

Tax Strategy of Magyar Telekom – Tax Compliance, Sustainable Tax Efficiency, Tax as a Valued Business Partner

The Magyar Telekom Tax area is responsible for ensuring that Magyar Telekom pays taxes at the local, national and international level in accordance with the relevant laws. This includes income taxes, which must be regularly reported in our IFRS financial statements, as well as indirect taxes (eg. VAT) and wage-related taxes and contributions.

The Tax area ensures that Magyar Telekom has an efficient tax structure within the framework of tax laws (avoidance of unnecessary tax burden not prescribed by law). The goal is to achieve sustainable tax efficiency, for which transparent, trust-based cooperation with the tax authorities is essential.

In addition, the Tax area contributes as much as possible to the success of Magyar Telekom's operations, for example by providing detailed advice in the case of introducing new business models or new products.

Taxation function within Magyar Telekom

The three pillars of Magyar Telekom's tax strategy (including tax policy) are Tax Compliance, Sustainable Tax Efficiency, Tax as a Valuable Business Partner. Magyar Telekom's organization unit that performs tax functions operates with this approach.

Guidelines for the tax function

Compliance with all applicable tax laws and regulations is the primary priority of the tax function. By this we mean not only taking into account the letter of the law, but also its spirit, reason and purpose, as well as its wider connections. Accordingly, compliance with all relevant tax laws and regulations is mandatory for all Magyar Telekom activities.

The purpose of the area is to promote, as much as possible, not to hinder business activities and value creation within Magyar Telekom, and to constructively contribute to the formulation of solutions and approaches that are as robust and feasible as possible from a tax point of view, through in-depth knowledge of Magyar Telekom's business activities and processes. The Tax area is committed to creating value for Magyar Telekom shareholders through sustainable tax efficiency and by contributing to Magyar Telekom's shared success. As such, the decisions and approaches taken by the Tax area take into account the consequences for the business activities and the internal processes of the Group, as well as any other impacts on, for example, the reputation, profile or policies of Magyar Telekom.

The Tax area strives to minimize disputes with tax authorities and to limit such disputes to cases where its position is supported by the law.

Approach to transfer pricing, tax structures and tax risks

Transfer prices

Magyar Telekom has a transfer price group directive that applies the standard market price principle. The directive provides guidance to Magyar Telekom employees on the tax requirements for determining prices for sales within the group and gives relevant instructions.

There is no artificial shifting of profits to low-tax countries.

We do not have special-purpose organizations operating without economic foundations in low-tax countries.

Non-transparent jurisdictions or so-called "tax havens" cannot be used for tax avoidance.

We do not operate aggressive tax structures with no economic content, solely for the purpose of tax avoidance.