



# Tax strategy realized in 2020

AmRest sp. z o.o.



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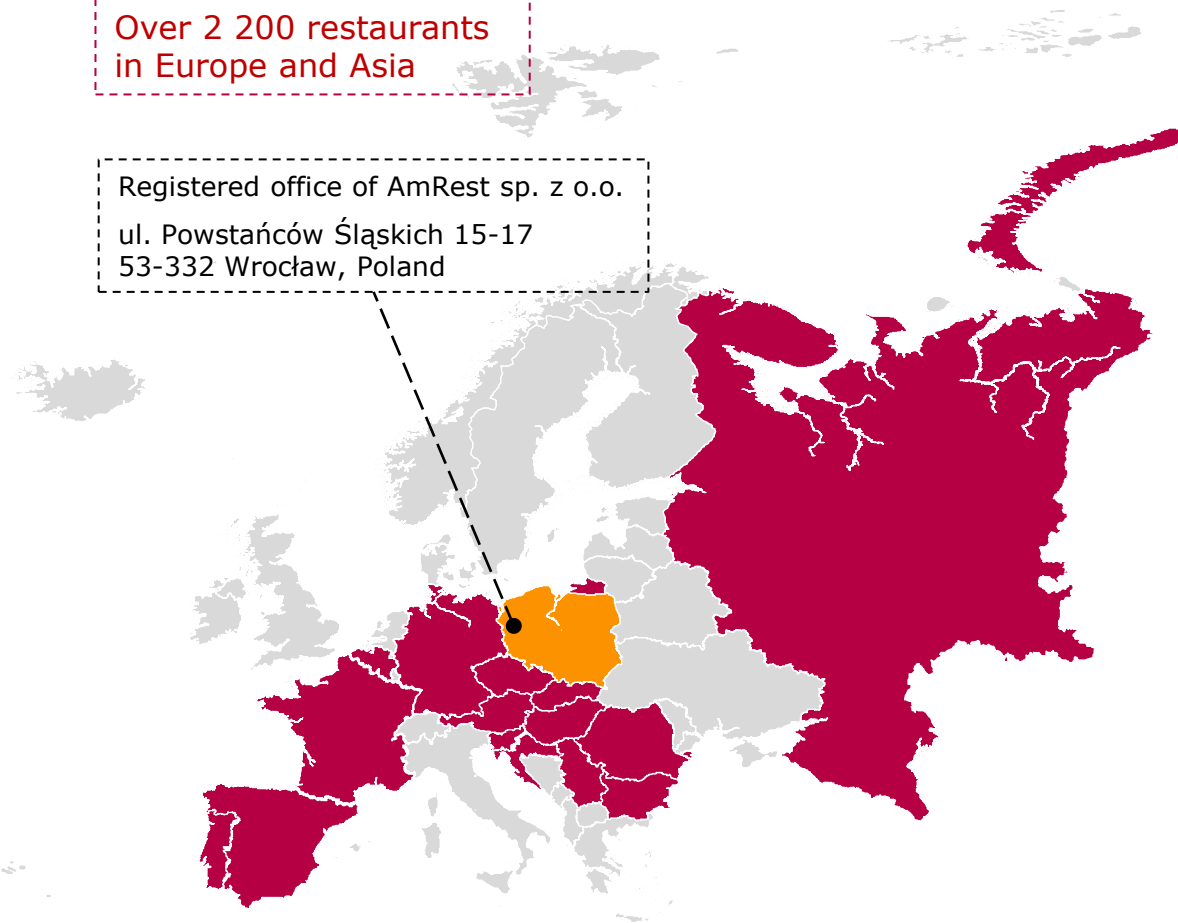
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# General information

Over 2 200 restaurants  
in Europe and Asia

Registered office of AmRest sp. z o.o.  
ul. Powstańców Śląskich 15-17  
53-332 Wrocław, Poland



*AmRest Group in Europe.*

- AmRest sp. z o.o. ("Company") belongs to the international AmRest Group, which operates restaurant chains in Europe and Asia. In 2020 AmRest Group operated over 2 200 restaurants in the quick service and casual dining restaurant segments.
- The Company's principal activity is restaurant business conducted in Poland through various brands, including: KFC, Pizza Hut, Burger King, Starbucks, Lepieje, Oi Poke, Moya Misa Ramen.
- The Company is a shareholder in subsidiaries based in several European countries (including Poland, Spain, Hungary, Czech Republic, Slovakia, Slovenia, Croatia, Austria, Bulgaria and Romania). The Company indirectly holds shares in various other entities as well.
- Due to the large scale of its operations, the Company needs to ensure proper tax settlements.
- It is the part of Company's tax & accounting teams mission to ensure that proper tax model is implemented, taxes are paid in the necessary amounts on time as well as the proper tax documentation is prepared and disclosed to relevant tax authorities.



# Tax management

## Board of Directors

Board of Directors of AmRest Holdings SE is responsible for the Group's tax policy („Tax Policy”) and for determining tax strategy of the Group. Tax Policy and strategy is subject to continuous review and improvement.

