



# COUNTRY-BY-COUNTRY REPORTING

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# Country-by-Country Reporting

## The Action 13 minimum standard

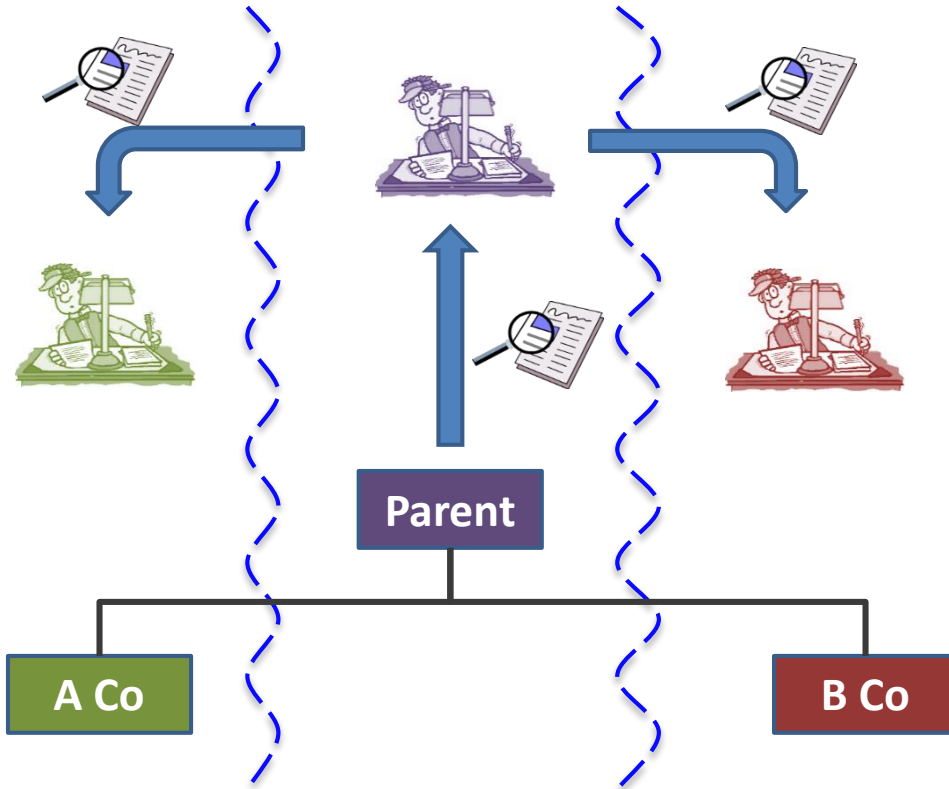
- BEPS Action 13: global standard for transfer pricing documentation to be used for the purposes of high level risk assessment and economic/statistical analysis
- **Exemption:** MNE groups with consolidated group revenues below EUR 750 million in the prior fiscal year
- **Variables:** Related party and third party revenue, profit before tax, income tax, capital, accumulated earnings, employees, tangible assets and main business activities, by tax jurisdiction
- The aim is that, once implemented, all large MNE groups will file a CbC report, but they will only be required to do so once, in the jurisdiction of their ultimate parent





# Country-by-Country Reporting

## The filing and exchange of CbC reports



The ultimate parent of an MNE group prepares a CbC Report and provides it to the tax authority in the country where parent is resident.

Where all jurisdictions have implemented the minimum standard, instruments for the exchange of CbC reports are in place, this tax authority exchanges the CbC report with tax authorities in other jurisdictions where the group has entities or PEs, under AEoI powers contained in bilateral or multilateral treaties



# Country-by-Country Reporting

## Implementation of a CbCR filing obligation

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- Of 110+ members of the Inclusive Framework:
  - over 60 jurisdictions have a comprehensive domestic legal framework for the filing and exchange of CbC reports
  - over 30 further jurisdictions have a partial domestic legal framework in place
- For fiscal years commencing in 2016, 57 jurisdictions applied a CbCR filing obligation or allowed voluntary parent filing
  - these include the UPE jurisdictions of substantially every MNE group above the consolidated group revenue threshold



# Country-by-Country Reporting

## Implementation of an exchange network

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- The first exchanges of CbC reports will take place by June 2018
- Currently over 1400 bilateral exchange relationships are active, between:
  - 68 signatories to the CbC Multilateral Competent Authority Agreement (MCAA)
  - 28 EU Member States under Directive 2016/881/EU (“DAC 4”)
  - bilateral agreements, including 36 signed by the US
- The OECD continues to work with countries to close gaps in the exchange network before June 2018





