

Umicore & Transwide

VAT : Trigger for a
logistic breakthrough

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VAT : Trigger for a logistic breakthrough

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1) Umicore in a nutshell



- Union Minière founded in 1906, becomes Umicore in 2001
- Global, metals and materials group

Business areas

- Advanced materials (Co, Ge, speciality Materials)
- Precious Metals & Catalysts
- Zinc
- Copper

Main markets

- Battery, Ceramics, Infrared Optics, Telecoms, ...
- Recycling (non-ferrous) & automotive
- Automotive, Construction Cable

- 12.500 people in > 50 locations
- Turnover : 4,6 B€ and EBIT 146 M€

2) VAT issue



Why “VAT : Trigger for a logistic breakthrough” ?

- Proof of intracommunity deliveries (invoiced without VAT) is often neglected in companies, while it is essential
- Transwide is an excellent tool to help companies
 - in proving those intracommunity deliveries
 - while at the same time it can substantially improve management of road transport

2) VAT issue


What are intracommunity deliveries ?

- Deliveries of goods from one EU member state to another member state (25 countries as from 1/5/2004)
- Intracommunity deliveries are invoiced without VAT, if following conditions are fulfilled :
 - have a valid VAT number of the invoiced customer
 - documentary proof that the goods arrived in the other member state
- The transport documents (e.g. CMR) are considered as the best possible proof towards the Tax authorities in case of control

2) VAT issue

Companies become aware of the VAT issues when it is too late ... and face a huge risk

- Control by fiscal authorities, requiring proof of intracommunity delivery can happen any time : inquiry, fraud, bankruptcy, ...
- Prescription period up to 7 years after delivery (Belgium)
- Legal storage period min. 10 years (Belgium)

		<u>Belgium</u>	
● If no proof	VAT due		21 %
	+ fine		min. 10 %
	+ payment interests/year		9,6 %

2) VAT issue

VAT effects logistics department

Logistics department is the key to provide the documentary evidence ...

- As organiser of the transport
- As instructor of the carriers
- As receiver of the transport documents through the carriers
- As archiver of the documents

2) VAT issue

VAT affects the logistics department

Logistics department is faced with difficulties ...

- Verification of documents
 - did all documents return ?
 - are all documents duly completed and signed by all parties (supplier, carrier, customer) ?
- Storage of documents
 - enough space to store documents ?
 - will documents be in good conditions after 10 years ?

2) VAT issue

VAT affects the logistics department

Logistics department is faced with difficulties ...

- Retrieval of documents
 - a good filing system is essential
 - can documents be provided quickly in case of a VAT inquiry ?
- Quality of documents
 - is information readable ?
 - signature / identification / stamp of customer

2) VAT issue

Value added by Transwide

- Use of E-CMR enables to obtain :
 - clear, recognisable + official signatures of all parties
 - easy tracing of missing signatures + documents
 - remote signature
 - signature of driver upon delivery of goods :
added value versus written CMR
 - easy archiving + retrieval

➔ **workload** ➔ - **security** ➔

3) Implementation of Transwide within Umicore : Pilot Project



Scope

- 2 plants - 2 products (packed in FTL)
- 16 carriers, on boarding of 3 customers
- Functionality : TW call-off + TWDOC (E-CMR)
- 3 months (November 2003 - February 2004)

3) Implementation of Transwide within Umicore : Pilot Project



Results and Assessment

- Step by step implementation : 2.500 call-off' s, 1.500 E-CMR
- Good technical performance :
 - easy + fast interfacing with SAP
 - fast response times
- Excellent collaboration between TW and Umicore teams
- Quick acceptance by Umicore staff and carriers : user friendly
- Much better visibility of status outbound shipments for different depts

3) Implementation of Transwide within Umicore : Pilot Project



Results and Assessment

- First productivity improvements identified
 - call-off : faster, more efficient
 - reengineering possible : commercial department i.o. shipping department
 - carrier : even more value for carriers that decide to integrate
 - E-CMR : easy tracing of missing signatures + documents

3) Implementation of Transwide within Umicore : Pilot Project



Results and Assessment

- Signatures of E-CMR
 - at loading by Umicore : no problem 100 % OK
 - at loading by driver : 98 % signed at end of pilot
 - minor problems mainly with subcontractors if no access code, but Transwide provides easy practical solution
 - upon delivery by driver : 90 % signed at end of pilot, but often remote signature by dispatcher i.o. driver

3) Implementation of Transwide within Umicore : Pilot Project



Results and Assessment

Upon delivery by customer : 3 customers scheduled for on-boarding

- . important efforts required to on board customers
 - Umicore has large base of customers (thousands)
- . signature carrier required before customer can sign
 - Transwide will adapt process soon upon Umicore request

