



TP Documentation and CbCR (Action 13 BEPS).

Current status of implementation

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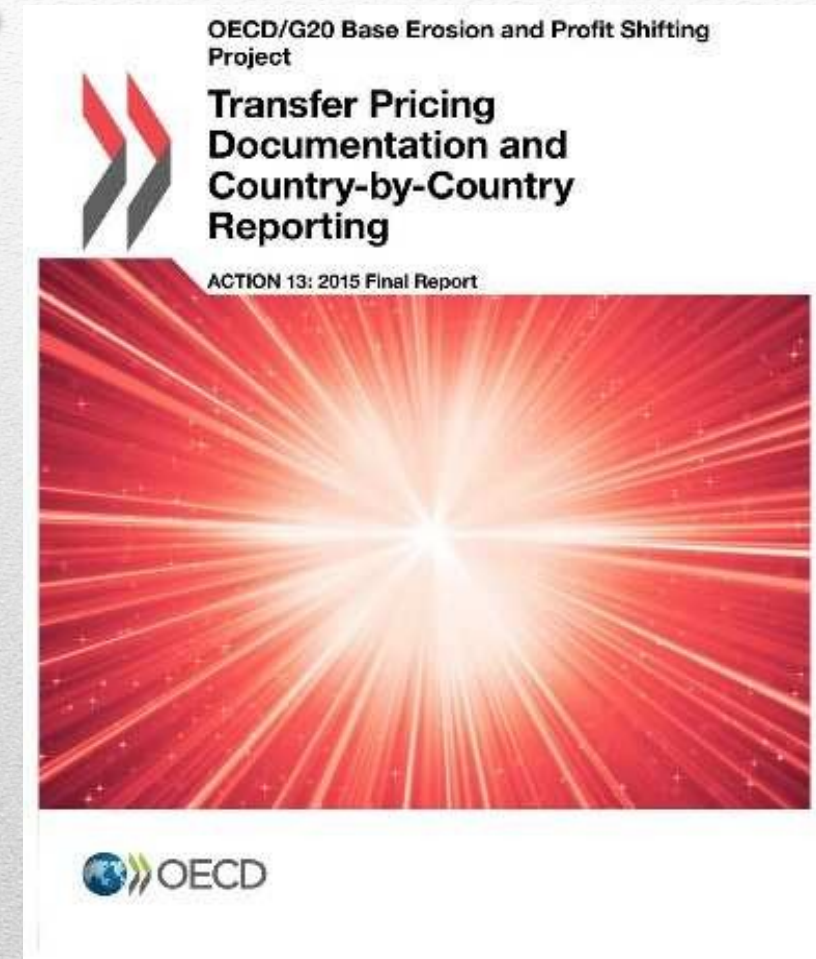
ACTION 13. TP DOCUMENTATION AND CBCR (1/5)

What is the OECD trying to achieve?



The three-tiered approach to TP documentation for MNEs:

	Level of TP documentation	Contents
1	Master File (MF)	<ul style="list-style-type: none">- the MNE group's organizational structure;- a description of the MNE's business or businesses;- the MNE's intangibles;- the MNE's intercompany financial activities;- the MNE's financial and tax positions
2	Local File (LF)	<ul style="list-style-type: none">- descriptive information on the local entity of MNE's;- controlled transactions of this local entity;- financial information of this local entity
3	Country-by-Country Report (CbCR)	<p>Aggregate tax jurisdiction-wide information includes three tables:</p> <ul style="list-style-type: none">- Table 1. Overview of allocation of income, taxes and business activities by tax jurisdiction;- Table 2. List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction;- Table 3. Additional information



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ACTION 13. TP DOCUMENTATION AND CBCR (2/5)

Table 1. Overview of allocation of income, taxes and business activities by tax jurisdiction

NAME OF THE MNE GROUP

FISCAL YEAR CONCERNED

CURRENCY USED

Tax jurisdiction	Revenues			Profit (loss) before income tax	Cash tax paid (CIT and WHT)	Current year tax accrual	Stated capital	Accumulated earnings	Tangible assets other than cash and cash equivalents	Number of employees
	Unrelated party	Related party	Total							
1.										
2.										
3.										
4.										
5.										
6.										
7.										
Etc.										