# Country-by-Country Reporting

## Implementation of an exchange network

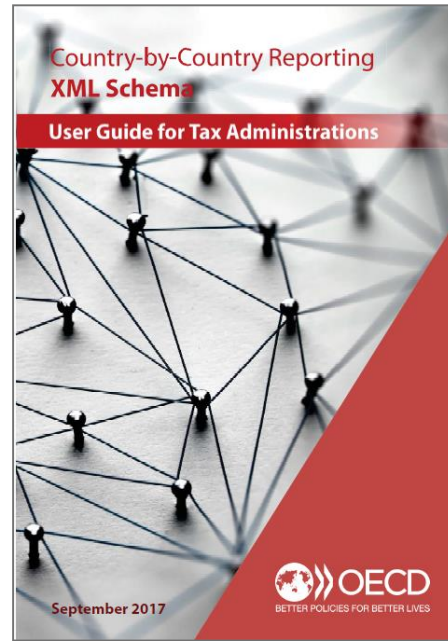
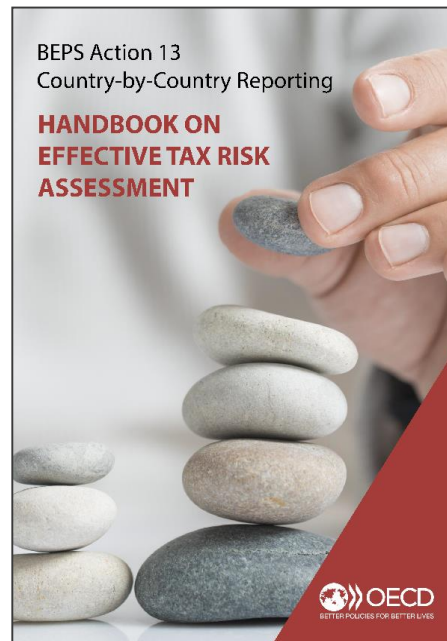
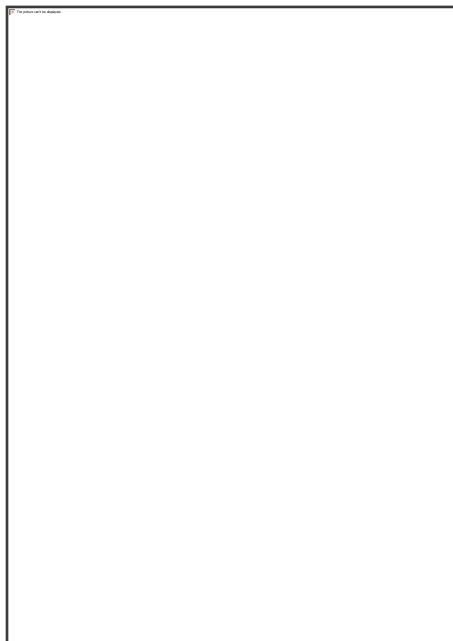
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- Aim is for CbC reports to be available to all tax authorities
- For jurisdictions not currently in the multilateral convention, there is normally a time delay between the date of ratification and the date of effect
- This delay can be removed if jurisdictions make a unilateral declaration that CbC reports for earlier periods may be exchanged
- This also reduces the risk of local filing in these jurisdictions
- The OECD is actively working to encourage:
  - **ALL** signatories to the Convention to file a unilateral declaration as quickly as possible (currently, **40 signatories** have filed a unilateral declaration)
  - new joiners to the Convention to submit a unilateral declaration together with their instrument of ratification



# Country-by-Country Reporting

## Support for MNEs and tax administrations







# Country-by-Country Reporting

## Effective use in tax risk assessment

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- Within constraints, data contained in CbC Reports will be an important assessment tool for tax administrations, enabling them to:
  - identify areas of transfer pricing and BEPS-related risk
  - allocate resources to those risky areas more efficiently
- CbC Report data is likely to be most effective when used in conjunction with other risk assessment data points
- The OECD *Handbook on Effective Tax Risk Assessment* supports tax authorities in incorporating CbC reports into their risk assessment framework
- This handbook will be revised periodically, based on the experience of tax authorities in using CbC reports



# Country-by-Country Reporting 2020 review

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- The Action 13 report includes a mechanism for the minimum standard to be reviewed in 2020
- This review will include, in particular, consideration of:
  - whether CbC reports should include different or additional data
  - the consolidated group revenue threshold
  - the outcomes of monitoring
- The review will take into account feedback from stakeholders, including tax authorities and business



# Statistical Analysis of Country by Country Reports

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- Aggregated and anonymised tabulations from CbCRs filed in each country
- Published together with OECD Corporate Tax Statistics in Nov 2019
- Tabulations by tax jurisdiction, size
- Ratios of CbCR variables to examine relationships between income, taxes, and business activities



# Country-by-Country Reporting



*Questions?*