



Information on the tax strategy implemented by  
"East West Spinning" Sp. z o. o.  
for the ongoing tax year  
from January 1, 2023 to December 31, 2023

The information in question has been prepared and made public on the basis of Article 27c (1) in conjunction with Article 27b (2) (2) of the Corporate Income Tax Act (the Corporate Income Tax Act of February 15, 1992; i.e., Journal of Laws of 2021, item 1800, as amended; hereinafter: the "CIT Act"), and is the fulfillment of the Company's obligation under the legislator's introduction of the aforementioned provision.

## Contents

List of abbreviations.....	3
Introduction .....	3
1. General information .....	4
2. Information on the applied tax processes and procedures relating to the management of the fulfilment of obligations arising from the provisions of tax law and ensuring their proper execution, as well as on voluntary forms of cooperation with the National Revenue Administration authorities.....	4
2.1. Applied tax processes and procedures.....	4
2.2. Voluntary forms of cooperation with the National Revenue Administration of KAS authorities .....	6
3. Selected basic obligations of the Company in Poland under tax law, together with information on the number of information on tax schemes submitted to the Head of the National Fiscal Administration .....	6
3.1. Information on the fulfillment of tax obligations by the Company in the territory of the Republic of Poland .....	6
3.2. Information on the number of information on tax schemes, referred to in Art. 86a § 1 point 10 of the Tax Ordinance, provided to the Head of the National Fiscal Administration, broken down by the taxes to which they relate .....	7
4. Information on transactions with related entities, the value of which exceeded 5% of the balance sheet total, and on restructuring activities planned or undertaken by the Company that may affect the amount of tax liabilities of the Company or related entities .....	7
4.1. Transactions made by the Company with related entities with a value exceeding 5% of the balance sheet total .....	7
4.2. Information on planned or undertaken restructuring activities that may affect the amount of tax liabilities of the Company or its related entities.....	7
5. Information on applications submitted by the taxpayer for general tax interpretations, individual tax interpretations, binding rate information (WIS), binding excise information (WIA) .....	7
5.1. General tax interpretations .....	8
5.2. Individual tax interpretations.....	8
5.3. Binding Rate Information (WIS) .....	8
5.4. Binding Excise Information (WIA) .....	8
6. Information on making tax settlements in territories or countries using harmful tax competition .....	8

## List of abbreviations

Abbreviation	Name
CIT Act	Act of February 15, 1992 on corporate income tax (i.e. Journal of Laws 2021, item 1800, as amended)
CIT tax or CIT	Corporate Income Tax
PCC tax or PCC	Tax on civil law transactions
PIT tax or PIT	Personal Income Tax
VAT tax or VAT	Value Added Tax
FY2023	Fiscal year of "East West Spinning" Sp. z o. o. lasting from January 1, 2023 to December 31, 2023.
Strategy, Tax strategy	Tax strategy of „East West Spinning” Sp. z o. o.
The Company, EWS	“East West Spinning” Sp. z o. o.
Group	Südwolle Group
Head of KAS	Head of National Tax Administration ( Krajowa Administracja Skarbowa)
Finance department	A separate unit within the structure of the Company responsible, inter alia, for the Company's tax settlements

## Introduction

This document contains information on the tax strategy implemented by "East West Spinning" Sp. z o.o. in the tax year started on January 1, 2023 and ended on December 31, 2023. The information in question has been prepared and made public pursuant to Article 27c of paragraph 1 in conjunction with the Article 27b paragraph. 2 point 2 of the Corporate Income Tax of Act of February 15, 1992 (i.e. Journal of Laws of 2021, item 1800, as amended).

This information covers the fiscal year 2023 only and covers transactions, documentation, procedures, processes, plans and other elements of the state of the art and knowledge at that time.

It is emphasized that this information on the implemented tax strategy (in accordance with the wording of Article 27c of the CIT Act) does not contain confidential information, in particular those covered by trade, industrial, professional or production secrets.

## 1. General information

East West Spinning Sp. z o.o. is a manufacturer of woolen yarns and blended yarns. The registered office of the Company is located in Łódź at No85 Lodowa Street.