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ACTION 13. TP DOCUMENTATION AND CBCR (3/5)

Table 2. List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

NAME OF THE MNE GROUP														
FISCAL YEAR CONCERNED														
Tax jurisdiction	Constituent entities resident in the tax jurisdiction	Tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence	Main business activity(ies)											
			R&D	Holding or managing IP	Purchasing or procurement	Mfg or production	Sales, mktg or distribution	Admin., mgmt or support services	Provision of services to unrelated parties	Internal group finance	Regulated financial services	Insurance	Holding shares or other equity instruments	Dormant
	1.													
	2.													
	1.													
	2.													
Etc.														

Table 3. Additional information

NAME OF THE MNE GROUP														
FISCAL YEAR CONCERNED														

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ACTION 13. TP DOCUMENTATION AND CBCR (4/5)

Who is the reporting entity?



Ultimate Parent

- ▶ Top entity
- ▶ No other entity owns a controlling interest

- ▶ Files CbCR with tax authority where it is resident
- ▶ Tax authority will share with other countries under information exchange relationships

Any local entity

- ▶ If country of Ultimate Parent does not require CbCR for the Group, or
- ▶ Local country is not receiving CbCR from Ultimate Parent jurisdiction
- ▶ Unless the Group appoints Surrogate Parent, and
- ▶ Local country rules allow for Surrogate Parent

- ▶ Files CbCR with tax authority in each such local country under country's rules

Surrogate Parent

- ▶ If country of Surrogate Parent requires CbCR and local country has arrangement in place to receive such information from country of Surrogate Parent, and
- ▶ Country of Surrogate Parent and local country both have been informed

- ▶ Files CbCR with tax authority where it is resident
- ▶ Tax authority will share with other countries under information exchange relationships

PRIMARY REPORTING

SECONDARY REPORTING

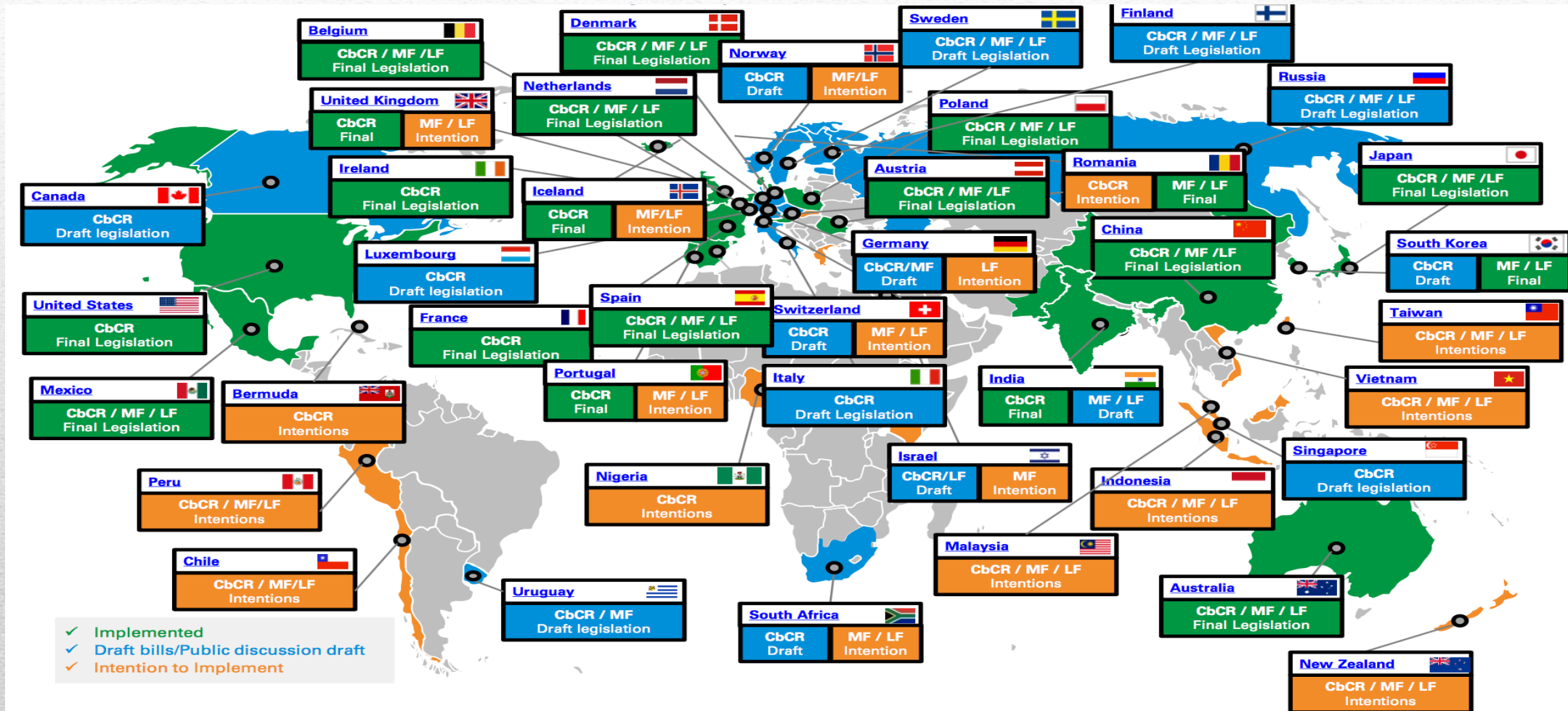
ACTION 13. TP DOCUMENTATION AND CBCR (5/5)**CbC Reporting Implementation Package**

