



Tax strategy report for tax year 2020

KAYSER AUTOMOTIVE SYSTEMS KŁODZKO SP. Z O.O.

1.	Abbreviations and definitions	3
2.	Tax strategy report	3
2.1.	Introduction	3
2.2.	Tax compliance processes and procedures	3
2.3.	Information about voluntary compliance arrangements with KAS authorities	4
2.4.	Information about the taxpayer's compliance with tax obligations in the territory of the Republic of Poland.....	4
2.5.	MDR reports	4
2.6.	Related party transactions.....	4
2.7.	Restructuring activities.....	5
2.8.	Applications (filed) for tax rulings.....	6
2.9.	Tax affairs in tax havens	6

1. Abbreviations and definitions

Company	Kayser Automotive Systems Kłodzko spółka z ograniczoną odpowiedzialnością KRS [company number] 0000561648 NIP [tax ID] 8831858209 REGON [stat code] 36172473500000
Kayser Automotive Group	the international group of related entities to which the Company belongs
CIT Act or CITA	the Corporate Income Tax Act of 15 February 1992
VAT Act or VATA	the Good and Services Tax Act of 11 March 2004
Tax Code	the Taxes Management Act of 29 August 1997
CIT	corporate income tax
VAT	the goods and services tax pursuant to the Good and Services Tax Act of 11 March 2004
Amendment Act	Act of November 28, 2020 amending the Personal Income Tax Act, the Corporate Income Tax Act, the Act on Flat-Rate Income Tax on Certain Revenues Generated by Natural Persons, and certain other acts
Tax Year	the tax year of the Company from 1 January 2020 to 31 December 2020
External Entity	the professional entity providing tax compliance services to the Company for the Tax Year

2. Tax strategy report

2.1. Introduction

This tax strategy report has been issued and made public in accordance with CITA Articles 27c(1) and 27b(2)(1) CITA. It concerns the operations of Kayser Automotive Systems Kłodzko sp. z o.o. (Company) during the Tax Year.

Kayser Automotive Group is active in the development and supplies for the international automotive industry.

The Company engages in manufacturing, trading and service activities in the car parts and accessories industry, including in particular the production, sale and processing of car filters, valves, guides, automotive electrical and air installations, and production of motorcycle parts.

2.2. Tax compliance processes and procedures

During the Tax Year, the Company engaged the External Entity as a professional tax and accounting compliance provider to prepare the Company's taxes and submit its tax returns.

In the Tax year the Company followed:

- a CIT compliance process which includes the actions taken by the Company and the External entity to ensure the Company's CIT obligations are complied with timely and correctly in tax and accounting terms,
- a VAT compliance process which includes the actions taken by the Company and the External entity to ensure the Company's VAT obligations are complied with timely and correctly in tax and accounting terms,
- a verification process for counterparties using Polish tax ID in transactions with the Company, which includes:
 - verifying the counterparty's VAT registration on the basis of the so-called VAT white list which is administered by KAS Director under Article 96b(1) VATA;
 - verifying if the counterparty's bank account is on the VAT white list which is administered by KAS Director under Article 96b(1) VATA;
 - generally using the split payment mechanism when making payments, where this is obligatory.

2.3. Information about voluntary compliance arrangements with KAS authorities

During the Tax Year the Company did not apply any voluntary compliance arrangements with KAS authorities for the purposes of Tax Code Section IIB.

2.4. Information about the taxpayer's compliance with tax obligations in the territory of the Republic of Poland

In course of its operations the Company strives to ensure that it is on time and on point as regards the fulfilment of its tax obligations, including the obligation to:

- correctly compute taxes,
- make timely tax filings, and
- make timely tax payments.

To achieve those purposes during the Tax Year the Company engaged the External Entity to prepare the Company's taxes and submit its tax returns.

During the Tax Year the Company prepared and filed tax returns and reports as and when required by tax law and paid the tax so disclosed, including by way of advance payments (where required), with respect to the following taxes:

- CIT (as taxpayer or withholding agent),
- VAT,
- PIT (as withholding agent),
- real estate tax.

