

Home Charging Compensation

eViolin workgroup HCC

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11 May 2023

Introduction

This document contains two parts:

1. Analysis of how you can deal with Home Charging Compensation (HCC)
2. Overview of to manage the exchange and recognition of HCC transactions via existing protocols.

Home Charging Compensation is defined as: charging at home with a company car and get the energy cost paid back by your employer.

Next step by the HCC work group is to design alternative process in which the financial flow is limited, and a data flow is introduced.

Home Charging Compensation

Overview of situation in NL and possible ways to deal with this

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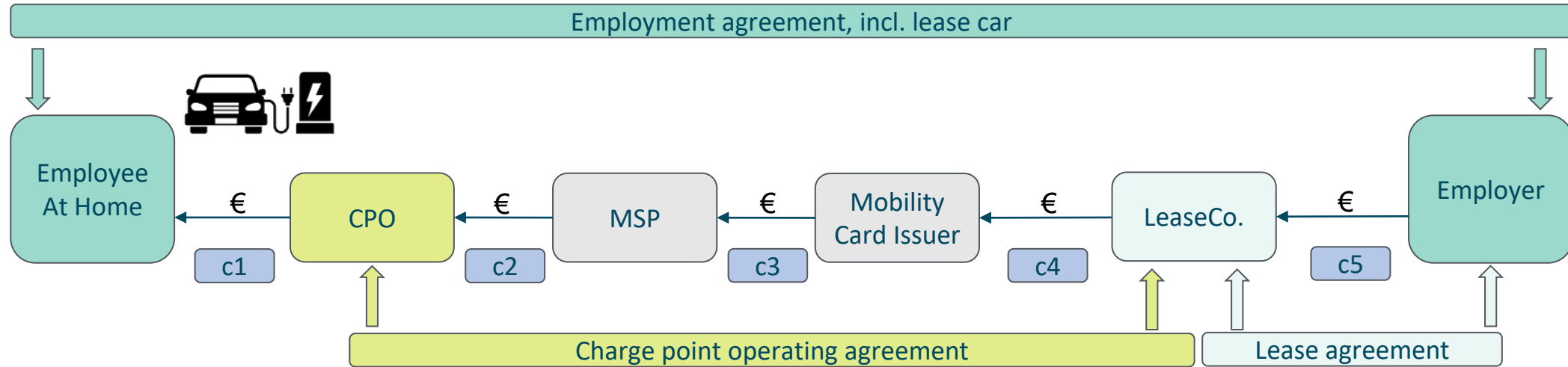
Preamble

1. This document contains an analysis of how you can deal with Home Charging Compensation (HCC)
2. Home Charging Compensation is defined as: charging at home with a company car and get the energy cost paid back by your employer.
3. This analysis is a result from the HCC work group from eViolin, started in 2021 and presented in 2023.
4. It represents the situation in The Netherlands.
5. Other countries can have their own regulations and ways how to deal with HCC. That is not taken into account in this analysis and document.
6. The information takes is applicable for the situation with a company car.
7. Companies should check with their own legal/tax advisors what is the best way to deal with HCC.
8. eViolin, the eViolin board and the members of the eViolin HCC work group accepts no liability and no rights may be derived from this information. The information is non-committal.
9. This document describes the situation as of 11th May 2023 as far as known by the HCC workgroup. The situation might change in the (near) future.

0 – Content

- 1 Agreements – leading to the fiscal qualification of a transaction
- 2 A common cause of issues with VAT or tariffs, related to Home Charging Compensation
- 3 Advice on responsibilities
- 4 FAQ