Official approval of Transwide system by Fiscal Authorities :

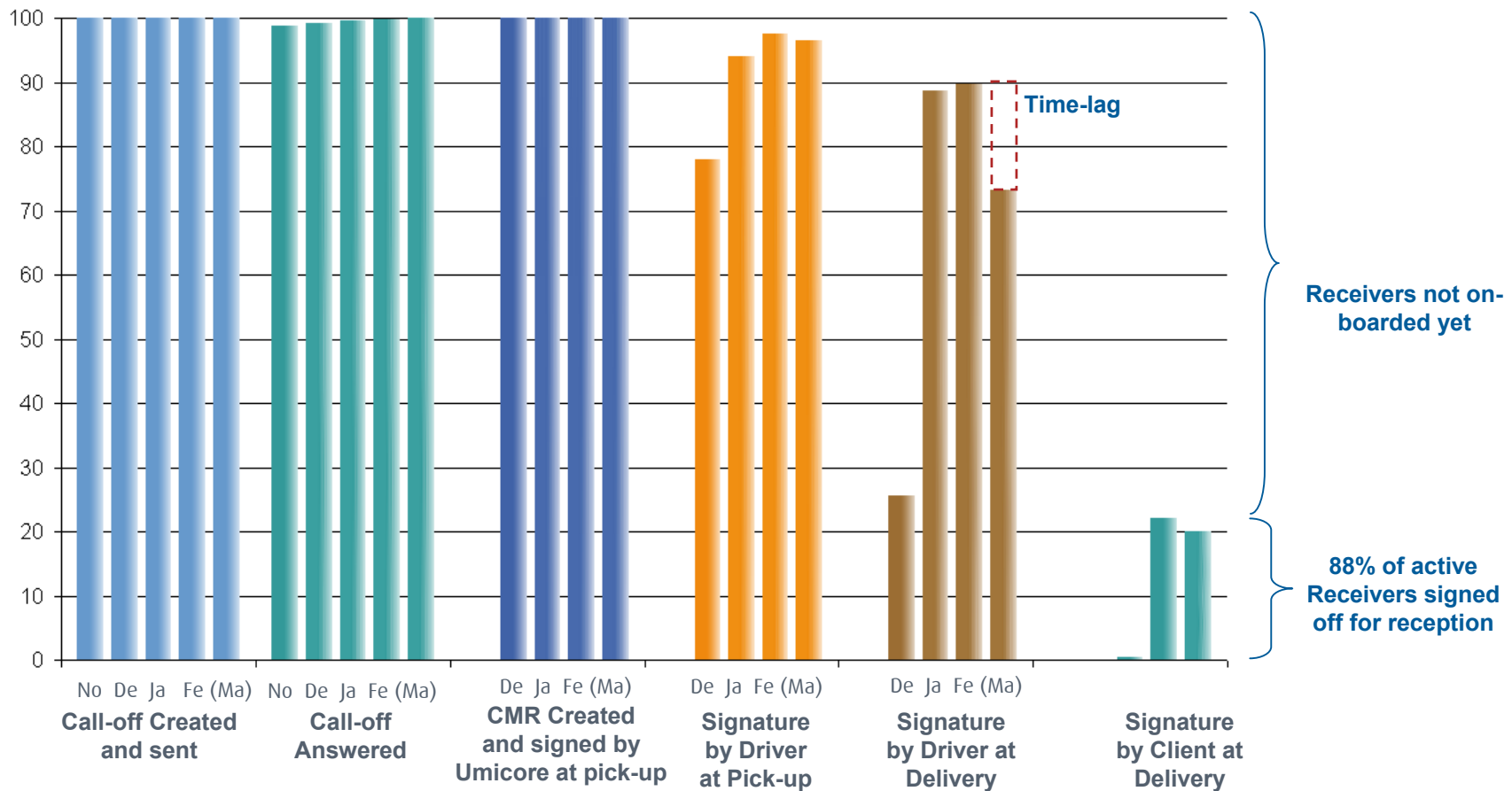
- Belgian VAT Authority approved implementation this week

3) Implementation of Transwide within Umicore : Pilot Project



Overall evolution for successive steps in execution

% of shipments with desired action taken



4) Conclusion / Next Steps



- Transwide is an excellent tool, but a new tool
- Pilot project = success

Roll out decided for most BU's / sites in Europe

➔ +/- 100.000 shipments / year

- On boarding of customers will remain a major task, necessitating important efforts spread over more than 1 year.
 - 80/20 rule will be applied
- VAT approval by tax authorities (other countries than Belgium) is for Umicore a must