

# INFORMATION ON THE EXECUTED TAX STRATEGY

## Ludwig Czekolada Spółka z ograniczoną odpowiedzialnością

Prepared on: 14th of December 2022

### Introduction

This document presents information on the tax strategy implemented in 2021 by Ludwig Czekolada Sp. z o. o., drawn up based on Article 27c.1.1 of the CIT Act.

Ludwig Chocolate is a corporate income tax taxpayer, with revenues over EUR 50 million achieved in the tax year ended on December 31, 2021, therefore it is required to prepare and publish information on the executed tax strategy for the tax year ended on December 31, 2021.

This information has been prepared in accordance with Article 27c.1.2 et seq. of the CIT Act.

### Ludwig Czekolada

Ludwig Czekolada Sp. z o. o. is a subsidiary of one of the largest German producers of chocolate products - Ludwig Schokolade GmbH. Ludwig Schokolade GmbH belongs to the international Krüger Group.

Ludwig Czekolada produces and sells chocolate products in Poland and on foreign markets, as well as distributes products manufactured by Ludwig Schokolade GmbH & Co. KG in the territory of Poland. Production takes place in two plants located in Skoczów (Śląskie Voivodeship) and in Tuczno (Zachodniopomorskie Voivodeship).

Chocolate products manufactured in these plants are sold among others under brands such as Trumpf Mauxion, Schogetten, and Fritt. All products are sold on the Polish market or are exported.

**Table 1. Basic information about the Company**

<b>Company's name</b>	Ludwig Czekolada Spółka z ograniczoną odpowiedzialnością
<b>Address and registered office of the Company</b>	ul. Rzeczna 3, Skoczów 43-430
<b>Identification data</b>	KRS (National Court Register) number: 0000287726 NIP (Taxpayer Identification Number) number: 5482531594 REGON (Business Statics Number) number: 240714222
<b>Share capital</b>	39 089 000,00 PLN
<b>Date of entry into the register of entrepreneurs of the National Court Register</b>	2007-07-08
<b>Number of employees (average employment) in 2021</b>	439

## **1. Tax processes and procedures**

*Legal basis: under Article 27c.1.2 point 1a of the CIT Act, the taxpayer provides information on the processes and procedures for managing the performance of obligations under tax law and ensuring their proper performance.*

The basic principles of the Company's approach in tax matters have been developed based on the applicable tax regulations, the Group's Code of Conduct<sup>1</sup>, as well as generally accepted good practices in this area. The Company has developed appropriate tax processes, taking into account the scale of the Company's operations, its functioning in the Group, its business environment, and the industry in which it operates.

The Company's tax processes allow the Company to ensure an appropriate level of control over tax matters, leading to compliance of tax settlements with tax regulations and reporting obligations, and allowing to minimize the tax risk. Qualified specialists who have extensive substantive knowledge and many years of professional experience in the field of accounting and taxes are responsible for Ludwig Czekolada's tax settlements. The Company is also supported by the Group in order to harmonize the rules of conduct in tax matters and to ensure the correctness of tax settlements. Tax decisions are substantively and operationally supported by the Group's tax specialists. The Finance and Accounting Department cooperates with business departments in obtaining relevant data and information necessary to ensure the correctness of tax settlements. Information is transferred between these departments promptly, without disrupting the functioning of tax processes.

Ludwig Czekolada ensures that the tax obligations incumbent on it are in line with due diligence, striving to minimize the potential tax risk associated with it. To this end, the Company monitors the tax authorities' approach to issues important to the Company on an ongoing basis, and analyzes legislative processes in order to prepare appropriate solutions that will allow the Company to adapt the existing processes to the changing legal and interpretative environment. The Company cares for the reliable fulfillment of tax obligations by ensuring appropriate control and monitoring processes, including verification of settlements in accordance with the "four eyes review" principle, as well as by using regular support of external tax advisors.

To properly fulfill tax obligations, the Company uses IT tools, including SAP software, which have been properly adapted to the Company's needs. The tools used by the Company ensure complete and reliable tax data records and allow the Company for the proper preparation of tax returns and the fulfillment of other regulatory obligations. In addition, the Company properly manages documents, information, and tax data, and it has appropriate mechanisms for the protection of this data and its archiving.

## **2. Voluntary forms of cooperation with the National Revenue Administration**

*Legal basis: under Article 27c.1.2 point 1b of the CIT Act, the taxpayer provides information on voluntary forms of cooperation with the authorities of the National Revenue Administration*

The Company did not use any voluntary forms of cooperation with the National Revenue Administration within the meaning of Article 27c.1.2 point 1b of the CIT Act.

## **3. Information on the tax obligations fulfilled by the Company in the territory of the Republic of Poland**

*Legal basis: under Article 27c.1.2 point 2 of the CIT Act, the taxpayer provides information on the taxpayer's fulfillment of tax obligations in the territory of the Republic of Poland, along with information on the number of information provided to the Head of the National Revenue Administration on tax schemes referred to in Article 86a.1.10 of the Tax Ordinance Act, with a breakdown into the taxes they relate to.*

The Company emphasizes diligent reporting, especially taking into account the timely fulfillment of reporting obligations in terms of submitting all tax declarations, forms, and information to the competent tax authorities. The Company makes sure that the collected documentation is complete and that the taxes are paid within the prescribed time limits. Meeting the imposed tax obligations, the Company tries to ensure that all information provided is up-to-date, understandable, and consistent with the actual state of affairs.

