



TAX POLICY

Date Approved by Board of Directors: December 15, 2023
Date Adopted: December 2022
Revisions By: Finance Department

INTRODUCTION

Peoples Financial Services Corp. and its wholly owned subsidiary, Peoples Security Bank and Trust Company (collectively, the “Company”) is committed to responsible and transparent tax compliance and strategy.

APPLICABILITY

This policy applies to U.S federal taxes as well as state and local taxes in our operating areas.

POLICY STATEMENT

The Audit Committee of the Board of Directors oversees the Company’s financial reporting, including reviewing tax and tax planning matters that are material to the Company’s financial statements.

The Company’s tax governance includes the following key elements which are reviewed and approved by our Board of Directors on an annual basis. The Company is committed to:

- Comply with the spirit as well as the letter of the tax law in jurisdictions in which we operate.
- Not use tax structures without commercial substance.
- Use the arm’s length principle when applying transfer pricing.
- Not use secrecy jurisdictions or tax havens for tax avoidance.
- Cooperate with tax authorities and provide them with accurate information.

The Company pays corporate income taxes on the profits we earn, as well as various taxes occurred in our business operations. The Company pays federal taxes in the U.S only, having no international operations, and pays taxes in the states and local regions in which it operates. The Company invests in its community through tax-exempt municipal bonds and low income housing programs. The Company’s community investments may yield tax-exempt income or tax credits, which consistent with federal law and regulation, may result in an effective federal tax rate that is less than the statutory tax rate.

POLICY ADMINISTRATION

The Board will be responsible for the annual review and administration of this policy.