

Sri Lanka

Overview of CbC reporting requirements

First reporting fiscal year: Commencing on or after 1 April 2018

Consolidated group revenue threshold: EUR 750 million or its equivalent in LKR

Filing deadline: 12 months following the end of the reporting fiscal year

Local filing required: Yes

Surrogate parent entity filing permitted: Yes

First review of the domestic legal framework: 2018/2019

Summary of recommendations

Area of implementation	Recommendations for improvement
Domestic legal and administrative framework	It is recommended that Sri Lanka amend or otherwise clarify the annual consolidated group revenue threshold calculation rule applies in a manner consistent with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent entity is located in a jurisdiction other than Sri Lanka. It is recommended that Sri Lanka take steps to ensure that local filing only occurs in the circumstances permitted under the minimum standard..
Exchange of information framework	It is recommended that Sri Lanka take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use conditions and with which it has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. It is recommended that Sri Lanka take steps to implement the necessary processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.
Appropriate use	It is recommended that Sri Lanka take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.

The domestic legal and administrative framework

It is recommended that Sri Lanka amend or otherwise clarify the annual consolidated group revenue threshold calculation rule applies in a manner consistent with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent entity is located in a jurisdiction other than Sri Lanka. This recommendation remains in place since the 2018/2019 peer review.

It is recommended that Sri Lanka take steps to ensure that local filing only occurs in the circumstances permitted under the minimum standard. This recommendation remains in place since the 2018/2019 peer review.¹

The exchange of information framework

Sri Lanka has no bilateral relationships in place for the exchange of CbC reports nor processes to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework.

It is recommended that Sri Lanka take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use conditions and with which it has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains in place since the 2018/2019 peer review.

It is recommended that Sri Lanka take steps to implement the necessary processes or written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the exchange of information framework. This recommendation remains in place since the 2018/2019 peer review.

Appropriate use of CbC reports

Sri Lanka does not yet have controls in place to ensure the appropriate use of CbC reports.

It is recommended that Sri Lanka take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. This recommendation remains in place since the 2018/2019 peer review.

Note

¹ Sri Lanka's Regulations on Transfer Pricing refer to the responsibility to prepare and maintain transfer pricing documentation including the Country-by-Country Report applying to enterprises carrying out controlled transactions with associated enterprises subject to sections of Sri Lanka's primary legislation. This narrows the population of MNEs required to file a CbC report in Sri Lanka and apparently applies an exemption from reporting to MNEs who meet the threshold requirement but do not carry out controlled transactions with associated enterprises. In practice this is very unlikely to be the case for MNEs who would otherwise meet the requirement so no recommendation is made but the situation will be monitored. This monitoring point remains in place since the 2018/2019 peer review.



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