1 – Agreements: home charging compensation *

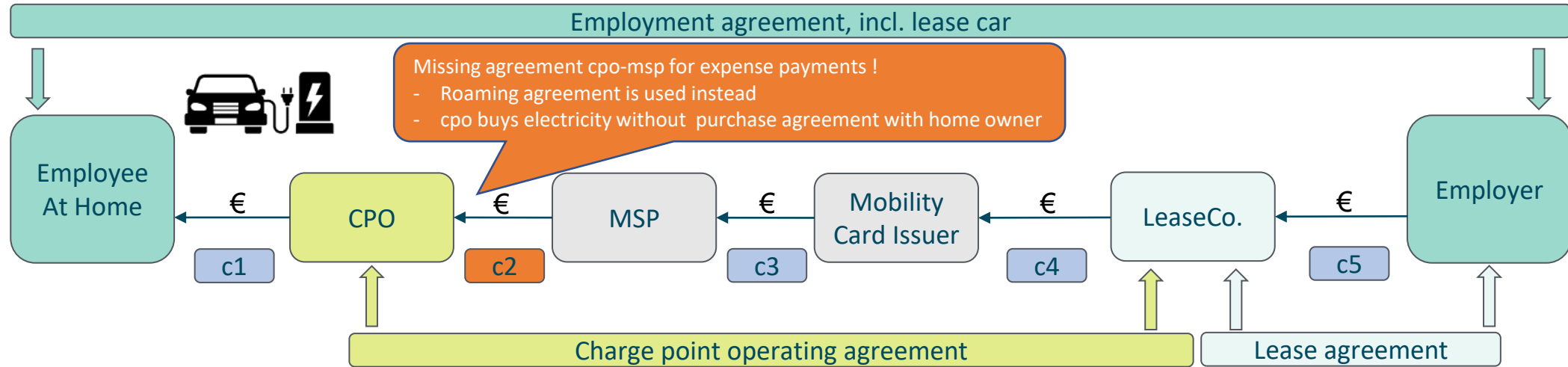


| Supply chain agreements | Scenario A - Expense payments, required agreements: | Scenario B - sale of electricity, required agreements: |
|-------------------------|--|--|
| c1 employee – cpo | No agreement required -> covered by employment agreement | sale of electricity for EV |
| c2 cpo - msp | Agreement for handling expense payments | Agreement for sale of electricity for EV [roaming] |
| c3 msp - mci | Agreement for handling expense payments | Agreement for sale of electricity for EV |
| c4 mci - leaseco | Agreement for handling expense payments | Agreement for sale of electricity for EV |
| c5 leaseco-employer | Agreement for handling expense payments | Agreement for sale of electricity for EV |

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* A typical chain example, not covering all possible variations
12-5-2023

2 - A common cause of vat / tariff issues with HCC



| Supply chain agreements | A Expense payments, required agreements: | B Commercial sale of electricity, required agreements: |
|-------------------------|--|--|
| c1 employee – cpo | No agreement required -> covered by employment agreement | sale of electricity for EV |
| c2 cpo - msp | Agreement for handling expense payments | Agreement for sale of electricity for EV [roaming] |
| c3 msp -mci | Agreement for handling expense payments | Agreement for sale of electricity for EV |
| c4 fci - leaseco | Agreement for handling expense payments | Agreement for sale of electricity for EV |
| c5 leaseco-employer | Agreement for handling expense payments | Agreement for sale of electricity for EV |

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3 - Advise on responsibilities, to prevent supply chain issues

| Role | A - Expense payment | B - Commercial sale of electricity |
|----------|---|---|
| Employee | | |
| CPO | Service of facilitating expense payments should only be allowed for tokens of an MSP, with whom an expense payment handling agreement* exists. | A purchase agreement** must exist between the employee at home [= Charge Station Owner] and the entity selling the electricity. |
| MSP | | Agree with CPO that, if electricity is sold from home locations, a purchase contract with the homeowner is in place. |
| MCI | | |
| LeaseCo | If CPO & MSP services are ordered from different companies and an expense payment is intended, the contractual compatibility of the CPO & MSP should be checked upfront. | |
| Employer | If CPO & MSP services are ordered from different companies and an expense payment is intended, the contractual compatibility of the CPO & MSP for this service should be checked upfront. | |

*agreement will specify that transactions are correctly classified, and that the correct fiscal treatment is applied.

**potential consequence is that homeowner qualifies as a 'reseller' (VAT registration required)

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4 – FAQ

Question 1 - Which scenario should a CPO choose? ‘Expense payment’ [A] or ‘sale of electricity’ [B] ?

