

Better Regulation - for a more competitive Europe

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The Volvo Group Indirect Tax Challenges

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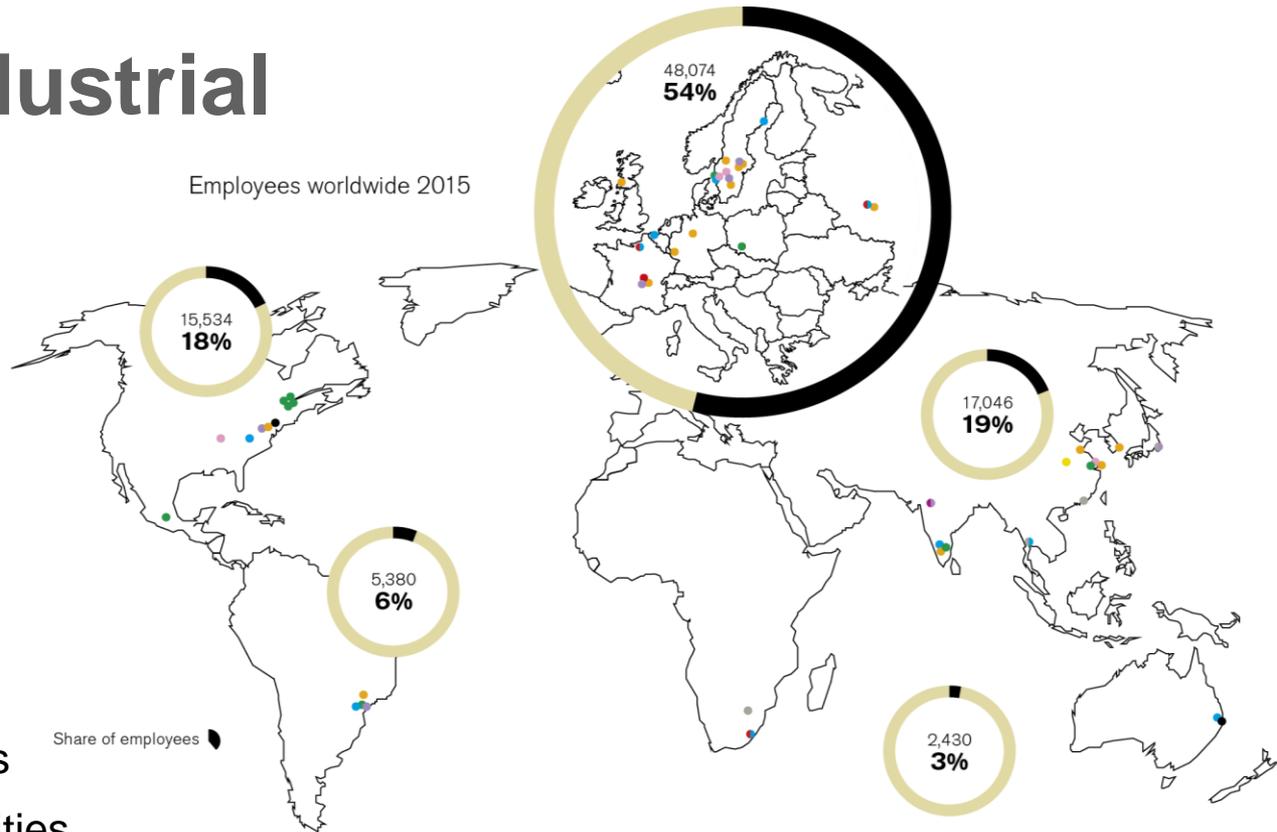


The Volvo Group, which employs about 100,000 people, has production facilities in 18 countries and sales of products in more than 190 markets.

The Volvo Group is one of the world's leading manufacturers of trucks, buses, construction equipment and marine and industrial engines. The Volvo Group also provides complete solutions for financing and service.

