

State of Tax, Legal & People
Webcast series

Indirect Tax in a sustainable value chain

5 April 2022



Welcome

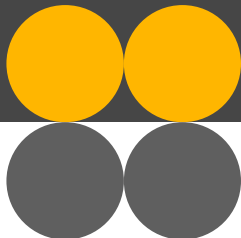
- Watched live, this webinar qualifies for 1 PE point
- The button '[Ask a question]' allows you to ask a live question via chat
- Any other questions via your PwC advisor or fill in the form on pwc.nl
- View this webcast or presentation at a later stage
- Slides will become available afterwards
- Please complete the evaluation form

Agenda

1. Welcome and introduction
2. ESG-proofing current business
3. Rethinking the business
4. Wrap-up and closing



ESG & Sustainable Value Chain



- **E**nvironmental, **S**ocial and **G**overnance
- Sustainable Value Chain
 - *Internal motivation*
 - *External factors* a.o. growing ESG reporting requirements, investors & client demand
 - *Combination of both*

Poll

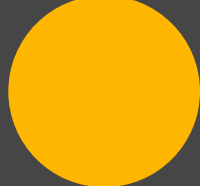
Is indirect tax involved in ESG related business decisions in your company?

- A) Yes, indirect tax is involved
- B) No, indirect tax is not involved
- C) Unknown



ITX - a seat at the table

- Business & ITX partnering up at strategic level
- Sharing ITX expertise and red flags
- Optimizing plans
- Informing about future legislation
- Avoiding business disruptions



activities

business models tax set-up

returns margins ERP-system

ESG & ITX

green taxes vendor & repair

sourcing customer base procurement

Results poll

Is indirect tax involved in ESG related business decisions in your company?

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Tools of the Future BV - part I

Europe/Asia

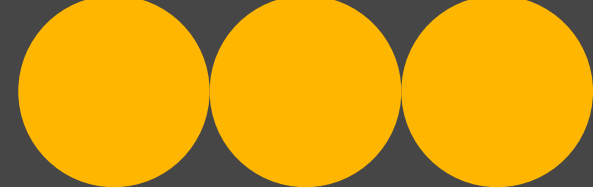


Tools of the Future BV



**Worldwide
customer base**





- Diversified sourcing
- Sustainable packaging
- Low carbon routes - collection points DE & UK
- Alternative energy sources

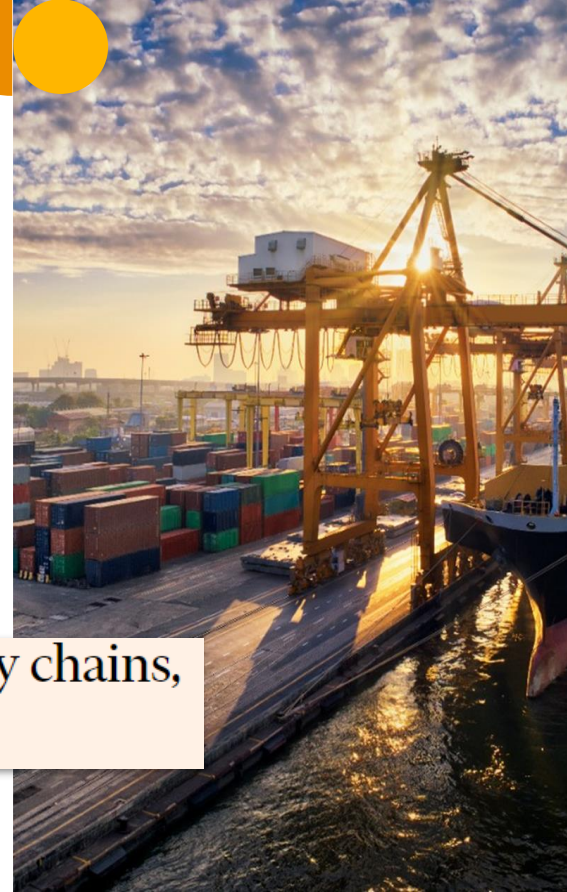


I - ESG-proofing current business

- **Diversified sourcing**

- 1,7% - 3,7% customs duties on tools
- Tax impact of shift in sourcing
 - Free trade arrangements
 - ETS & CBAM