The Company is part of the international Südwolle Group originating in Germany and specializing in the production of weaving yarns. The priority activity of East West Spinning Sp. z o.o. is the production of the highest quality worsted wool yarn and wool blends with natural and chemical fibers, as well as colored yarns.

EWS has largely operated as a contract manufacturer for the Südwolle Group since its inception. The Company's products, under the prestigious and globally recognizable Südwolle brand, are of very high quality.

The Company is subject to unlimited tax obligations in Poland, including in the field of CIT.

The Company is also a taxpayer and payer in respect of other taxes described below in this information on the implementation of the Tax Strategy.

The Company's tax year is in line with the calendar year.

In the course of its operations, the Company takes the necessary steps to properly perform its obligations under the tax law.

## 2. Information on the applicable tax processes and procedures relating to the management of the performance of obligations arising from the provisions of tax law and ensuring their proper performance, as well as on voluntary forms of cooperation with the authorities of the National Revenue Administration

### 2.1. Applied tax processes and procedures

The aim of the tax strategy pursued by the Company is to ensure that all its tax liabilities are properly fulfilled and settled.

In connection with its activities, the Company aims to ensure the current and timely fulfillment of its tax obligations. For this purpose, the Company implements and applies tax procedures and processes (both written and in the form of the so-called good practices).

The Company's tax settlements are made in accordance with the applicable provisions of tax law. The amounts of tax liabilities are calculated on the basis of relevant regulations and in accordance with the actual course of business events, and are paid within the legal deadlines.

At the same time, the tax policy of the Company does not assume or aim at tax avoidance or tax evasion, and the transactions carried out result from its business activity.

In order to ensure that the Company's activities comply with tax law and to ensure proper management of the fulfillment of tax obligations, the tax processes and procedures applied by the Company are based on practices and solutions / guidelines adapted to the structure and business model of the Company and are aimed at limiting the areas of possible tax risk. The processes and procedures applied by the Company are subject to periodic audits and revisions as to their topicality and compliance by the Company's employees.

The tax policy of the Company is aimed at simultaneous compliance with the tax law, fulfilling all tax obligations with due diligence and conducting business in a manner ensuring long-term, continuous and uninterrupted development of the Company. The implementation of this goal (in addition to following the established (systematized) tax procedures and processes) is also supported by hiring employees with an appropriate level of competence in the area of accounting and tax settlements and by providing training opportunities for employees responsible for fulfilling tax obligations, as well as cooperation with external advisors.

EWS uses specialized computer programs and other IT tools that support the employees of the Financial Department in the correct and timely fulfillment of tax obligations.

The procedures and processes used in the Company (including primarily informal, in the form of the so-called good practices) relate, inter alia, to down:

- a) proper accounting of economic events affecting the emergence or non-existence of tax obligations and tax liabilities;
- b) proper recognition of the events resulting from the postings made in tax settlements;
- c) proper fulfillment of formal obligations, including timely submission of necessary returns, declarations, tax information, notifications and other necessary letters;
- d) the correct application of the tax rates in force;
- e) proper qualification of the parties, subject and circumstances of economic events insofar as this affects tax obligations and liabilities;
- f) collecting and preparing documentation required directly by tax law;
- g) collecting and preparing documentation required indirectly by the provisions of tax law, but affecting due diligence for the proper fulfillment of tax obligations;
- h) approval / signing of documents affecting tax settlements.

At the same time, the Company also has processes and procedures relating to:

- fulfilling the obligations of MDR - MDR Procedure,
- document circulation and archiving,
- transfer pricing policy,
- procedures in force in the Company on the basis of specific regulations (e.g. AML, GDPR),
- other necessary unwritten but reflected in the organizational culture of the Company, sets of behaviors, the continuity and uniformity of which affect the proper fulfillment of tax obligations.

## 2.2. Voluntary forms of cooperation with authorities of National Tax Administration KAS

As understood by the Company, apart from cooperation agreements regulated in section IIB of the Tax Ordinance, the forms of voluntary cooperation with the authorities of the National Tax Administration authorities are also:

- advance pricing agreements (APAs),
- precautionary opinions,
- opinions on the application of the withholding tax exemption and
- mutual agreement procedure (MAP).