The Company fulfilled tax obligations in all areas required by tax law, taking into account the scope of the Company's operations. In 2021, the most important taxes under which the Company performed its obligations were:

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<sup>1</sup> Code of Conduct February 2019, <https://www.krueger-group.com/en/downloads>

- corporate income tax (CIT),
- tax on goods and services (VAT),
- personal income tax (PIT),
- withholding tax (WHT).

#### **4. Information on the number of information on tax schemes provided to the Head of the National Revenue Administration, broken down by taxes to which they relate**

*Legal basis: under Article 27c.1.2 point 2 of the CIT Act, the taxpayer provides information on the taxpayer's fulfillment of tax obligations in the territory of the Republic of Poland, along with information on the number of information on tax schemes referred to in Article 86a.1.10 of the Tax Ordinance Act, with a breakdown into the taxes they relate to.*

In 2021, the Company did not identify any tax schemes, therefore the Company was not obliged to provide the Head of the National Revenue Administration with information on tax schemes referred to in Article 86a.1.10 of the Tax Ordinance Act.

#### **5. Information on transactions with related entities**

*Legal basis: under Article 27c.1.2 point 3a of the CIT Act, taxpayers provide information on transactions with related entities within the meaning of Article 11a.1.4 of the CIT Act, the value of which exceeds 5% of the balance sheet total of assets within the meaning of the accounting regulations, determined based on the last approved financial statements of the company, including entities that are not tax residents of the Republic of Poland.*

In 2021, the Company carried out the following transactions, the value of which exceeded 5% of the balance sheet total of assets within the meaning of the accounting regulations, determined based on the last approved financial statements of the Company:

- sale of finished products to entities from Germany, Austria, and Great Britain,
- purchase of raw materials, materials, semi-finished products for production from a German entities,
- purchase of finished products from a German entity,
- payment of a commission on the granted bank guarantee to an entity from Germany.

#### **6. Information on restructuring activities planned or undertaken by the Company that may affect the number of tax liabilities of the Company or related entities**

*Legal basis: under Article 27c.1.2 point 3b of the CIT Act, taxpayers provide information about restructuring activities planned or undertaken by the taxpayer that may affect the number of tax liabilities of the taxpayer or related entities within the meaning of Article 11a.1.4 of the CIT Act.*

In 2021, the Company did not undertake and did not plan to undertake any restructuring measures that could affect the amount of tax liabilities of the Company or its related entities within the meaning of Article 11a.1.4 of the CIT Act.

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

*Legal basis: under Article 27c.1.2 point 5 of the CIT Act, taxpayers provide information on making tax settlements in territories or countries using harmful tax competition indicated in executive acts issued under Article 11j.2 of the CIT Act and under Article 23v.2 of the PIT Act and in the announcement of the minister competent for public finance issued under Article 86a.1.10 of the Tax Ordinance Act.*

In 2021, the Company did not make tax settlements in territories or countries applying harmful tax competition specified in executive acts issued under Article 11j.2 of the CIT Act and under Article 86a.1.1 of the Tax Ordinance Act.

In particular, in the above-mentioned territories/countries, the Company in 2021:

- has not been registered for tax purposes;
- did not submit tax returns or tax forms;
- did not collect and pay any taxes.

## **8. Information on applications submitted by the Company**

*Legal basis: under Article 27c.1.2 point 4 of the CIT Act, taxpayers provide information on submitted applications for the issuance of:*

- a) general tax interpretation referred to in Article 14a.1 of the Tax Ordinance Act,*
- b) interpretation of the provisions of the tax law referred to in Article 14b of the Tax Ordinance Act,*
- c) binding rate information referred to in Article 42a of the Value Added Tax Act,*
- d) binding excise information referred to in Article 7d paragraph. 1 of the Excise Tax Act.*

In 2021, the Company did not submit any applications for the issuance of:

- individual tax ruling;
- the general tax ruling;
- binding rate information;
- binding excise information.

## List of terms and abbreviations

For this document, the following terms shall have the following meanings:

<b>Term/Abbreviation</b>	<b>Definition/Description</b>
Group, Krüger Group	Applicable to all Krüger Group companies worldwide
Ludwig Czekolada, the Company	Ludwig Czekolada Spółka z ograniczoną odpowiedzialnością
Finance and Accounting Department	The Company's accounting team consists of the Head of the Finance and Accounting Departments and accountants
Tax Ordinance Act	Act of August 29, 1997 - Tax Ordinance (consolidated text, Journal of Law of 2021, item 1540 as amended)
CIT Act	Act of February 15, 1992, on Corporate Income Tax (consolidated text, Journal of Law of 2021, item 1800 as amended)
Accounting Act	Act of September 29, 1994, on accounting (consolidated text, Journal of Laws of 2021, item 217).