



The road to net  
zero – Indirect Tax



## The road to net zero

Climate change is the defining issue of our time. Government policies, customer, employee and consumer demands, investor pressure and technology are all converging to drive decarbonisation.

Against this backdrop, the role of business is shifting, as society is increasingly demanding that business acts as a force for good. Corporates will play a key role in responding to climate change. Numerous organisations have made public commitments to reduce greenhouse gas emissions.

Progress towards these goals needs a plan. The way any company acts today in response to climate change will almost certainly impact its degree of advantage tomorrow.



## Why does this matter for indirect tax?

Government policies, society and business operations are changing as we collectively implement plans to achieve net zero goals. A strong response to climate change also presents an opportunity to improve broader performance, and stakeholder satisfaction. As an indirect tax leader in your organization, you have a vital role to play in decision-making and strategy related to your business's climate transformation efforts.

Indirect tax teams need to be ready to **align their organization's long-term global indirect tax strategy with sustainability driven businesses and operating model changes**. They also need to stay closely attuned to the impact of new environmental taxes and sustainability related (indirect) tax governance and disclosure requirements.

Acting today provides companies the opportunity to protect itself from (potential) indirect tax risks, to identify and implement possible opportunities, and to align its operating model and strategy with its sustainability journey.



## Key indirect tax topics to consider

### Upcoming changes on EU level:

What are the trends and expected future changes in view of the EU's foreign trade and environmental taxation policy? What are the latest political positions in terms of carbon taxes and other environmental taxes, levies and policies in the EU and its Member States ? (e.g. Carbon Border Adjust Mechanism, and the revised Energy Taxation Directive)? What will be the impact on your business?

### Green taxes:

Global environmental and energy taxes are becoming increasingly relevant as different indirect tax regimes are continuously developed by governments (e.g. levies on non-recycled plastic packaging are introduced across the EU, most countries impose levies in one way or another on electrical products, ...). Is your company fully aware of the cost of these taxes, and are you meeting all requirements in this respect? (registration obligations, invoicing requirements, periodical returns and associated payments,...

### New supply chains and logistical concepts:

What are the indirect tax aspects to consider for upcycling processes, where raw materials and/or energy from discarded products / auxiliary flows are recovered? What is the indirect tax impact of reversed logistics, whereby your business focusses on recycling and remanufacturing, resource, re-use, maintaining, refurbishing, repairing,

### Everything-as-a-service:

Customers don't simply buy products anymore, and are increasingly looking to pay for the product functionality rather than the product itself. Are you fully aware of the indirect tax impact of such drastic change in business model?

### Alternative energy sources:

Do you have a view on the indirect tax aspects, including any environmental taxes and duties, of renewable energy projects (for example solar panels or windmills on the premises of your business)? What is the VAT impact of switching to electric vehicles?



### Why Deloitte?

Deloitte Indirect Tax is ready to support businesses in connecting their sustainability journey with (indirect) tax & legal aspects. Our approach is offered in the form of joint advisory services by our dedicated Tax & Legal team which has the expertise, experience and technology in place to help navigate through the complex (indirect) tax & legal maze.

#### We can provide support in the following areas:

**01** Your tax strategy: ensuring the delivery of a tax strategy in line with the general sustainability strategy of the company

**04** Your tax workforce: provide training in order to create awareness, as well as tax-technical information sessions tailored to sector- and business-specific environments

**02** Your tax operating model: design/review/enhancement of your operation model, incl. processes, for taxes

**05** Your tax compliance: Assessing and assuring compliant and optimal application of (para-)fiscal requirements

**03** The tax consequences of business change: assessing the indirect tax and global trade (customs and other levies) impacts of changes to the value chain, the supply chain and more general to the business model

## Key Contacts



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