2.5. MDR reports

For the Tax Year, the Company verified its transactions in terms of the Company's compliance with the obligation to provide information on tax schemes within the meaning of Chapter 11a of the Tax Code. The Company did not report tax arrangements to KAS Director under Tax Code Article 86a(1)(10), as there was no obligation to do so.

2.6. Related party transactions

During the Tax Year the Company had the below-mentioned transactions with related parties, as defined in CITA Article 11a(1)(4), whose total value exceeds 5% of the balance sheet total for the purposes of accounting regulations based on most recent approved financial statements (for the period 01.01.2020-31.12.2020).

Related party	Nature of relation	Nature of transaction - general description
		sale of semi-finished goods and raw materials
		recharge of tool purchase costs
A.Kayser Automotive Systems GmbH	direct equity link	purchase of semi-finished goods and raw materials
		purchase of support services
		purchase of tangibles
		purchase of tool modification services
		cashpool
		sale of semi-finished goods and raw materials
		sale of support services
A. Kayser Automotive Systems Polska Sp. z o.o.	indirect equity link	recharge of costs
		purchase of semi-finished goods and raw materials
		purchase of tangibles
		purchase of support services
A.Kayser Automotive Systems Glauchau GmbH u. Co. KG.	indirect equity link	purchase of semi-finished goods and raw materials
Kayser Automotive Hungaria KFT	indirect equity link	sale of semi-finished goods and raw materials
		purchase of semi-finished goods and raw materials
KAYSER Automotive Systems Sen C	indirect equity link	sale of semi-finished goods and raw materials
		purchase of semi-finished goods and raw materials
A. KAYSER AUTOMOTIVE IBERICA S.L.	indirect equity link	sale of semi-finished goods and raw materials
		recharge of costs
		purchase of semi-finished goods and raw materials
A. KAYSER AUTOMOTIVE SUZHOU AES MASCHINENBAU GMBH	indirect equity link	purchase of semi-finished goods and raw materials
	indirect equity link	purchase of tangibles
		purchase of materials
KAYSER AUTOMOTIVE SYSTEMS (CHANGCHUN) CO.LTD.	indirect equity link	purchase of semi-finished goods and raw materials

The Company applied arm's length prices in its related party transactions throughout the Tax Year.

With respect to the Tax Year, the Company identified transactions that needed to be documented for transfer pricing purposes, prepared the relevant transfer pricing documentations for these transactions and ensured that their prices are at arm's length through benchmarking studies.

2.7. Restructuring activities

In the Tax Year, the Company did not undertake or plan any restructuring activities that could affect the amount of tax liabilities of the Company or its related entities within the meaning of CITA Article 11a(1)(4), i.e. activities

mentioned in the explanatory memorandum for the Amendment Act, such as: "*merger of companies, transformation of a company into another company, contribution to a company of a going-concern enterprise or its organized part (including via demerger), or exchange of shares*".

2.8. Applications (filed) for tax rulings

During the Tax Year the Company did not apply for any:

- private tax rulings under Tax Code Article 14b,
- public tax rulings under Tax Code Article 14a(1),
- binding rate information under VATA Article 42a, or
- binding excise information under Article 7d(1) of the Excise Duty Act of 6 December 2008 (*Journal of Laws of 2020, items 772 and 1747*).

2.9. Tax affairs in tax havens

During the Tax Year, the Company received immaterial sums from sale of materials to a tax resident of Monaco, Monaco being a country featuring on the list of countries and territories applying harmful tax competition, which said list is contained in the Finance Minister regulation of 28 March 2019 on the determination of countries and territories applying harmful tax competition in terms of corporate income tax (Dz.U. 2019.600). The regulation was issued pursuant to Article 11j(2) CITA.

During the Tax Year the Company did not have any tax affairs in any countries or territories applying harmful tax competition, as listed in the notice issued by the minister for public finances pursuant to Tax Code Article 86a(10).