, in particular in the form of individual tax rulings.

However, during the tax year covered by this information on the implementation of the tax strategy the Company did not undertake any formal cooperation with the Head of NRA, in particular the Company did not enter into the agreement on cooperation with the Head of NRA and did not receive advance pricing agreement (APA) or protective opinion.

In 2019, the Company entered into the Mutual Agreement Procedure (MAP). The purpose of MAP is to avoid double taxation arising as a result of an additional income assessment made by one of the states - parties to an international treaty in respect of transactions between related parties. Proceedings in this regard have not yet been completed in 2021.

## 2. Selected basic obligations of the Company in Poland under tax law, including MDR

### 2.1 Information on the taxpayer's fulfilment of tax obligations in the territory of Poland in the tax year covered by the information on the implementation of tax strategy

The Company fulfills in the territory of the Republic of Poland all applicable tax obligations, as stipulated by binding tax regulations and resulting from the activities undertaken by the Company.

During the tax year covered by this information on the implementation of the tax strategy the Company, the Company's tax obligations included the following types of taxes:

- 1) CIT,
- 2) PIT,
- 3) VAT,
- 4) Customs duty.

## 2.2. MDR - information on tax schemes submitted to the Head of NRA

During the tax year covered by this information on the implementation of the tax strategy, the Company as a beneficiary has submitted to the Head of NRA information on the tax scheme referred to in Article 86a § 1 point 10 of the Tax Ordinance. The Company has reported a standardized and cross-border tax scheme in relation with the payment of royalties to a foreign contractor.

3. Information on transactions with related parties the value of which exceeded 5% of the balance sheet total and on restructuring activities planned or undertaken by the Company which may affect the amount of the Company's or related parties' tax liabilities in the tax year covered by this information on the implementation of the tax strategy

Transactions made by the Company with related parties with a value exceeding 5% of the balance sheet total	During the tax year covered by this information on the implementation of the tax strategy, the Company made the following transactions with related parties with a value exceeding 5% of the Company's balance sheet total:  (i) Purchase of spare parts and goods (commodity transactions) (ii) Purchase of components (commodity transactions) (iii) Purchase of towers (commodity transactions) (iv) In-house bank transaction
Information on planned or undertaken restructuring activities that may affect the amount of tax liabilities of the Company or its related parties	During the tax year covered by this information on the implementation of the tax strategy, the Company did not planned or undertaken restructuring activities that affect the amount of tax liabilities of the Company or its related parties.

4. Information on requests submitted by the taxpayer for general tax interpretations, individual tax interpretations, binding rate information (WIS), binding excise information (WIA)

### 4.1. General tax interpretations

The Company did not apply for general tax interpretations in the tax year covered by this information on the implementation of the tax strategy.

### 4.2. Individual tax interpretations

The Company have submitted applications for the following individual tax interpretations in the tax year 01.01.2021 – 31.12.2021:

- a) an application for an individual interpretation of the provisions of the Value Added Tax Law in terms of the right to reduce the output VAT by the input VAT resulting from invoices for delivered goods and performed services issued by service partners using fleet cards;
- b) a joint application, inter alia, by the Company (as an interested party not being a party to the proceedings) for an individual interpretation of the provisions of the Value Added Tax Law in the scope of tax consequences resulting from the failure to receive the advance payment by the Company in agreed with the counterparty deadline, despite the prior issuance of an advance invoice.

#### 4.3. Binding rate information (WIS)

The Company did not apply for any binding rate information in the tax year covered by this information on the implementation of the tax strategy.

#### 4.4. Binding excise information (WIA)

The Company did not apply for any binding rate information in the tax year covered by this information on the implementation of the tax strategy.

#### 5. Information on tax settlements in territories or countries applying harmful tax competition

List of countries applying harmful tax competition in accordance with the Regulation of the Minister of Finance of 28 March 2019 on the determination of countries and territories applying harmful tax competition with respect to personal income tax (Journal of Laws 2019, item 599) and the Regulation of the Minister of Finance of 28 March 2019 on the determination of countries and territories applying harmful tax competition with respect to corporate income tax (Journal of Laws 2019, item 600).

Harmful tax competition is applied in the tax systems of the following countries and territories:

- 1) Principality of Andorra;
- 2) Anguilla - Overseas Territory of the United Kingdom of Great Britain and Northern Ireland;
- 3) Antigua and Barbuda;
- 4) Sint-Maarten, Curaçao - countries forming part of the Kingdom of the Netherlands;
- 5) The Kingdom of Bahrain;
- 6) British Virgin Islands - overseas territory of the United Kingdom of Great Britain and Northern Ireland;
- 7) Cook Islands - Independent Territory Associated with New Zealand;
- 8) Commonwealth of Dominica;
- 9) Grenada;
- 10) Sark - British Crown Dependencies;
- 11) Hong Kong Special Administrative Region of the People's Republic of China;
- 12) The Republic of Liberia;
- 13) Macao Special Administrative Region of the People's Republic of China;
- 14) The Republic of Maldives;
- 15) The Republic of the Marshall Islands;
- 16) The Republic of Mauritius;
- 17) The Principality of Monaco;
- 18) The Republic of Nauru;
- 19) Niue, a self-governing territory associated with New Zealand;
- 20) The Republic of Panama;
- 21) The Independent State of Samoa;
- 22) The Republic of Seychelles;
- 23) Saint Lucia;
- 24) The Kingdom of Tonga;
- 25) Virgin Islands of the United States of America - US Non-Incorporated Territory;
- 26) Republic of Vanuatu.

List of countries and territories non-cooperative for tax purposes according to the Notice of the Minister of Finance, Funds and Regional Policy of 12 October 2020 on the announcement of the list of countries and territories indicated in the EU list of non-cooperative jurisdictions for tax purposes adopted by the Council of the European Union, which are not included in the list of countries and territories practicing harmful tax competition issued under the provisions on personal income tax and the provisions on corporate income tax, and the date of adoption of this list by the Council of the European Union (Journal of Laws of 2020, item 925).

Non-cooperative countries for tax purposes:

- 1) Barbados;
- 2) Republic of Fiji;
- 3) Guam;
- 4) The Republic of Palau;
- 5) The Republic of Trinidad and Tobago;
- 6) The Republic of American Samoa.

During the tax year covered by this information on the implementation of the tax strategy, the Company did not enter into any transactions with entities from the countries indicated above, i.e. with territories or countries applying harmful tax competition or considered a non-cooperative countries for tax purposes.