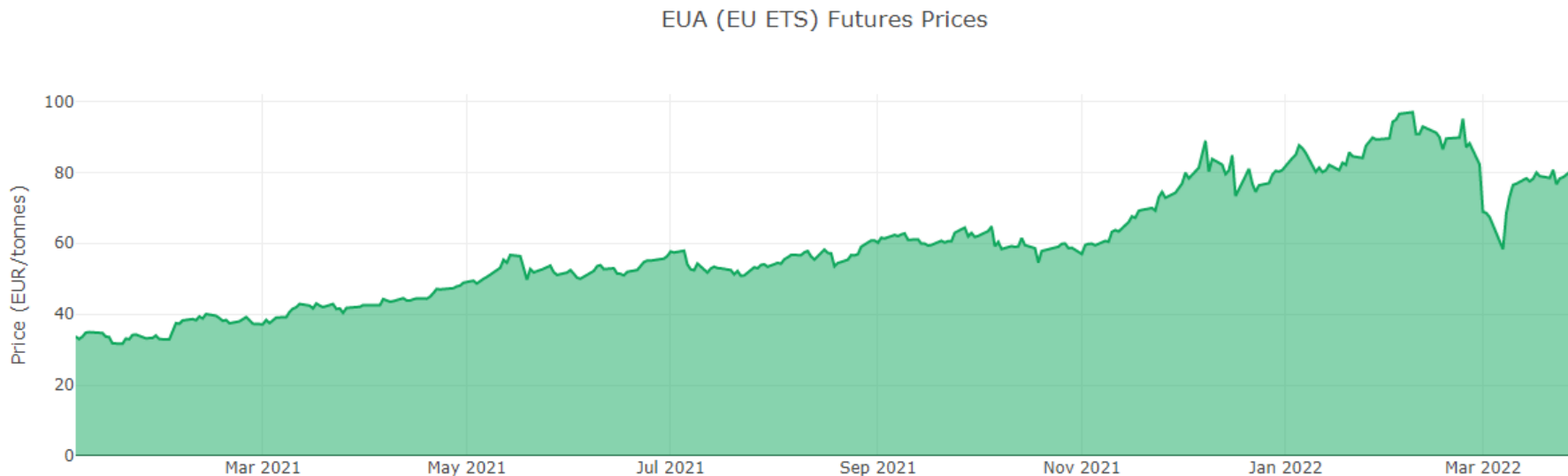
Global threats are reordering supply chains, says report



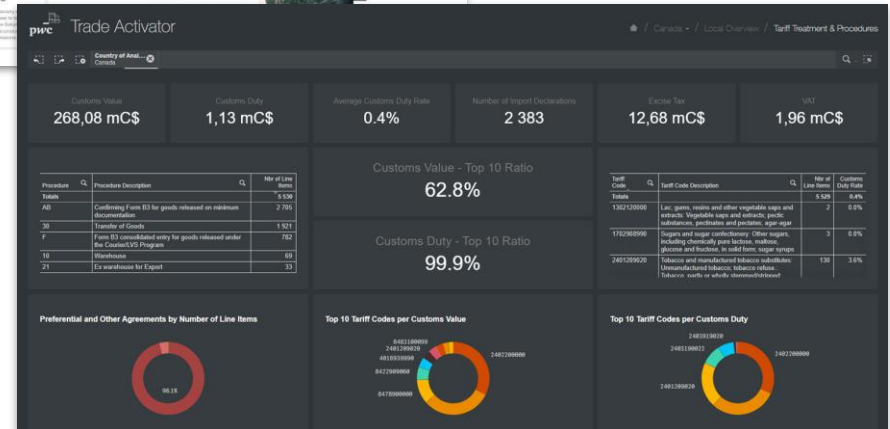
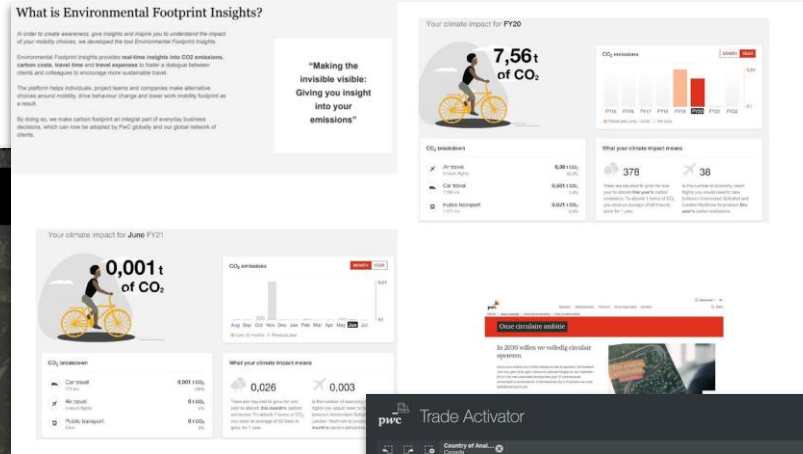
I - ESG-proofing current business



EU ETS price is rising



Tooling & data analytics



I - ESG-proofing current business

- **Sustainable packaging**
 - Less plastic / alternative materials
 - Reporting obligations European countries
 - Import & introduction to market
 - Plastic tax & levies to waste fund
 - Virgin / non-reusable plastic
 - Packaging materials