1	Model legislation	Should be used by countries to require the ultimate parent entity of an MNE group to file the CbCR in its jurisdiction of residence including backup filing requirements
2	Three model Competent Authority Agreements	<ul style="list-style-type: none"> - Multilateral Convention on Administrative Assistance in Tax Matters <ul style="list-style-type: none"> ➤ including Multilateral Competent Authority Agreement on the Exchange of CbC Reports (the "CbC MCAA") based on the Convention and inspired by the Multilateral Competent Authority Agreement on Automatic Exchange of Financial Account Information (the "CRS MCAA") ➤ Signatories of 49 countries (Argentina, Australia, Austria, Belgium, Bermuda, Brazil, Canada, Chile, Costa Rica, Curaçao, Czech Republic, Denmark, Estonia, Finland, France, Georgia, Germany, Greece, Guernsey, Iceland, India, Ireland, Isle of Man, Israel, Italy, Japan, Jersey, Korea, Latvia, Liechtenstein, Luxembourg, Malaysia, Mexico, Netherlands, New Zealand, Nigeria, Norway, People's Republic of China, Poland, Portugal, Senegal, Slovak Republic, Slovenia, South Africa, Spain, Sweden, Switzerland, United Kingdom, Uruguay) - Bilateral tax conventions - Tax Information Exchange Agreements (TIEAs)

CbCR requirements are to be implemented on or after 1 January 2016 and apply to MNE's with consolidated group revenue equal to or exceeding €750 million

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ACTION 13. CURRENT STATUS OF IMPLEMENTATION (1/4)



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ACTION 13. CURRENT STATUS OF IMPLEMENTATION IN EU (2/4)

EU COUNTRIES WITH "IMPLEMENTED" STATUS					
Country	Reporting Requirements			Effective Date	Filing Requirements
	MF	LF	CbCR		
Austria	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with global consolidated turnover exceeding €750 million ➤ CbCR has to be submitted within 12 months following the end of the ultimate parent's fiscal year ➤ MF and LF applies to Austrian entities which turnover exceeded €50 million in the preceding two years or if another group entity must prepare a MF ➤ MF and LF need to be filed upon request by the tax authorities within 30 days
Belgium	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with consolidated turnover exceeding €750 million ➤ MF and LF applies to a Belgium company or permanent establishment of a multinational group that satisfies one of the following criteria: 1) sum of operational and financial income of €50 million; 2) balance sheet total larger than €1 billion; 3) FTEs exceeding 100 ➤ CbCR and MF should be submitted 12 months after the close of the reporting year of the group. LF should be filed together with the Belgian income tax return
Denmark	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with consolidated turnover of at least DKK 5.6 billion (approximately US\$839 million) ➤ CbCR could also affect foreign group entities that are residents in Denmark under certain conditions ➤ CbCR should be submitted within 12 months after the last day of the fiscal year ➤ MF and LF must be submitted only if the company is requested to do so and within 60 days after request

ACTION 13. CURRENT STATUS OF IMPLEMENTATION IN EU (2/4)

COUNTRIES WITH "IMPLEMENTED" STATUS (CONTINUE)

