

# **Information on the implemented tax strategy for mFinanse S.A.**

**Tax Report for 2021**

## Key information

- mFinanse S.A. ("Company") considers paying taxes not only as an obligation but also as an important part of its **social responsibility**.
- The Company's vision, mission and goals with respect to the payment of taxes ("Tax Strategy") is consistent with the principles of social justice, the strategy of the mBank Group and the ethical values we follow. The Company considers the payment of taxes as a **due return of part of its profit to society**.
- In 2021, mFinanse's situation was still determined by the circumstances caused by the **Covid-19 pandemic**. It affected the whole society, including employees, customers, partners, tax authorities. We adapted to the new conditions, also in the area of taxation, in order to duly perform all the obligations stipulated by the tax law.
- The Company closed the year with a pre-tax profit of PLN 53.83 million. According to the Company's 2021 financial statements, the effective tax rate calculated as the ratio of CIT to pre-tax profit stood at 19.2%. The nominal CIT tax rate was 19%.
- In 2021, we followed **processes and procedures** for managing the performance of our obligations under tax law. This allowed the Company to properly fulfil its tax obligations in the Republic of Poland.
- As of 1 January 2020, the Company and the companies mBank S.A., mBank Hipoteczny S.A. and mLeasing Sp. z o. o. formed the **Podatkowa Grupa Kapitałowa mBank** ("PGK"). The companies entered into an agreement for four years. According to the tax law, the entire tax capital group was a corporate income tax (CIT) taxpayer in 2021. mBank S.A. was the parent company and, in particular, calculated, collected and paid CIT on behalf of PGK.
- In 2021, the Company acted as a **taxpayer** of value added tax (VAT). The Company also performed the function of a **remitter** of personal income tax (PIT). The Company also performed other duties required by tax law. Those included information, recording, and documentation obligations.

## Entity drawing up the information

Name:	mFinanse Spółka Akcyjna
Tax Identification Number:	725 190 36 31
KRS number:	0000365126
REGON number:	100059438
Registered office:	5 Ks. I. Skorupki Street, 00-546 Warsaw
Fiscal year:	1 January 2021 – 31 December 2021
Date of preparation of the information:	30 September 2022

## Scope of information

We have prepared and publish this **information on the implemented tax strategy for 2021** ("Tax Report") in accordance with Article 27c of the Corporate Income Tax Act of 15 February 1992 ("CIT Act").

In the Tax Report, we refer in particular to:

- information on the processes and procedures followed by the Company to manage and ensure the proper performance of its obligations under tax law,
- information on voluntary forms of cooperation with bodies of the National Revenue Administration applied by the Company,
- information on the fulfilment of tax obligations by the Company in the territory of the Republic of Poland, including the number of tax scheme notifications provided to the Head of the National Revenue Administration in accordance with the relevant provisions of tax law, including a breakdown by the taxes to which they relate,
- information on transactions with related parties within the meaning of the relevant tax law, whose value exceeds 5% of the total assets within the meaning of the accounting regulations, determined on the basis of the last approved financial statements of the Company, including information on transactions with entities which are not tax residents of the Republic of Poland,
- information on restructuring activities planned or undertaken by the Company which may affect the amount of tax liabilities of the Company or of related parties within the meaning of the relevant tax law,
- information on applications submitted by the Company for the issuance, in accordance with the relevant provisions of tax law, of a general tax interpretation, an individual tax interpretation, binding tax rate information or binding excise information,
- information concerning the Company's tax payments in territories or countries applying harmful tax competition as defined in the relevant tax law.

**We have not presented** information covered by trade, industrial, professional or manufacturing process secrecy in the Tax Report in accordance with Article 27c of the CIT Act.

## General information about the Company

The joint stock company mFinanse was established through the transformation of Aspiro Sp. z o.o. under a notarial deed of 21 June 2010. The change of legal form took place on 16 September 2010.

By resolution of 24 June 2016, the Extraordinary General Meeting decided to change the company's name from Aspiro S.A. to mFinanse S.A. The change was entered in the Register of Entrepreneurs of the National Court Register on 30 September 2016.

In 2021, the Company conducted business activities within the scope specified in the Company's Articles of Association. The Company's core business covers auxiliary financial activities not elsewhere classified.

The Company provides services defined as intermediation in concluding and amending loan agreements and agreements concerning other banking products, performing factual activities related to banking activities, including obtaining documents to conclude agreements, as well as performing sales and after-sales service activities. In the area of financial intermediation, the Company also cooperates with financial entities from outside the mBank Group.

The Company provides services to retail and corporate clients across the country through ground distribution channels. Depending on their needs, clients may use comprehensive product services in advisory centres. Those serve both individual and corporate customers. Financial centres offer a full range of complex financial products, such as mortgages and corporate loans. In "light" outlets, such as mKiosks located in shopping malls, customers can learn about the bank's offer, open an account and obtain an unsecured loan. An additional channel established in 2019 is the partner network, located in small towns which lack mFinanse outlets. Partner outlets offer a full range of products from both mBank and external financial partners. The partner network operates in two formats: some outlets operate under the mFinanse brand while others operate without the Company brand.

