

## Company Tax Statement MPC Properties

### ***207-1 Approach to tax***

Goal of the company operations, which directs both daily and strategic business activities, is socially responsible business that integrates sustainability principle.

Guided by principle of social responsibility in its business, company shall as responsible tax payer support economic and social development within communities where it does its business.

Key goal of company tax policy is compliance of company tax liabilities with legal regulations as well as responsible, transparent and efficient management of tax matters, in compliance with established values and principles of socially responsible company operations.

### **Managing tax position**

Daily company business is subject to strict tax regulations and controls by competent government bodies.

On the occasion of making new business arrangements and continuously during life time of the company it is necessary to maintain optimal tax position in terms of flowing all relevant regulations and their application to daily company operations.

In order to insure compliance with applicable tax regulations and to minimize risk on this grounds, company internal regulations integrate tax function into its daily operations.

Strategic decisions regarding tax regulations, their influence and integration into company business life, are enacted at the company top management level, mainly at the positions of financial and executive director.

Strategic goals of company tax policy can be summarized as follows:

- Compliance with legal regulations and adherence to all tax liabilities within prescribed legal deadlines;
- Continuous monitoring and control of fulfillment of prescribed tax liabilities;
- Management of tax risks and tax expenses in responsible and transparent manner, and
- Correct calculation and recording of tax expenses within accounting department.

Operational implementation of tax regulations is done by accounting department with the support of company legal team, and renowned tax consultants are hired for tax matters outside regular operational scope of accounting department.

### **Implementation of regulations in the field of tax, accounting and finance**

Adjustment of business processes and accounting software to legal regulations represents monitoring regulations in the field of accounting and finance and regular updating and adjusting of software to current regulations.

Monitoring of tax regulations is done by legal and accounting departments of the company. Company is subscribed to professional magazines with renowned consulting companies, which apart from magazines enable access to digital editions, regulation and expert opinion archives, as well as bases with regular current alterations of regulations that are updated daily.

Auditing company that our company has cooperation with also provides full support and regular information on all significant alterations of relevant regulations.

### **Connection between tax function and regular operations**

Accounting software enables connection and calculation of regular monthly and other tax liabilities based on the recorded transactions in company business books.

Company has enabled access to all electronic services of national tax institutions which enables regular submission of tax returns for all prescribed tax forms for which company is a tax payer.

### ***207-2 Tax governance, control and risk management***

Tax function management is divided between top management, i.e. financial and executive directors, who in the first place enact strategic decisions regarding company tax policy and monitoring implementation of enacted decisions, and accounting department, within which operation tasks regarding current fulfilment of company tax liabilities are performed.

Through scheduled annual training, employees are enabled to monitor existing tax regulations as well as to monitor alterations of existing and enactment of new regulations. Employees have available external tax consultants for confirmation, explanation or proposal of solutions for tax issues in all tax fields.

Company is tax payer of significant size, which regularly pays significant amounts of tax liabilities.

Being socially responsible company, which manages its business expenses and tax risks for the wellbeing of buyers, founders and society as a whole, when managing its tax function and planning tax strategies, company is decisive to locate its business in compliance with the most favorable business options and is not governed by tax benefits.

Company in its business does not use so called tax paradises nor does it allocate its assets in jurisdictions with low tax rates but it is determined to fulfill its tax liabilities in jurisdictions where it located its business operations.

Basic tax forms for which company is tax payer are:

- Value added tax;
- Property tax;
- Tax on profit;
- Tax and contributions to the salary of employees;
- Withholding tax, and
- Various fees (eco-fee, fee for using public space as advertising).

During managing tax function company regularly evaluates potential risks or uncertainties regarding its tax position. Risks mainly arise from possibility of different interpretation of certain tax issues by the company and competent tax institutions, which may result in additional tax expenses.

Company has defined the following as basic tax risks:

- *Risk that company position regarding certain tax issues is not entirely accepted by competent tax institutions.*

Company manages said risk by careful analysis of specific tax issues, both by internal departments and by hiring external tax consultants and communication with competent tax institutions, for the purpose of maximal adhering to legal regulations that regulate certain tax fields.

- *Risk that business records that serve as base for calculation of various tax forms contain incorrect or insufficient information for correct calculation of tax liabilities.*

Company manages said risk through regular internal control of business records within accounting department and controlling department.

- *Risk that company will not use tax benefits which would increase tax expenses. Company manages said risk through constant monitoring of applicable legal and tax regulations and through their implementation in regular operations.*

Company regularly monitors evaluated tax risks for the purpose of timely taking adequate measures in order to prevent potential negative both financial and reputational risks to the company position.

In order to decrease potential tax risks, company by internal procedures defines actions which implementation is obligatory, such as:

- Employees with relevant qualifications at key positions that are connected to managing and implementation of tax function in company;
- Constant training of employees at relevant positions that enable monitoring and understanding of applicable tax regulations;
- Organizational structure which enables identification of potential tax risks and adequate response before they escalate;
- Forming internal business environment which stimulates adherence to ethical values, and

Full cooperation with competent tax institutions, both when preventive solving certain tax issues and in case of tax inspections.

***207-3 Stakeholder engagement and management of concerns related to tax***

Company regularly adjusts of the status in business books with tax institutions, which includes checking balance on accounts of public income, adjustment with accounting records and bookkeeping recording of adjusted status.

Company regularly calculates and pays all tax liabilities prescribed by law.

Filling and submitting tax returns is done in compliance with legal regulations and includes filling forms, check of filled information, certification and submission to national tax institutions.

Company regularly communicates with competent tax institutions regarding possible unclear issues in implementation of tax regulations.

In cases of any tax inspections by tax administration, company provides full cooperation with competent tax institutions.