Answer

- *The working group has found no (legal) arguments that rule out A or B.
However, a scenario of choice should be executed consistently throughout the supply chain, backed by appropriate agreements*

Question 2 - in case of scenario A [expense payment], do supply chain parties run a risk of ‘providing a financial service’?

Answer

- *This is a known concern, without a single answer that is applicable for all eViolin members.
To be determined per individual company in the supply chain, depending on the company's activities.*

Question 3 - in case of scenario B - sale of electricity – should the homeowner register as a reseller for the VAT?

Answer

- *As registration [NLD] is not based on a revenue or profitability threshold, but on activities with ‘a structural nature’, registration could be the interpretation.
However, the WG has not found any examples where this interpretation has been formally stated.
The purchase contract between homeowner and CPO is essential, so each party is aware that a commercial transaction takes place and are able to take responsibility.*

Question 4 – As risks are involved for both A and B. Is there an alternative to facilitate Home Charging Compensation via multiple companies ?

Answer

- *The working group has discussed the alternative of shortening the payment supply chain, transforming part of the existing chain to a data chain.*
- *The working group will further investigate this approach in 2023.*

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Home Charging Compensation

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Transaction recognition

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Content

- 1 – Introduction
- 2 – Definition of an HCC transaction
- 3 - eViolin cdr file
- 4 - OCPI 2.1.1
- 5 - OCPI 2.2.1
- 6 - FAQ

Introduction

This document has been prepared by the eViolin Workgroup 'Home Charging Compensation'

In this presentation an operational procedure is proposed to facilitate the exchange and recognition of HCC transactions via existing protocols.

This procedure is intended for temporarily use and expected to become obsolete once all parties have implemented OCPI 2.2.1 or a newer as a source for definitive transaction invoicing and reconciliation.

Definition of an HCC transaction

A CPO marks a transaction as HCC, if following conditions are met:

- a) Reimbursement is made to a private person;
- b) Fee calculation is based on a price per kWh, as agreed between employer and employee;
- c) Compensation qualifies as an expense declaration, based on agreement between employer and employee;
- d) No CPO markup is applied on top of the amount, reimbursed to the employee¹;
- e) Contract with MSP for HCC transaction is in place.

¹ In case additional CPO service cost are applicable, this should be charged separately.

HCC recognition - eViolin cdr file

Various MSP are using the eViolin cdr file¹ as a source for transaction invoicing / reconciliation.

For recognition the field 'Product_type' [AN2] can be used with following values :

HE -> HCC transaction - **Exempt** (Formally: Out of scope for VAT)²

HV -> HCC transaction – **VAT** is applicable²

¹ 20220615-Charge-Detail-Records-Interchange-Format-v1.61

² Please consult your tax advisor for correct VAT treatment

HCC recognition – OCPI 2.1.1.

Various MSP are using OCPI 2.1.1. - CDR Module as a source for transaction invoicing / reconciliation.

For HCC recognition the field 'remark' [string(255)] contains one of following 5-character strings :

HCC_E -> HCC transaction - **Exempt** (Formally: Out of scope for VAT)¹

HCC_V -> HCC transaction – **VAT** is applicable ¹

¹ Please consult your tax advisor for correct VAT treatment

HCC recognition – OCPI 2.2.1.

In OCPI 2.2.1. - CDR Module a structural solution is available for recognition of HCC transactions.

In the cdr a Boolean field is available to indicate a HCC transaction:

‘home_charging_compensation’

The Vat application can be specified separately, using the price_components of the CDR

4 – FAQ

Question 1

In the preceding document [ref: HCC report - 22 dec 2022.pdf] the explanation was given that an expense declaration based on an employer / employee agreement is out of scope for VAT.

Why specify the option in this document to apply VAT on the transaction towards MSP ?

Answer

- *CPO is leading for the fiscal qualification. Some CPO take the position that VAT should be applied on the HCC transactions towards a 3rd company [MSP]*
- *Considering the lack of decisive guidelines from authorities, the working group wants to facilitate all CPO practices through the transaction chain, so:*
 - *It is clear for all companies in the chain that HCC is intended*
 - *The VAT treatment as applied by the CPO, is consistently applied through the full chain*
 - *HCC transactions can be exchanged via real-time protocols.*

The END

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