The company reports that in FY2023 it did not apply any of the above-mentioned forms of voluntary cooperation with the bodies of the National Tax Administration authorities.

## 3. Selected basic obligations of the Company in Poland resulting from tax law regulations, together with the information on the number of information on tax schemes submitted to the Head of the National Tax Administration.

### 3.1. Information on the fulfillment of tax obligations by the Company in the territory of the Republic of Poland

	Tax type		Information whether the company accounts for tax
<u>Direct tax</u>	CIT	taxpayer	YES
		Payer	YES
	PIT	Taxpayer	NO
		Payer	YES
<u>Indirect tax</u>	VAT		YES
	Excise duty		NO
	Custom duty		YES
	Tax on civil law transactions (PCC)		NO
<u>Local tax</u>	Property tax		YES
	Tax on means of transport		NO
	Forestry tax		NO
	Agricultural tax		NO
<u>Inne</u>	Other		NO

3.2. 3.2. Information on the number of information provided to the Head of the National Revenue Administration on tax schemes referred to in Art. 86a § 1 paragraph 10 of the Tax Ordinance, with a breakdown into the taxes they are related

In FY2023, the Company did not provide the Head of KAS with information about tax schemes in which it would act as a promoter, beneficiary or facilitator.

#### **4. Information on transactions with related entities, the value of which exceeded 5% of the balance sheet total, and on restructuring activities planned or undertaken by the Company that may affect the amount of tax liabilities of the Company or related entities**

4.1. . Transactions made by the Company with related entities with a value exceeding 5% of the balance sheet total

In FY2023, the sum of transactions with related parties within the meaning of Art. 11a paragraph. 1 point 4 of the CIT Act exceeded 5% of the balance sheet total of assets within the meaning of the accounting regulations, as determined on the basis of the last approved financial statements of the Company, where homogeneous transactions within the meaning of the transfer pricing regulations are indicated below, the aggregate value of which exceeds the indicated limit. Transactions made by the Company with related entities with a value exceeding 5% of the balance sheet total:

- Purchase of raw materials
- Sale of finished products (wool yarn and blended yarn).

4.2. Information on planned or undertaken restructuring activities that may affect the amount of tax liabilities of the Company or its related entities

The Company in FY2023 did not undertake any restructuring activities that could affect the amount of its tax liabilities or related entities - as well as in relation to the period covered by the information, such activities were not planned.

In particular, the Company did not participate in transactions that would go beyond the scope of its current operations.

#### **5. Information on applications submitted by the taxpayer for general tax interpretations, individual tax interpretations, binding rate information (WIS), binding excise information (WIA)**

5.1. Other tax interpretations

The Company did not apply for a general tax interpretation in the tax year to which this information from the implemented Tax Strategy relates.

5.2. Individual tax interpretations

The Company did not apply for a general tax interpretation in the tax year to which this information from the implemented Tax Strategy relates.

5.3. Binding rate information (WIS)

The Company did not apply for a general tax interpretation in the tax year to which this information from the implemented Tax Strategy relates.

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

The Company did not apply for a general tax interpretation in the tax year to which this information from the implemented Tax Strategy relates.

#### 6. Information on making tax settlements in territories or countries using harmful tax competition

In 2023, the Company completed a standard telecommunications service purchase transaction (MPLS service) from an unrelated entity based in Hong Kong. The acquired telecommunications services guarantee a specific quality of communication and data transmission between the Group's entities and serve the business activities conducted by the Company.

In the tax year to which this information on the implementation of the Tax Strategy relates, the Company did not make any other tax settlements in territories or countries applying harmful tax competition and reluctant cooperation for the tax purposes indicated in the executive acts issued pursuant to Art. 11j paragraph. 2 of the CIT Act and pursuant to Art. 23v paragraph 2 of the Act of 26 July 1991 Of the Personal Income Tax and in the announcement of the Minister competent for public finance issued pursuant to art. 86a § 10 of the Tax Ordinance Act of August 29, 1997.