Global industrial structure

Employees worldwide 2015



Net sales 300 Billions

Approx 300 legal entities

Share of employees

MAJOR PRODUCTION FACILITIES	NORTH AMERICA	SOUTH AMERICA	EUROPE	ASIA	OTHER MARKETS
Volvo Trucks	New River Valley (US)	Curitiba (BR)	Blainville (FR), Göteborg, Umeå (SE), Gent (BE), Kaluga (RU)	Bangalore (IN), Bangkok (TH)	Brisbane (AU), Durban (ZA)
UD Trucks				Ageo (JP), Hangzhou* (CN), Bangkok (TH)	Pretoria (ZA)
Renault Trucks			Blainville, Bourg-en-Bresse (FR), Kaluga (RU)		Durban (ZA)
Mack Trucks	Macungie (US)				Brisbane (AU)
Eicher*				Pithampur* (IN)	
Dongfeng Trucks*				Shiyang* (CN)	
Engines and transmissions	Hagerstown (US)	Curitiba (BR)	Köping, Skövde (SE), Vénissieux (FR)	Ageo (JP), Pithampur* (IN)	
Construction Equipment	Shippensburg (US)	Pedemeiras (BR)	Arvika, Braås, Eskilstuna, Hallsberg (SE), Konz-Könen, Hameln (DE), Belley (FR), Kaluga (RU), Motherwell (UK)	Changwon (KR), Shanghai, Linyi* (CN), Bangalore (IN)	
Buses	St Claire, St Eustache, St Francois du lac (CA) Mexico City (MX), Plattsburgh (US)	Curitiba (BR)	Borås, Uddevalla (SE), Wrocław (PL)	Bangalore (IN), Shanghai* (CN)	
Volvo Penta	Lexington (US)		Göteborg, Vara (SE)	Shanghai (CN)	

* Ownership ≥ 45%

Volvo Group Headquarters

Group Tax, Lena Odelberg

Indirect tax challenges

Impacts on the Volvo Group's Indirect tax compliance

- ❖ Approx. >10 million business transactions/year in several hundred of business systems where tax code decision are to be made.
- ❖ Indirect tax compliance is impacted by virtually all other E2E processes

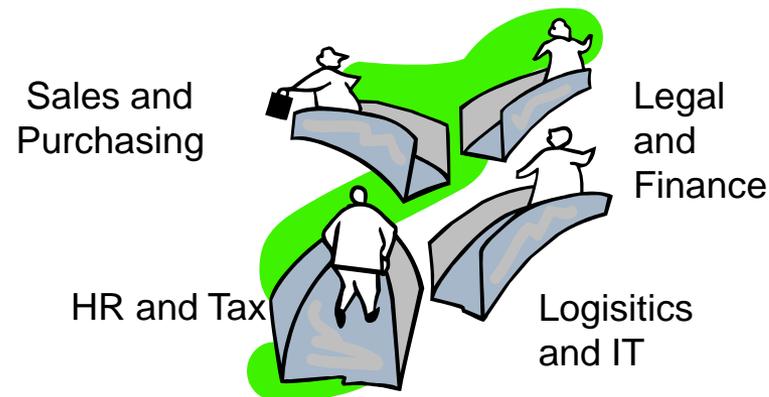
- ❖ Indirect tax system dependency

Reporting processes

Master data

Invoice content

Manual & automatic tax decisions



-Everybody needs to be a VAT expert !

Goods trade - Logistical flows - efficiency

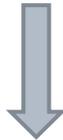
➤ Environmental care

➤ Cost and time



Proof of intra EU trade (Evidence)

- ❑ Administrative burden moved from Authorities to Business
- ❑ Requirements differs in MS and some are more strict than others
 - Eaker system (HU)
 - Protocol of receipt (DE)
 - Similar strict rules (PL, ES, RO, CZ, SK)
 - Free assessment of evidence - probability (SE)



Obstacles that impact business day to day work and affects the intra-EU trade

Proof of intra EU trade (Evidence)

- VEG, VAT Expert Group
 - Two non-contradictory items of evidence out of 17 items
 - such as; Invoice, payment details, VAT number of customer
- VAT Committee
 - No common decision but MS in agreement of the important issue!
- VAT Action Plan
 - Implementation of definitive system
 - Short term improvements
 - Use of VAT identification number (intra-EU exempt supplies)
 - Call of stock
 - Chain transactions
 - Proof of intra-EU trade

Reduced burden of proof regarding intra-EU trade

- Opinion of the REFIT Platform
 - Regulation needed:
 - Stating the use of two non-contradictory documents/elements
- Business view
 - Agree and are looking forward to a regulation



Business
reality

Without payment and VAT number – No goods delivery

Areas with a need for Better Regulations

- Composite supplies - such as repair services
- Chain transactions (triangulation etc.)
- Harmonisation of simplification rules - such as processing of goods
- TP adjustments and VAT



Let's create a future with better regulations and a solid VAT system