Country	Reporting Requirements			Effective Date	Filing Requirements
	MF	LF	CbCR		
Netherlands	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with turnover exceeding €750 million ➤ CbCR should be submitted within 12 months after the last day of a reporting year ➤ MF and LF applies to Dutch entities that are part of a MNE's with turnover exceeding €50 million ➤ Group member should maintain, within the deadline imposed for the filing of corporate income tax returns, a MF and LF for the year to which the tax return relates
Poland	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with consolidated turnover exceeds €750 million ➤ CbCR must be submitted within 12 months after its tax year- end ➤ MF applies to MNEs with revenues exceeding €20 million ➤ LF applies for taxpayers whose revenues/costs are equal to or exceed €2,000,000 (benchmarking analyses: €10,000,000). Additional materiality threshold may apply ➤ MF and LF are required as from 2017 ➤ MF and LF should be prepared by the day of filing of the annual tax return. Together with the tax return, taxpayers file a statement that they are in possession of the LF
Spain	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with consolidated turnover exceeds €750 million. Regulations extend to subsidiary entities ➤ CbCR must be filed no later than 12 months after the last day of the reporting fiscal year of the MNE group ➤ MF applies to entities with revenues exceeding €45 million ➤ The TP regulations allow for the preparation of a 'simplified' LF for taxpayers with an aggregate group revenue that does not exceed €45 million. A super simplified LF may be filed by taxpayers with revenue of less than €10 million ➤ MF and LF should be made available to the tax authorities by the income tax return filing deadline (six months and 25 days after the taxpayer's fiscal year-end)

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ACTION 13. CURRENT STATUS OF IMPLEMENTATION IN EU (3/4)

COUNTRIES WITH "DRAFT BILLS/PUBLIC DISCUSSION DRAFT" STATUS					
Country	Reporting Requirements			Effective Date	Filing Requirements
	MF	LF	CbCR		
Finland	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNE's with global consolidated turnover exceeding €750 million ➤ Annual filing date for CbCR will most likely be within 12 months following the year end ➤ MF and LF will be effective as of January 1, 2017 ➤ MF and LF need to be prepared yearly, but only provided to the tax authorities upon request
Sweden	✓	✓	✓	January 1, 2016	<ul style="list-style-type: none"> ➤ CbCR applies to MNEs with annual consolidated group revenue equal to or exceeding SEK 7 billion. Regulations extend to subsidiary entities ➤ CbCR must be filed no later than 12 months after the last day of the reporting fiscal year ➤ MF and LF will be effective as of January 1, 2017 ➤ Companies with fewer than 250 employees and a group turnover of less than SEK 450 million, or a consolidated balance sheet total of less than SEK 400 million are not required to submit MF and LF ➤ MF and LF should be available by the time when the tax return should be filed (normally July 1). No monitoring will be performed (unless the documentation is requested when reviewing the tax return or in a tax audit)

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ACTION 13. CURRENT STATUS OF IMPLEMENTATION IN EU (4/4)

COUNTRIES WITH "PARTICULARLY IMPLEMENTED" STATUS			
Country	Reporting Requirements		
	MF	LF	CbCR
Bulgaria			✓
Czech Republic	✓	✓	✓
Estonia			✓
France			✓
Germany	✓	✓	✓
Ireland			✓
Italy			✓
Luxembourg			✓
Portugal	✓	✓	✓
Romania	✓	✓	✓
Slovakia	✓	✓	✓
Switzerland	✓	✓	✓
United Kingdom	✓	✓	✓

✓ Implemented

✓ Draft bills/Public discussion draft

✓ Intention to implement

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ACTION 13. IMPLEMENTATION IN RUSSIA

Country	Reporting Requirements			Effective Date	Filing Requirements
	MF	LF	CbCR		
Russia	✓	✓	✓	January 1, 2017	<ul style="list-style-type: none"> ➤ CbCR applies to multinational entities that are resident in Russia and have a consolidated annual group revenue exceeding RUB 50 billion in the previous year ➤ CbCR also applies to companies for which the ultimate parent of the group is not resident in Russia under certain conditions ➤ CbCR will be optional for calendar year 2016. CbCR must be filed within 12 months after the fiscal year end ➤ All constituent entities resident in Russia are required to provide a notice of participation in a multinational group to the Russian tax authorities three months following the end of the group's fiscal year ➤ The MF and LF requirements apply for Russian resident entities meeting the same RUB 50 million threshold for CbCR reports. The MF must be prepared if the ultimate or surrogate parent is resident in Russia. The LF must be prepared by all constituent entities in Russia that have transactions with non- resident related parties



THANK YOU FOR YOUR ATTENTION!