World leaders agree to draw up
'historic' treaty on plastic pollution

Ambitious resolution defies pushback from vested interests led by the
petrochemicals industry

I - ESG-proofing current business

- **Returns and local collection points**
 - Low carbon routes
 - local returns
 - grouped shipments / local supplies
 - Customs duties EU <> non-EU
 - Additional VAT registrations and reporting obligations
 - VAT treatment returns

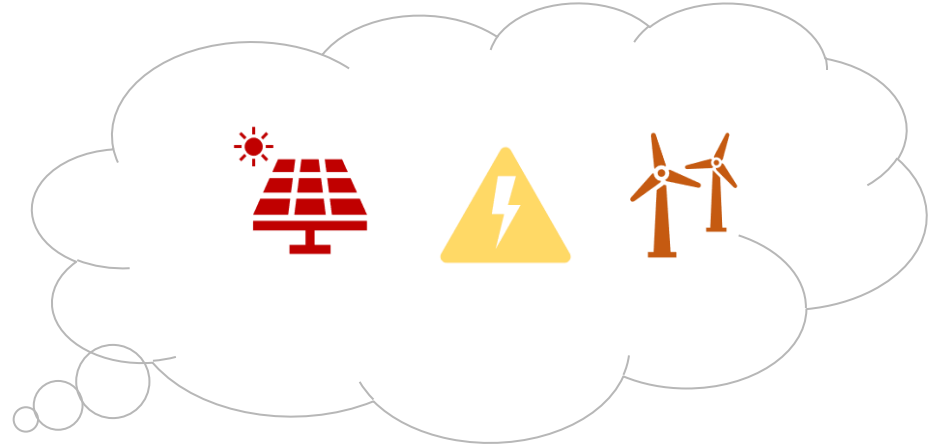


I - ESG-proofing current business

- **Returns and local collection points**
 - Impact on ERP-system / invoicing
 - Implementation VAT registrations
 - Tax coding supplies and returns
 - Movements of own goods
 - Involving ITX timely for expertise



Tools of the Future BV



I - ESG-proofing current business

- **Alternative energy sources**
 - Different rates for clean energy and polluting energy
 - Responsibility for energy taxation within your company?
 - Subsidies

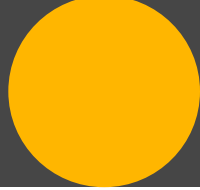


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Tools of the Future BV - part II



- Second life: buy-back & repair
- As a service
- Waste & recycle management
- Export controls



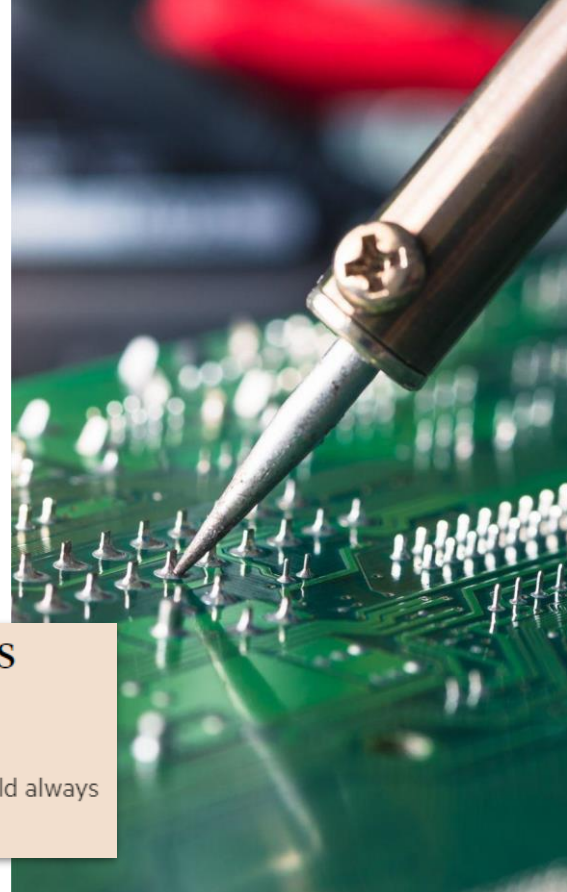
II - Rethinking your business

- **Second life**

- Buy-back and resell
- Margin scheme
- Discounts/vouchers
- Repair flows
- Reporting/invoicing

‘Right to repair’ campaign forces rethink by Big Tech

It was taken for granted in Silicon Valley that consumers would always buy upgraded gadgets



II - Rethinking your business

- **As a service**
 - Rent out (subscription / rates)
 - VAT treatment, place of supply
 - Tax coding and invoicing
 - ERP set-up
 - Customs valuation



II - Rethinking your business

- **Waste / recycling**
 - Classification.
 - Social responsibility.