## Business strategy

In 2021, the Company implemented the Business Strategy as part of the business strategy of the entire mBank Group. The mBank Group's strategy takes into account changes in the market and regulatory environment and considers, among other things, the economic outlook, technological progress, local constraints, as well as internal conditions.

## Tax strategy

In 2021, the Company's objective was to duly perform all obligations under the tax law ("Tax Strategy").

The Company pursued its tax strategy taking into account the specificity of its business,

in particular:

- we timely performed our obligations under tax law, including fiscal, information and reporting obligations,
- we complied with recording and documentation requirements resulting from tax law regulations,
- we actively cooperated with tax authorities, in particular, we provided all explanations and required documents,
- within the framework of our activity, we did not take any actions aiming at circumventing the provisions of the tax law, avoiding or evading taxation,
- we monitored changes in tax law and analysed the impact of changes on the Company's operations,
- we adjusted our processes and tools to meet new regulatory requirements in the area of tax law.

## Processes and procedures in tax area

In order to ensure the correct performance of its tax obligations in accordance with the tax law, the Company in 2021 applied processes and procedures which stemmed from various internal regulations (orders, rules, work procedures), in particular with regard to:

- the calculation and payment of corporate income tax, value added tax, tax on certain financial institutions,
- transfer pricing and documentation of transactions with related parties,
- the identification and reporting of tax schemes (MDR),
- monitoring the operation of control mechanisms for tax payments, in particular for the purposes of ensuring compliance with laws and internal regulations, reliability of financial reporting, effectiveness and efficiency of operations,
- as an active VAT taxpayer, the Company follows appropriate procedures to exercise due diligence, taking into account the specificity of its business, in particular: the Company checks its contractors in the List of entities registered as VAT taxpayers, unregistered, removed and restored to the VAT register kept by the Head of the National Revenue Service, at the time of each transaction. The Company also attached great importance to the split payment mechanism: when making payments for goods and services purchased, it applies the split payment mechanism.

## Cooperation with tax authorities

In 2021, the Company **did not participate** in any of the voluntary forms of cooperation with bodies of the National Revenue Administration, among others, the Company did not enter into a tax cooperation agreement pursuant to Article 20s of the Tax Ordinance Act of 29 August 1997 ("Tax Ordinance").

## Fiscal burdens

In 2021, the Company **performed its tax obligations** in the territory of the Republic of Poland in accordance with the tax law, in particular with regard to corporate income tax. It performed the role of a taxpayer with regard to value added tax (VAT), tax on civil law transactions (PCC). It was also a remitter of personal income tax (PIT). It also performed other duties required by tax law. Those included, in particular, information, recording and documentation obligations.

**The Company has been a member of Podatkowa Grupa Kapitałowa mBank** since 1 January 2020. Consequently, corporate income tax and CIT advances were calculated, collected and paid by the parent company, mBank S.A. The CIT for PGK, including the Company, amounted to **PLN 639.7 million** in 2021 as at the date of the Tax Report.

The Company's VAT charges in 2021 amounted to **PLN 50 thousand**. The tax deduction ratio in 2021 was 21%.

The Company paid no real estate tax or tax on civil law transactions in 2021.

## Tax schemes – Identification and Reporting (MDR)

In 2021, the Company complied with its reporting obligations regarding the reporting of tax schemes. Under the current regulations, tax schemes could relate to arrangements which did not constitute tax avoidance.

In 2021, the Company **provided** the Head of the National Revenue Administration with 2 MDR-3 notifications in the area of income tax.

## Transactions with related parties

In 2021, the Company **carried out transactions** with related parties within the meaning of Article 11a(1)(4) of the CIT Act, the value of which exceeded 5% of the total of assets within the meaning of accounting regulations, determined on the basis of the last approved financial statements.

All transactions between the Company and related parties were typical and routine transactions. The Company entered into such transactions on terms that did not differ from market terms, i.e., terms which would have been agreed by non-related parties.

In 2021, the Company carried out transactions with related parties including, among others, financial intermediation services.

## Restructuring activities

In 2021, the Company **did not undertake and did not plan** any restructuring activities which could affect the amount of tax liabilities of the Company. The Company did not undertake and did not plan any merger of companies, transformation of a company into another company, contribution to a company in the form of a company's enterprise or its organised part (including as part of a company split), or exchange of shares.

## Requests to tax authorities

In 2021, the Company did not submit:

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

## Tax payments in territories or countries applying harmful tax competition

In 2021, the Company **did not make** tax payments in territories or countries applying harmful tax competition listed in the implementing regulations issued pursuant to Article 11j(2) of the CIT Act and in announcement of the minister responsible for public finance issued pursuant to Article 86a(10) of the Tax Ordinance.

## Additional information

The Tax Report is attached to the information on the implemented tax strategy for Podatkowa Grupa Kapitałowa mBank available on the website: <https://www.mbank.pl/o-nas/informacje-wymagane-przepisami-prawa/informacja-o-realizowanej-strategii-podatkowej/>.

Read other important documents:

- 1/ *Information on the implemented tax strategy for Podatkowa Grupa Kapitałowa mBank*
- 2/ *Annual report of mBank S.A. Group for 2021*
- 3/ *mFinanse S.A.'s Financial Statements for 2021*