

INFORMATION FOR INDIVIDUAL CLIENT (INCLUDING NATURAL PERSONS CONDUCTING BUSINESS ACTIVITY)¹

1. What is CRS?

CRS (Common Reporting Standard) are guidelines developed by Organization for Economic Cooperation and Development (hereinafter referred to as "OECD") about global standard with respect to automatic exchange of information on tax matters. The purpose thereof is to impose on financial institutions of a given country an obligation of providing tax authorities with information on accounts held by tax residents of other countries. The information gathered is to be periodically imparted by tax authorities of a given country to tax authorities of the countries where those account holders are residents. The purpose of CRS introduction is to counteract tax evasion by tax residents of respective countries who place their savings and investments abroad.

2. What is the legal basis for CRS implementation and what does the implementation consist of?

On 9th December 2014, the Council Directive No. 2014/107/UE, amending the Council Directive of 15th February 2011 No. 2011/16/UE as regards mandatory automatic exchange of information in the field of taxation (hereinafter referred to as "Directive") was adopted. Member States of the European Union were obliged to implement the provisions thereof into the national legal order. Furthermore, on 29th October 2014, Poland undersigned Multilateral Competent Authority Agreement within the framework of OECD and, pursuant thereto, undertook to introduce CRS in Poland. So far, more than 80 Member States of OECD have acceded to the Multilateral Agreement.

In Poland, the provisions of the aforementioned Directive and the above-named Multilateral Agreement were implemented by virtue of the Act of 9th March 2017 on Exchange of Tax Information with Other Countries (hereinafter referred to as "Act").

Polish financial institutions, including PKO Bank Polski S.A., are obliged to comply with procedures for identification of Clients and to report data of Clients being tax residents of other countries to tax administration authorities of the country of Client's tax residence (through the Chief of the National Tax Administration).

3. Whom do the obligations related to CRS in PKO Bank Polski S.A. refer to and how are they fulfilled?

By virtue of the provisions of Act, PKO Bank Polski S.A. is primarily obliged to obtain statements on tax residence for CRS purposes from its Clients.

A country of tax residence is a country where a given person is liable to taxation on his or her entire income in accordance with the provisions of domestic law of this country, with respect to the place of residence or another criterion of a similar nature.

Pursuant to the Act of 26th July 1991 on Personal Income Tax, natural persons who have a place of residence within Poland, i.e.:

- 1) have a centre of vital or economic interests (centre of vital interests) in Poland or
- 2) stay within Poland for a period longer than 183 days

¹ It does not refer to legal persons, commercial law partnerships, unincorporated organizational units and civil law partnerships to which information for institutional Client applies.

are liable to taxation on their entire income.

However, conditions of arising of tax residence in other countries are provided for by domestic legislation of those countries. Moreover, while taking tax residence into consideration, provisions of applicable agreements on avoidance of double taxation should be taken into account as well.

In special cases, a person may have more than one tax residence.

The obligation of obtaining statements on CRS status refers to Clients who have already entered into or will enter into agreements with PKO Bank Polski S.A. on financial account during the following periods:

1) from 1st May 2017

making a statement on tax residence for CRS purposes by those Clients is a necessary condition for opening an account at PKO Bank Polski S.A.

2) by 30th April 2017

as far as Clients who entered into agreements with PKO Bank Polski S.A. on financial account by 30th April 2017 are concerned, PKO Bank Polski S.A. is obliged to confirm Clients' tax residence on the basis of information and documents it has already had as well as by way of monitoring of changes of circumstances which may affect tax residence. If, during the performance of those obligations, PKO Bank Polski S.A. establishes that it is necessary to obtain a statement on tax residence for CRS purposes, it will request that a financial account holder provide adequate explanations, documents or a valid statement on tax residence for CRS purposes. In the event that the account holder refuses to provide any explanations, the Bank will provide the respective tax authority with information on that financial account.

Regardless of the fact of making a statement on tax residence for CRS purposes, PKO Bank Polski S.A. is obliged to verify the plausibility of a Client's statement and for that purpose it may request that the Client submit some additional documents.

4. How is the information obtained from Client handled during the procedure for identification and verification?

In the event that a Client declares that his or her tax residence lies outside Poland, PKO Bank Polski S.A. has reporting obligations with regard to providing tax administration authorities of the country of Client's tax residence (through the Chief of the National Tax Administration) with data on the account and its Holder. The data provided comprise, including but not limited to, name and surname, address, date and place of birth, tax identification number, account number, account balance or value, as well as amount of interest, dividends, revenue derived from disposal of securities or other revenue derived in relation to holding the account.