

# Information on implemented tax strategy of ING Bank Śląski S.A.

For the tax year 1 January 2021 – 31 December 2021

## **Purpose of the document**

This document purpose is fulfilment by ING Bank Śląski S.A. (hereinafter: the Bank) of the obligation to prepare and publish information on the implemented tax strategy for the tax year 1 January 2021 – 31 December 2021 in accordance with art. 27c in connection with Art. 27b paragraph. 2 point 2 of the Corporate Income Tax Act (Journal of Laws of 2022, item 2587).

## **Bank's values**

ING Bank Śląski S.A. has been present on the Polish market since 1989. Since 1994 it has been listed on the Stock Exchange S.A. During over thirty years of its operation, ING Bank Śląski S.A. won the position of one of the largest banks in Poland, providing services in the area of retail and corporate banking as well as money and capital markets.

The Bank carries out its activities in compliance with applicable laws, regulations and ethical standards. The bank follows the values defined in the so-called Orange Code - "we are honest, prudent and responsible". These values also apply to the performance of the tax function at the Bank.

The Bank fulfils its tax obligations in a timely manner in accordance with the relevant regulations, taking into account both the letter and the spirit of the law. The Bank does not use aggressive tax optimization techniques, and does not provide products or services that could enable clients to aggressively optimize tax.

## **Processes and procedures for managing the performance of obligations under tax law and ensuring their proper performance**

In 2021 the tax function at the Bank was performed internally by the Centre of Expertise Tax (formerly: Tax Department)<sup>1</sup>, where qualified and experienced specialists with knowledge in

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<sup>1</sup> The change of the entity's name did not affect the scope of its duties and responsibilities.

the field of tax law were employed. The person responsible for realization of the tax function was the Centre of Expertise Tax Lead (formerly: Director of the Tax Department)<sup>2</sup>, reporting to the Member of the Bank's Management Board responsible for the CFO Division.

In cases of particular doubts, the Bank used the advice of external tax advisors.

In 2021, the Bank had in place (and at the moment of this report is still in force) the "Global Tax Policy", which indicated the main principles of tax risk management in entities belonging to the Global ING Group, in particular:

- Compliance with tax law and timely fulfilment of tax obligations
- Cooperation with tax authorities based on dialogue
- Transparency in the field of taxes
- Prohibition of advising clients on taxes
- A prudent approach to tax risks.

With regard to taxes for which the Bank was the taxpayer, the Bank had in place (and at the moment of this report are still has) internal regulations (procedures and instructions) describing in detail the way of conduct to be followed in order to correctly fulfil the Bank's tax obligations:

- 1) Tax policy of ING Bank Śląski S.A.
- 2) Instruction for settling corporate income tax at ING Bank Śląski S.A. together with supporting procedures
- 3) Instruction on tax documentation of transactions with related parties and parties seated in countries applying harmful tax competition
- 4) Tax procedure for the fulfillment by the Bank of remitter obligations in corporate events taking place after 1 January 2019.
- 5) Procedure for the fulfillment by ING Bank Śląski S.A. excise duty obligations due to the use of electricity generated by the power generators for Bank's own needs and respective information obligations of the Bank's units
- 6) Instructions for settling customs duties and VAT due on the import of goods at ING Bank Śląski S.A.
- 7) CRS Reporting Instruction

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<sup>2</sup> The change of the name of the position did not affect the scope of duties and responsibilities.

- 8) Specification of activities performed by particular units at ING Bank Śląski SA with FATCA Reporting
- 9) Procedure for counteracting failure to comply with the obligation to provide information on Tax Arrangements
- 10) Tax procedure regarding the service of the Individual Pension Security Account offered by ING Bank Śląski S.A.
- 11) Instructions on the preparation of information on income from other sources and information on certain income from capital capitals
- 12) Procedure for the settlement of tax on other revenues obtained by legal entities of non-residents
- 13) Instruction on flat-rate income taxes on certain revenues (income) obtained by natural persons and legal persons being non-residents together with supporting procedures
- 14) Procedure for the settlement of tax on other revenues obtained by legal entities being non-residents
- 15) Procedure for the settlement of tax on interest income obtained by legal entities being non-residents, taking into account the requirements of due diligence, including verification of the client's "beneficial owner" status
- 16) Instructions for the settlement of tax on certain financial institutions (bank levy)
- 17) Procedure for settling the tax on certain financial institutions (bank levy) at ING Bank Śląski S.A.
- 18) Instructions for settling value added tax at ING Bank Śląski S.A.
- 19) The procedure for settling input VAT and the rules for applying deductions with the VAT ratio
- 20) Procedure on storage and destruction of documents generated in the proces SZ16 Tax policy
- 21) Procedure on settlement of Spanish Financial Transactions Tax (SFTT)
- 22) Procedure on documenting and establishing of tax liability and deferred tax in ING Bank Śląski S.A.
- 23) Procedure on recognizing credit loss allowances as tax deductible cost
- 24) Procedure on detailed rules for fixed and intangible assets' tax depreciation
- 25) Procedure for tax write-offs and disposal of credit and non-credit receivables
- 26) Instruction on internal controls with respect to tax settlements – Tax Control Framework

### **Voluntary forms of cooperation with the tax authorities**

In line with the Global Tax Policy: *Wherever we operate, we seek to establish and maintain an open and constructive dialogue with local tax authorities and other government bodies, based on the disclosure of all relevant facts and circumstances.*

The Bank follows the principle of cooperation with tax authorities, and to all inquiries of the tax authorities, the Bank provided explanations consistent with its best knowledge.

