

Volvo UK Group Tax Strategy

Introduction

This document sets out the Tax Strategy of the Volvo UK Group of companies in accordance with the requirements of paragraph 16(2) of Schedule 19 of the Finance Act 2016. The tax strategy applies to all UK taxes applicable to the Volvo UK Group which consist of the following UK entities,

- Volvo Group UK Ltd
- Renault Truck Commercials Ltd
- BRS Ltd
- Volvo Construction Equipment Ltd
- Volvo Construction Equipment Haulers Ltd
- VFS Financial Services Ltd
- Volvo Corporate Trustee Ltd (non-trading)
- Renault Trucks UK Ltd (Dormant)

The Strategy was approved and updated in December 2022.

HMRC requirements for a Tax Strategy

The Finance Act 2016 requires that the published tax strategy of a UK Group covers the following four requirements:

- The approach to risk management and governance arrangements in relation to UK taxation.
- The attitude of the group towards tax planning so far as it impacts the UK tax position.
- The level of UK tax risk that the UK group is prepared to accept.
- The approach of the UK group towards its dealings with HMRC.

Approach to Risk Management and Governance arrangements

The UK Group is committed to compliance with all UK tax obligations and to full disclosure to HMRC.

Whilst there is a low appetite towards tax risk, it is inevitable that there will be occasions when risks arise. To manage this the UK Group believes that it has sufficient accounting and tax staff with the required qualifications, skills, and knowledge to undertake their work effectively. Staff are trained internally, and for qualified staff, there are additional external CPD requirements which need to be maintained such that tax risks should be capable of being identified and addressed.

The UK Group has clear tax policies, procedures and controls in place and maintain their own tax risk registers, work instructions and operating manuals sufficient to enable us to meet the obligations of the Senior Accounting Officer legislation. These are overseen by the UK Tax Director and the relevant Finance Directors and are monitored, reviewed, and updated by the internal UK tax teams.

A quarterly review of UK tax risks is undertaken which aims to capture, assess and quantify any known or expected risks. In addition, the details of tax compliance activities and the tax consequences of any acquisitions, divestments, restructurings or changes in operational set-up are reported to the board to ensure proper oversight and scrutiny.

As part of a Group wide continuous review of controls and procedures, the internal audit team examines areas of the business and its processes, and this includes the management of tax aspects of the business.

External tax advisors are utilised to provide tax advice and training where required and this is predominantly in respect of areas of uncertainty or when new legislation is introduced.

Attitude towards Tax Planning

The UK Group is not engaged in any aggressive or artificial tax planning arrangements or arrangements which are not underpinned by commercial substance or rationale. Neither does the UK Group operate through structures based in tax havens.

When entering into commercial transactions, the UK Group seeks to take advantage of available tax incentives and reliefs which are consistent with the spirit as well as the letter of the law. External advice is sought where there may not be the required experience within the tax team and, where there is scope to utilise specific reliefs such as R&D, the claims are researched and prepared by qualified external bodies and tax advisors in conjunction with relevant in-house staff.

There is a zero-tolerance approach to tax evasion in any form by employees, customers, suppliers, and agents.

The level of tax risk the UK Group is prepared to accept

The UK Group aims to comply fully with its statutory and regulatory obligations and works to ensure that its tax arrangements are consistent with its aim to be a low-risk business, as defined by HMRC.

The UK Group does not seek to structure transactions in ways that provide tax results which are at odds with the underlying economic substance.

Where the tax treatment of any material transaction is uncertain, external tax advice will be sought so that a fully informed decision can be made before proceeding with the transaction.

Approach to dealing with HMRC

The Volvo UK Group are committed to maintaining an open, transparent, and constructive relationship with HMRC with the aim of resolving any issues in a timely manner through open dialogue.

We ensure that HMRC, through their Customer Compliance Manager (CCM), is advised of significant transactions and changes in the business which may give rise to uncertain or contentious tax positions. We will also advise HMRC of any restructurings that may not create tax uncertainty but will create a shift

in the normal tax patterns. This is done either through the periodic Business Risk Review or on an adhoc basis.

Any errors in submissions made to HMRC are fully disclosed and corrected as soon as is reasonably practicable and the details are included within the annual SAO certification.

Specific Areas

The UK group companies have significant cross border transactions with the wider Volvo group. These transactions are subject to formal arm's length transfer pricing agreements which are carefully documented and periodically reviewed in accordance with OECD guidelines.

The UK Group is currently in the PDCF facility and is working closely with HMRC to assess the UK activities and corresponding pricing.