



Automation of country by country Reporting

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1. CbC Reporting - Format

- Format: published 16 September 2014 by OECD/G20
<http://www.oecd.org/tax/guidance-on-transfer-pricing-documentation-and-country-by-country-reporting-9789264219236-en.htm>
- Format: published January 2015 by OECD/G20
Guidance on the **implementation** of transfer pricing documentation and country by country reporting

1. CbC Reporting - Timing

- Recommended implementation by MNEs anticipated before 1-1-2016, i.e. the first CbC reporting relates to your FY 2016
- No later than due date of corporate tax return
Exception: If financial statements are finalized after the due date of the tax return In that case extension with one year following last day of fiscal year of ultimate parent

1. CbC Reporting - Channels of disclosure

- Disclosure via Tax Authority in country of “Reporting entity”
- Further disclosure to: tax inspectors of home and host countries or other layers of tax administration such as competent authorities, APA and ATR teams
- Would this disclosure require
 - (i) local formal tax law/regulations to be modified? and/or
 - (ii) the multilateral treaty under BEPS (action point 15) to be granting tax inspector/others the full authority to demand CbC reporting?
- Interaction with “Exchange of Information” clause under tax treaties

2. CbC Reporting - FAQ

1. What accounting standard (GAAP) should be used?
2. Should the CbC with all i/c entries be shared with all tax inspectors?
3. What if you leave out certain categories of data?
4. Can you report CbC on a country, regional base and/or BU level?
5. Which entity/entities act(s) as “Reporting entity”
6. What is the relationship between CbC and the OECD report on 'use of profit splits in the context of global value chains'?

2. CbC Reporting - FAQ continued

7. Who is accountable for completion/data extraction of the CbC?
8. Who is accountable for sign off of the CbC?
9. Who is accountable for reporting of the CbC?
10. What are the data sources and level of detail being used?
11. How to deal with different currencies?
12. What IT configuration is in place to extract data?
13. What IT configuration is in place to rework data into a CbC report format?
14. How to deal with intercompany transactions for which no journal entry exists, e.g., VAT/CIT?
15. Can you use CbC reporting for other purposes?

3. DEMO

4. CbC Reporting - What to do next?

Workplan/process

- Review current operational & organizational TP model
- Dry run and prepare/test a preliminary CbC Reporting
- Assess & evaluate outcome, identify risk areas
- Consider how tax authorities would view this information
- Action list for 'CbC readiness'
- Consider potential software solutions

4. CbC Reporting – 2015 to do checklist:

- Prepare a collection strategy, including a source map detailing the data sources linked to each category of information
- Appoint tax/tp team member to lead process
- Appoint an IT person to consider new investments in IT systems
- Appoint a finance person to take on accounting controllership for CbC
- Appoint a legal or TP person to check all the underlying legal documentation
- Make a HR person responsible for employee numbers
- Appoint a staff member to ensure consistency and validation of information
- Appoint person to sign off on CbC report
- Appoint person to report compiled CbC report to tax authorities

Q & A

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