In 2021, the Bank did not conclude cooperation agreements, transfer pricing agreements (APA), and did not apply for security opinions.

### **Fulfillment of tax obligations by the taxpayer in Poland**

In 2021, the Bank fulfilled its tax obligations in Poland within the statutory deadlines for the following taxes:

- Corporate tax (CIT)
- Bank levy
- Value added tax (VAT)
- Excise duty on the electricity generated by power generators used for own needs
- Property Tax
- Personal income tax (PIT)

In 2021, the Bank did not identify any cross-border tax arrangements that are subject to reporting to the Head of KAS. With respect to non-cross-border (local) tax arrangements the Bank benefited from the postponement of reporting deadlines in accordance with Art. 31y of the Act of March 2, 2020 on special solutions related to the prevention, counteracting and combating COVID-19, other infectious diseases and crisis situations caused by them (Journal of Laws of 2021, item 2095).

### **Transactions with related parties**

In 2021, the Bank made the following transactions with related parties within the meaning of Art. 11a paragraph. 1 point 4 of the CIT Act, which value exceeded 5% of the total assets within the meaning of the accounting regulations, determined on the basis of the company's last approved financial statements, including entities that are not tax residents of the Republic of Poland:

- Financial Markets transactions<sup>3</sup> such as:

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<sup>3</sup> Value of transaction understood as amount of cash-flows resulting from the transaction

- 1) FX SWAP transactions concluded with ING Bank N.V.
- 2) Intra- day transactions concluded with ING Bank N.V.

### **Planned or undertaken restructuring activities**

In 2021, the Bank did not undertake and did not plan any restructuring activities that could affect the amount of tax liabilities of the Bank or entities related to the Bank within the meaning of Art. 11a paragraph. 1 point 4 of the Corporate Income Tax Act.

### **Information on submitted applications for tax rulings**

In 2021, the Bank submitted the following applications for an individual tax ruling referred to in Article 14b of the Tax Ordinance:

- 1) Application for an individual tax ruling regarding corporate income tax on the right to include in tax deductible costs the amount of interest accrued transferred to Bank Hipoteczny as a result of sale of loan portfolio for consideration
- 2) Application for an individual tax ruling regarding corporate income tax on determining whether the Bank will be subject to the obligations of the tax remitter in connection with the Bank being intermediary in the performance of monetary obligations, i.e. dividend payment to shareholders (register of shareholders)
- 3) Application for an individual tax ruling regarding personal income tax on the tax remitter's obligations (employee's electronic statements and applications)
- 4) Application for an individual tax ruling regarding personal income tax on the tax remitter's obligations (variable remuneration system)
- 5) Application for an individual tax ruling regarding personal income tax on the tax remitter's obligations (shareholders' register)
- 6) Application for an individual tax ruling regarding VAT on taxation of activities performed as part of the "Registry maintenance service" at the VAT rate of 23%
- 7) Application for an individual tax ruling regarding VAT on tax exemption on Services provided to the Bank's customers (cash deposits and withdrawals in a closed form)
- 8) Application for an individual tax ruling regarding VAT with regard to the lack of the right to deduct input VAT from invoices documenting the remuneration for the performance of Services (cash deposits and withdrawals in a closed form)
- 9) Application for an individual tax ruling regarding VAT on tax exemption on Services provided to the Bank's customers (cash deposits and withdrawals in a closed form)

- 10) Application for an individual tax ruling regarding VAT with regard to the lack of the right to deduct input VAT from invoices documenting the remuneration for the performance of Services (cash deposits and withdrawals in a closed form)
- 11) Application for an individual tax ruling regarding personal income tax on redemption of foreign currency loans based on a settlement agreement

In 2021, the Bank did not submit any applications for:

- a) a general tax ruling referred to in Art. 14a § 1 of the Tax Ordinance,
- b) binding rate information, referred to in Art. 42a of the Value Added Tax Act,
- c) binding excise information referred to in Art. 7d paragraph. 1 of the Act on excise duty (Journal of Laws of 2022, items 143, 1137, 1488, 1967, 2180 i 2236).

### **Tax settlements in territories or countries applying harmful tax competition**

In 2021, the Bank did not make any tax settlements in territories or countries applying harmful tax competition specified in executive acts issued pursuant to Article 11j paragraph. 2 of the Corporate income tax act and pursuant to art. 23v paragraph 2 of the Personal income tax Act and in the announcement of the minister competent for public finance issued pursuant to art. 86a § 10 of the Tax Ordinance.

Warszawa, 28 December 2022