

## **Tax Policy**

*Adopted by:* Audit Committee  
*Date adopted:* November 30, 2015  
*Owner:* VP Group Tax

### **1 Background**

The purpose of this Tax Policy is to establish principles to be applied in order to achieve a uniform approach in handling corporate and indirect tax matters.

The Tax Policy formulates the Tax Strategy of the Husqvarna Group, determines Roles and Responsibilities as well as represents guidelines for relevant Group officials. The Tax Policy shall ensure that actions taken at group and entity level are coherent with the Tax Strategy.

### **2 Objective and strategic goals of Group Tax**

The objective of Group Tax is to facilitate and ensure that the Husqvarna Group's activities are carried out both in an optimal operational as well as tax efficient manner.

To fulfill the objective Group Tax shall prioritize actions aiming at achieving the following strategic goals:

- the creation of an environment where tax risks are identified, monitored and managed efficiently;
- a competitive effective tax rate for the Husqvarna Group; and
- establishment of a Group coherent transfer pricing set up that meets operational and tax requirements.

Actions shall be consistent with:

- the commercial rationale of Husqvarna Group's business and operational activities;
- protection of Husqvarna Group's reputation and brand;
- compliance with relevant laws, regulations, disclosure and reporting requirements; and
- the Group's code of conduct and with transparency in all dealings with the tax authorities and other relevant bodies.

### **3 Roles and Responsibilities**

#### **3.1 Group Tax**

Group Tax shall take decisions and actions aiming to achieve the objective and strategic goals mentioned above. Group Tax has therefore the overall responsibility for the control and coordination of corporate income tax and the coordination of indirect tax matters within the Group. For this reason, Group Tax shall always be informed (by the Country Officer or any other relevant persons), as well as give its prior clearance, on any actions and measures relating to the following matters:

- Tax audits and tax litigations;
- negotiations with tax authorities related to rulings, transfer pricing, etc;
- purchase, sale, transfer or licensing of intangible assets;
- purchase or sale of tangible assets outside the normal course of business;
- transfer of functions and risks (including business risks) to another legal entity;

- decisions relating to changes to the legal structure including company formation, liquidations, acquisitions (including assets deals), divestitures or company mergers;
- decisions relating to the capital structure of the Group entities, including decisions regarding dividend distributions;
- tax planning;
- transfer pricing issues;
- decisions relating to major changes of the supply chain, including sourcing, manufacturing, logistics (warehousing and transportation) and sales (both inter-company and external);
- decisions relating to indirect tax registrations in foreign territories;
- existence and recognition of tax losses carried forward in the balance sheet of any legal entity within the Group; and
- obtaining external advice on any of the above listed corporate income and indirect tax matters.

Group Tax may assist and act as advisor in all tax matters above and shall on a current basis be informed of any other issues of significance, seen from the perspective of the legal entity as well as the Group.

### **3.2 Country Officer**

Country Officers shall always inform Group Tax on any and all issues having direct or indirect material impact on the tax situation of any entity within the country the Country Officer is responsible for.

Country Officers shall further be in charge of the following areas/actions:

- Facilitate that the current tax reporting, filings, tax calculations are carried out in accordance with local regulations as well as the Group Accounting Manual;
- monitor that the corporate tax returns are diligently filed and completed;
- inform Group Tax without delay, on all material enquiries from tax authorities, as well as consequent developments thereof;
- manage local tax audits, after having consulted with Group Tax;
- cooperate with Group Tax on establishing and updating local transfer pricing documentation;
- monitor and provide information to Group Tax on existing tax losses carried forward together with information on applicable limitations to utilize the losses;
- inform Group Tax, in advance, on events or situations which may trigger limitations regarding deductibility of interest expenses, such as thin capitalization rules, earning stripping rules or interest rate caps;
- proactively search for and inform Group Tax about opportunities to improve and optimize the tax situation of the legal entities within his/her responsibility;
- on current basis inform Group Tax of potential tax exposures/uncertainties;
- monitor and stay updated on local changes in tax law and practice; and
- take any other measures and actions necessary to render the business operations of local entities in compliance with tax laws and regulations of the relevant country.

Furthermore, the Country Officer has the responsibility to monitor the operations in his/her jurisdiction and see to that no decisions are taken that, according to this Tax Policy, should have been taken subject to prior approval by Group Tax.

### **3.3 Other Group officials**

Unless otherwise decided by Group Tax and/or Country Officers, as deemed necessary and appropriate for each legal entity, the following persons shall handle the following responsibilities.

*Finance Manager* of each legal entity is responsible for the day-to-day compliance activities relating to VAT, custom duties and other indirect taxes as well as handling minor current income tax matters.

The compliance activities concerning indirect taxes include the following actions:

- facilitate that the current indirect tax reporting, filings, calculations, are carried out in accordance with local regulations as well as the Group Accounting Manual;
- ensure that the VAT (and any other applicable indirect tax) returns to be diligently filed and completed;
- ensure that the VAT (and any other applicable indirect tax) payments are made in a timely manner;
- ensure that there are processes in place for customs clearance and payment of customs duties upon importation of goods to the territories of the legal entities within his/her responsibility;
- monitor that the legal entity has a sufficient and proper setup in its accounting (ERP) system to ensure that VAT (and any other applicable indirect taxes) can be reported and that invoices fulfil the formal local requirements;
- cooperate with Group Tax on establishing and updating local indirect tax manuals and documentation;
- proactively search and inform Group Tax about opportunities to improve the indirect tax situation (including cash flow) of the legal entities within his/her responsibility;
- on current basis inform Group Tax of potential indirect tax exposures/uncertainties; and
- monitor and stay updated on local changes in indirect tax law and practice.

*Group HR* (or local HR person appointed by Group HR) is responsible for handling all matters relating to expatriates and secondments within the Group. Furthermore, Group HR is responsible for any tax consequences for individuals relating to long term incentive programs initiated within the Group.

## **4 Tax as a common concern**

Whilst this policy determines and assigns the overall roles and responsibilities among Group Tax, Country Officers and other relevant employees, the achievement of the Tax Objective shall be a common concern. As such it requires that relevant employees involved in tax issues have general understanding of each other's responsibilities and that they assist, help and cooperate with each other. Questions and concerns regarding tax issues on the one hand, and ideas and improvement suggestions on the other hand, shall be communicated to the relevant employees as lined out in this Policy.