A large pile of plastic waste, including various colored plastic bottles, containers, and debris, is shown under a sunset sky. The pile is massive and extends into the distance. The sky is a mix of orange, yellow, and blue, with some clouds. A semi-circular graphic element in orange and yellow is visible on the left side of the image.

Carmakers shift gear on using recycled materials

Focus shifts to carbon emissions during manufacturing — before a car makes its first trip

II - Rethinking your business

What happens to your old laptop? The growing problem of e-waste

Globally, we produce 50m tonnes of toxic electronic waste every year — and the UK is one of the worst offenders

'Waste colonialism': world grapples with west's unwanted plastic

Germany and UK are big exporters of plastic, much of which lies rotting in ports in Turkey, Vietnam and other countries

Countries Tried to Curb Trade in Plastic Waste. The U.S. Is Shipping More.

Data shows that American exporters continue to ship plastic waste overseas, often to poorer countries, even though most of the world has agreed to not accept it.

Twenty firms produce 55% of world's plastic waste, report reveals

Plastic Waste Makers index identifies those driving climate crisis with virgin polymer production

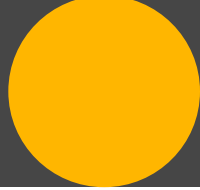
Plastic waste export tide turns to south-east Asia after China ban

Calls grow for recycling at home as more nations impose restrictions

Chile's desert dumping ground for fast fashion leftovers

Chile's Atacama, the driest desert in the world, is increasingly suffering from pollution caused by fast fashion.

Export controls



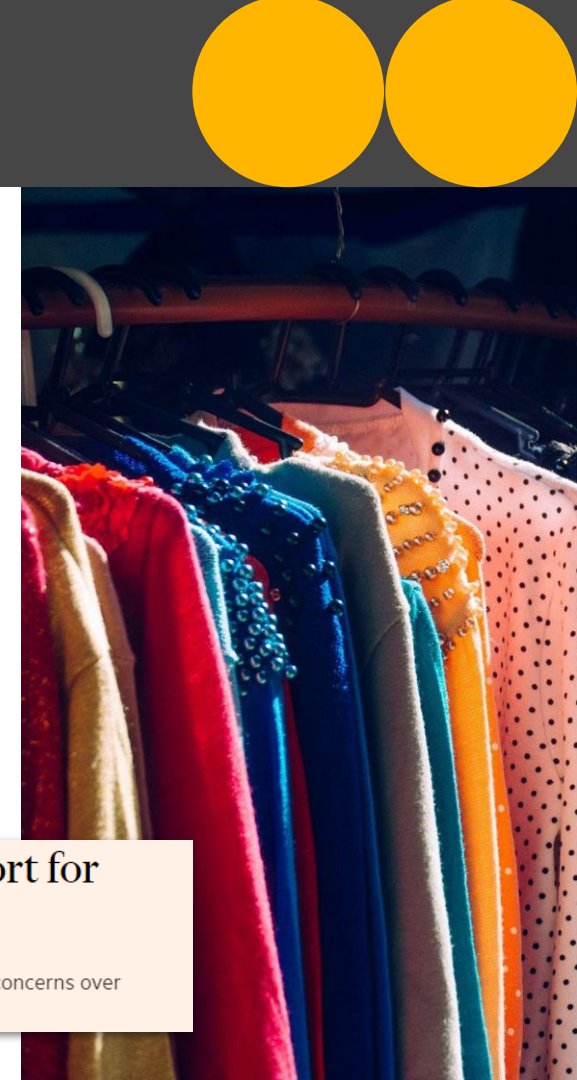
II - Rethinking your business

- **Export controls**

- Export control compliance framework
- Ethics
- Reputation
- KYC and KYS procedures

Chinese apparel brands rally on support for
Xinjiang cotton sourcing

Western groups including H&M and Nike face backlash after expressing concerns over forced labour in the region



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Three key takeaways



ESG will result in new taxes, levies and obligations and changes to value chains



ITX involvement is strategically crucial when changing a value chain



Broaden your horizon as indirect tax expert with (new) environmental taxes and levies

Closing slide

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- ‘State of Tax’ webcast series continues on [pwc.nl/evenementen](https://www.pwc.nl/evenementen)
- Please fill in the evaluation form

Evaluation

- How would you rate this webinar on a scale from 1 to 10?
- The content was relevant. (Totally agree / Agree / Neutral / Disagree / Totally disagree)
- Do you have any suggestions and/or comments?
- Do you have specific questions and would you like us to contact you?



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