## Chief Financial Officer

Within the AmRest Group there is a finance leadership team, led by the Chief Financial Officer, who is responsible for Group's tax role. The team applies Tax Policy and is responsible for follow-up, supervision and review of compliance with it.

## AmRest Group employees

AmRest professionals are cooperating closely with external tax advisors in order to monitor the tax situation of AmRest Group as well as tax law developments with particular consideration to the specificity of the business activity conducted. Since AmRest has subsidiaries both in Poland and abroad, this is related to:

- domestic taxes,
- international taxes – especially (but not limited to) in strategic jurisdictions, such as Spain, Germany, France or Hungary.

## Audit Committee

The Audit Committee is responsible for monitoring all significant tax matters. Audit Committee meetings are occasionally attended by a number of Group officers and employees including the Chief Financial Officer. Since the Company has numerous subsidiaries, it is closely involved in processes related to Tax Policy, including attendance at Audit Committees.

## Company's tax and finance team

Company employs finance and tax experts who – in cooperation with external tax professionals - analyze the tax consequences of contracts and transactions carried out by the Company on an ongoing basis as well as ensure the correct and timely fulfilment of the Company's tax obligations.

Said employees are responsible for proper implementation and functioning of specific tax processes and procedures in the Company.

## External tax advisors

With regard to information on current changes in tax law and any tax issues that according to the internal tax team should be analyzed, the Company collaborates with and relies on advice of independent tax advisors.





# Group tax processes and procedures

Procedures / processes	Description
<b>Tax policy of AmRest Group</b>	<p>The Company follows the tax policy implemented by AmRest Group, which sets out key factors and guidelines that should be taken into account when dealing with tax matters by each entity.</p> <p>These factors and guidelines include, among others: integrity in compliance and reporting, transparency in tax matters and tax risk management.</p>
<b>Tax procedures of AmRest Group</b>	<p>AmRest Groups follows a number of general tax procedures applicable to all AmRest entities worldwide.</p> <p>These tax procedures include general guidelines in respective areas, such as:</p> <ul style="list-style-type: none"><li>• Document and knowledge management in scope of taxation,</li><li>• Collaboration and communication within departments on tax matters,</li><li>• Tax litigations, audits and verifications,</li><li>• Update, follow-up and communication of tax law changes,</li><li>• Periodic reporting on tax status of each entity,</li><li>• Reporting on transactions of particular significance from a tax standpoint.</li></ul>

