

# Tax policy

As one of the largest taxpayers in Russia, Magnit contributes to tax revenues at all government levels, supporting the social and economic development of its business geographies and the entire nation.

## Key documents

### Internal regulations:

- ▶ Tax Policy of Magnit
- ▶ Accounting Policy of Magnit

### Priority UN SDGs



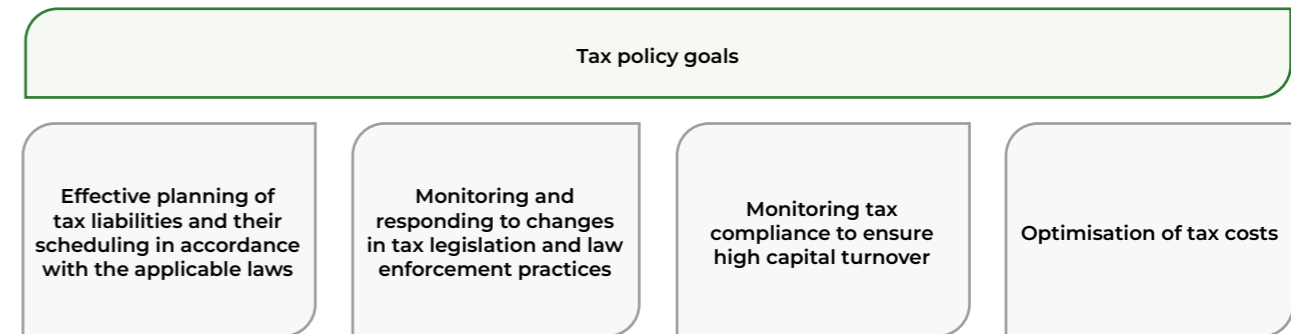
### External regulations:

- ▶ Criminal Code of the Russian Federation No. 63-FZ dated 13 June 1996
- ▶ Administrative Offence Code of the Russian Federation No. 195-FZ dated 30 December 2001
- ▶ Russian Tax Code and federal laws adopted in accordance therewith, Russian regional laws, laws and regulations on taxes and duties adopted by representative bodies of municipalities and executive bodies of various levels within the scope of their authority.

## Our approach to tax management

GRI 207-1 GRI 207-2

Magnit fulfils its tax obligations in a responsible and timely manner, contributes to the economic development of the regions where it operates, and maintains a transparent tax policy. In 2022, we paid RUB XXX bln in taxes, duties and insurance contributions to budgets of all levels and extra-budgetary funds in Russia.



The tax function is an integral part of Magnit's financial unit, ensuring that all of the Company's tax obligations are effectively discharged across its geographies. Overall tax management falls within the remit of our Chief Financial Officer (CFO), while the Deputy CFO is directly responsible for the tax function, with the Accounting and Tax Department reporting to the Deputy CEO. The department's responsibilities include the following:

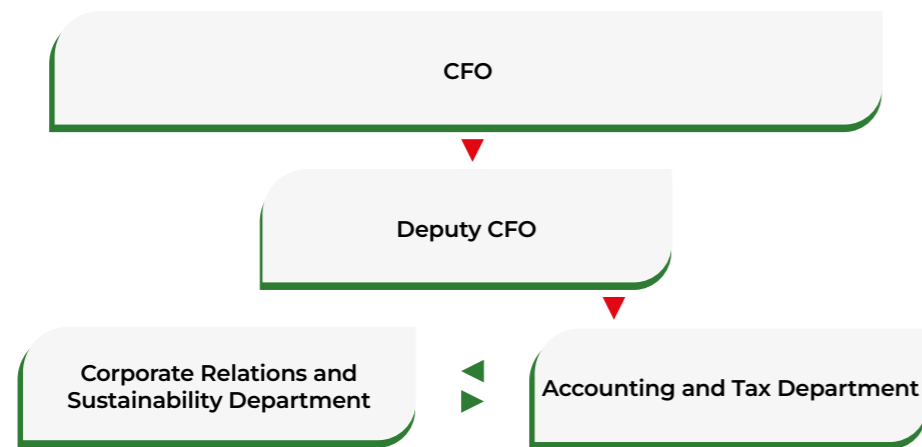
- ▶ Tax accounting.
- ▶ Preparation and filing of tax returns.
- ▶ Cooperation with tax authorities during desk and on-site audits.
- ▶ Reconciliation of accrued and paid taxes.

- ▶ Identification of tax risks and their mitigation.
- ▶ Analysis of options for reducing tax liabilities, including incentives and preferences.
- ▶ Preparation of tax legislation initiatives.
- ▶ Development of internal policies, regulations and procedures.

The department is staffed with professionals who boast a great depth of expertise and relevant experience in this field. To raise our competencies, we engage external consultants from major accounting firms to assist us in addressing challenging tasks.

# Tax policy (continued)

## Tax governance structure



- ▶ Administrative subordination
- ▶ Coordination within the framework of sustainability reporting

## Principles of Magnit's tax policy

### Integrity

We calculate and pay taxes based on the economic substance of operations and transactions and make use of tax incentives strictly in accordance with statutory requirements.

### Uniformity

The Corporate Centre ensures uniform interpretation of tax legislation in accounting operations across different companies of Magnit Group and during the preparation of tax returns.

### Transparency

We fully cooperate with the government agencies conducting tax audits and provide all necessary documents and reports as required by law.

### Effective dispute resolution

In case of tax disputes, we seek to resolve them through pre-trial procedures envisaged by the law and bring the issue to court only as the last resort.

### Reliability of counterparties

We scrutinise our counterparties and avoid doing business with the companies that are believed to be tax evaders or involved in tax avoidance schemes.

### Tax risk management

Whenever there are uncertainties as regards interpretation of tax laws, we always ask government authorities for clarification. As a member of various industry associations, Magnit communicates its viewpoint on industry regulation and taxation to government officials.

## Stakeholder engagement

Our tax-related activities focus on timely compliance with tax regulations, including as part of tax audits conducted by tax authorities.

Together with the Retail Companies Association (ACORT), we actively participate in developing new tax regulations, assessing tax legislation amendments proposed by government agencies and adopting a stance on relevant initiatives aimed at improving the efficiency of the retail industry.

We expect full compliance with tax legislation from Magnit's counterparties and monitor their activities to ensure that they are not involved in any tax avoidance schemes.

## Tax risks and control

We continuously enhance our control procedures to increase the effectiveness of the tax function and tax risk management. Risks are managed through, inter alia:

- ▶ implementing and maintaining an integrated system of internal tax controls;
- ▶ planning and controlling the pricing of intra-group transactions;
- ▶ monitoring the compliance of potential counterparties with the tax legislation prior to entering into transactions with them.

## Tax payments

Data on our tax payments are regularly disclosed in the Company's consolidated financial statements. Magnit engages an independent auditor to confirm the reliability of its consolidated financial statements, including as regards the reported tax amounts and other tax data.

### Taxes paid in 2022, RUB bln

Payment type	Amount paid
<b>Contributions to the federal budget:</b>	
▶ income tax	
▶ value-added tax	
▶ payments made to the budget on behalf of our employees (personal income tax and contributions to the pension and health insurance funds)	116,4
<b>Contributions to regional and local budgets:</b>	
▶ regional surtax on income tax, property tax, land tax, transport tax, and trade levy	19,7
<b>Total tax payments, insurance contributions and duties</b>	<b>136,1</b>