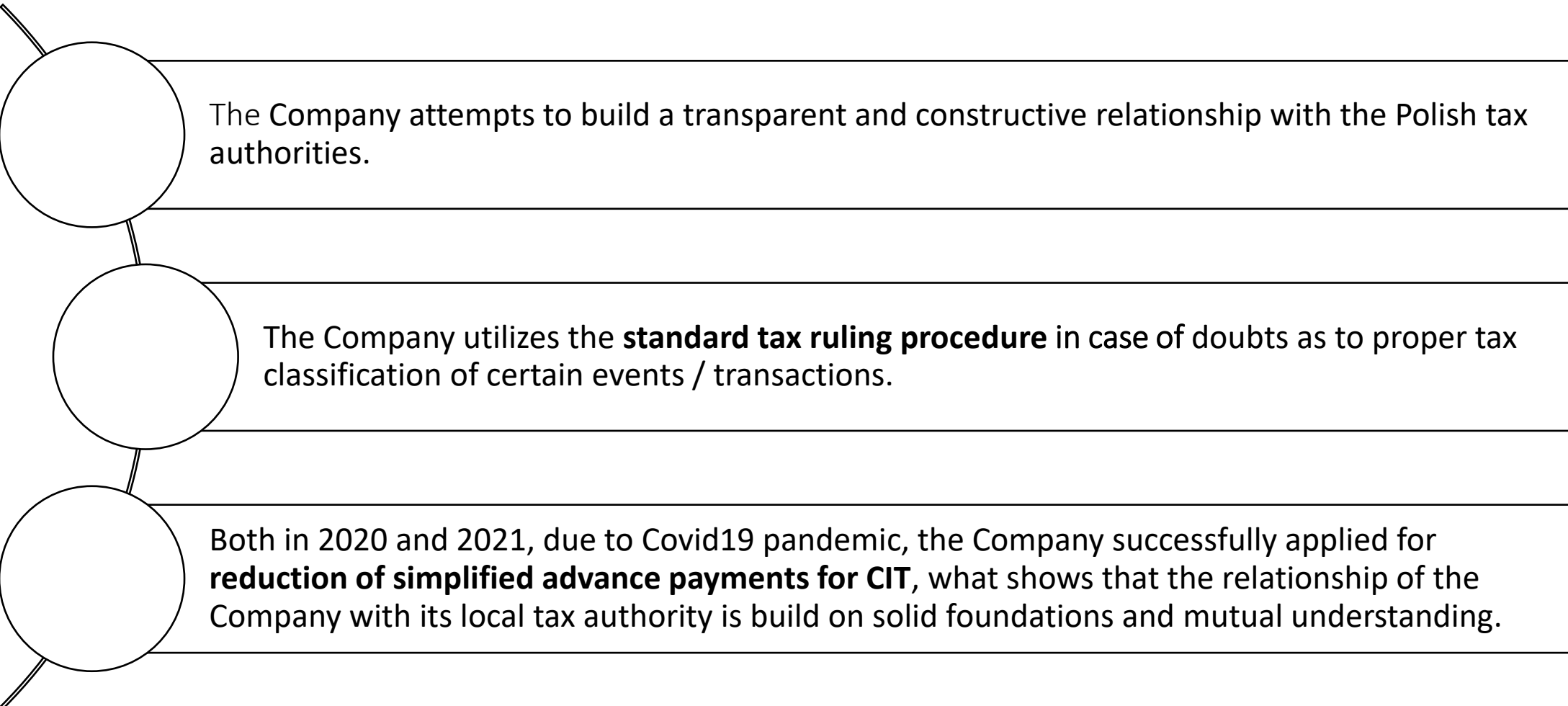


# Local tax processes and procedures

Procedures / processes	Description
<b>Transfer Pricing (TP)</b>	As a member of large capital group, the Company conducts numerous transactions with related parties. The Company examines said transactions to secure compliance with TP rules and, if the statutory thresholds are exceeded, prepares all relevant documents within the statutory deadlines, including complete transfer pricing documentation. The Company is supported by third-party tax advisors.
<b>Withholding tax (WHT)</b>	Within its operations the Company is making payments subject to WHT. The Company has implemented a procedure aimed at preserving due diligence when verifying whether WHT preferences can apply.
<b>Mandatory Disclosure Rules (DAC-6)</b>	In accordance with its statutory obligations, the Company has an MDR procedure in place to ensure compliance with its obligations under the MDR provisions.
<b>VAT due diligence procedure</b>	The VAT due diligence procedure is related to the verification of relevant information regarding Company's contractors and various information relevant for proper VAT settlements (whitelist, split payment, reverse charge etc.).
<b>Electronic document workflow</b>	The Company has an electronic system for accounting documents (including invoices, reconciliation of business trips etc.), which are necessary for maintaining tax books and securing proper tax settlements.
<b>AML</b>	The Company has procedures for customer and counterparty verification and document retention relating to anti-money laundering.
<b>Other procedures</b>	A number of internal procedures (both formal and informal) to ensure the accuracy of accounting and tax records, including: Accounting policy, purchasing procedure, archiving procedure, consultations with external tax advisers, applying for binding tax rulings etc.



# Cooperation with the tax authorities



The Company attempts to build a transparent and constructive relationship with the Polish tax authorities.

The Company utilizes the **standard tax ruling procedure** in case of doubts as to proper tax classification of certain events / transactions.

Both in 2020 and 2021, due to Covid19 pandemic, the Company successfully applied for **reduction of simplified advance payments for CIT**, what shows that the relationship of the Company with its local tax authority is build on solid foundations and mutual understanding.



# Applications for tax rulings

In 2020 the Company applied to the Director of the National Revenue Information for individual rulings of tax law provisions in order to obtain information regarding the tax consequences of selected transactions related to the Company's business activity.

Tax	Issue
CIT	Compliance issues regarding CFC rules in Poland.
VAT	Proper issuance of collective invoices.
VAT	Proper issuance and correction of simplified invoices.
VAT	Qualification of the sale of meals to employees.

No requests for general tax rulings, advance pricing agreements, binding rate information (WIS) or binding excise information (WIA) were made in 2020.





# Fulfilment of tax obligations in 2020

In 2020 the Company has been subject to and settled the following taxes:

<b>Direct taxes</b>
<b>CIT</b>
<b>PIT</b>
<b>ZUS (Social Security Institution)</b>
<b>Indirect taxes</b>
<b>VAT</b>
<b>Tax on civil law transactions</b>
<b>Local taxes</b>
<b>Real estate tax</b>
<b>Agricultural tax</b>

- The Company continuously monitors its tax obligations in all areas (indirect, direct and local taxes), as well monitors tax changes that may impact the tax position of the Company.
- The Company ensures correct and timely settlement of taxes using its own team of tax specialist and external experts.
- In 2020, mainly due to the COVID-19 pandemic, the Company incurred a tax loss from operating activity. The Company paid CIT only on capital gains (separate source of income in CIT).
- For 2020 the Company has filed one MDR-3 report in relation to the non-collection of WHT in a standard rate on payment to a non-related foreign contractor.
- The Company did not settle any taxes in territories or countries applying harmful tax competition.



# Transactions with related parties

In 2020 the Company has not concluded the transactions which value exceeded 5% of total assets *i.e.* the amount of **148 880 250 PLN**.



# Restructuring activities

In 2020 the Company has not performed any restructuring transactions with significant impact on Company's tax obligations or tax obligations of any related party.

However, there were two transactions concluded in 2020 by the Company which might be considered as restructurings:

- the Company made an in-kind contribution of a real estate to its Polish subsidiary;
- the Company merged with its Polish subsidiary (the Company acting as a surviving entity).

At the time of preparation of this report, the Company **does not have a plan to perform any significant restructuring transactions** in 2021-2022, with the exception of share capital increases in subsidiaries whenever such need arises.





# AmRest