

## Turks and Caicos Islands

1. This report is the Turks and Caicos Island's (TCI) first annual peer review report. Consistent with the agreed methodology this report covers: (i) the domestic legal and administrative framework, (ii) the exchange of information framework as well as (iii) the appropriate use of CbC reports. The first filing obligation for a CbC report in the TCI applies to reporting fiscal years ending on or after 1 January 2020.

### Summary of key findings

2. TCI meets all the terms of reference (OECD, 2017<sup>[2]</sup>) relating to the domestic legal and administrative framework for implementing the BEPS Action 13 minimum standard.
3. It is recommended that TCI take steps to implement 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 ahead of the first exchanges of information.
4. It is however noted that TCI will not be exchanging CbC reports in 2019.

### Part A: The domestic legal and administrative framework

5. TCI has primary<sup>1</sup> and secondary<sup>2</sup> legislation in place to implement the BEPS Action 13 minimum standard to impose and enforce CbC requirements on MNE groups whose Ultimate Parent Entity is resident for tax purposes in TCI.

#### *(a) Parent entity filing obligation*

6. TCI has introduced a domestic legal and administrative framework which imposes a CbC filing obligation on Ultimate Parent Entities of MNE Groups above a certain threshold of revenue, whereby all required Constituent Entities of the MNE Group are included in the CbC report and no entity is excluded from CbC Reporting other than permitted by the Action 13 report (OECD, 2015).

#### *(b) Scope and timing of parent entity filing*

7. The first filing obligation for a CbC report in TCI commences in respect of fiscal years ending after 1 January 2020. The CbC report must be filed within 12 months after the end of the period to which the CbC report of the MNE Group relates.

#### *(c) Limitation on local filing obligation*

8. TCI does not impose a local filing requirement.

#### *(d) Limitation on local filing in case of surrogate filing*

9. TCI does not impose a local filing requirement.

*(e) Effective implementation*

10. TCI has legal mechanisms in place to enforce compliance with the minimum standard: TCI confirms that it has penalty provisions for non-compliance with CbC obligations and also the power to audit where there is non-compliance with the filing obligation.

*Conclusion*

11. TCI has a domestic legal and administrative framework to impose and enforce CbC requirements on the Ultimate Parent Entity of an MNE Group that is resident for tax purposes in TCI. TCI meets all the terms of reference relating to the domestic legal and administrative framework.

**Part B: The exchange of information framework***(a) Exchange of information framework*

12. As of 31 May 2019, TCI has 51 bilateral relationships in place for the exchange of CbC reports including those activated under the CbC MCAA and under bilateral QCAAs. Within the context of its international exchange of information agreements that allow automatic exchange of information, TCI has taken steps to have Qualifying Competent Authority agreements in effect with jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions<sup>3</sup>. Regarding TCI's exchange of information framework, no inconsistencies with the terms of reference were identified.

*(b) Content of information exchanged*

13. TCI does not have processes or written procedures in place that are intended to ensure that each of the mandatory fields of information required in the CbC reporting template are present in the information exchanged.

*(c) Completeness of exchanges*

14. TCI does not have processes or written procedures in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC report with which it should exchange information as per the relevant QCAA.

*(d) Timeliness of exchanges*

15. TCI does not have processes or written procedures in place that are intended to ensure that the information to be exchanged is transmitted to the relevant jurisdictions in accordance with the timelines provided for in the relevant QCAAs.

*(e) Temporary suspension of exchange or termination of QCAA*

16. TCI does not have processes or written procedures in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA would be carried out only as per the conditions set out in the relevant QCAA.

*(f) Consultation with other Competent Authority before determining systemic failure or significant non-compliance*

17. TCI does not have processes or written procedures in place that are intended to ensure that its Competent Authority consults with the other Competent Authority before making a determination of systemic failure or significant non-compliance with the terms of the relevant QCAA by that other Competent Authority.

*(g) Format for information exchange*

18. TCI confirms that it will use the OECD XML Schema for the exchange of CbC reports.

*(h) Method for transmission*

19. TCI does not have processes or written procedures in place that are intended to ensure that an appropriate encryption method and method for electronic data transmission are in place.

*Conclusion*

20. It is recommended that TCI take steps to implement 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 ahead of its first exchanges of information. It is however noted that TCI will not be exchanging CbC reports in 2019.

**Part C: Appropriate use**

21. TCI is a non-reciprocal jurisdiction and, as such, will not receive CbC reports submitted to tax authorities in other jurisdictions, and will not apply local filing. It is therefore not necessary for this peer review evaluation to reach any conclusions with respect to appropriate use of the reports.

*Conclusion*

22. TCI is a non-reciprocal jurisdiction and, as such, will not receive CbC reports submitted to tax authorities in other jurisdictions, and will not apply local filing. It is therefore not necessary for this peer review evaluation to reach any conclusions with respect to TCI's compliance with paragraphs 11(a), (b), (c) and (d) and paragraph 12(a) of the terms of reference on appropriate use.

## Summary of recommendations on the implementation of Country-by-Country Reporting

Aspect of the implementation that should be improved		Recommendation for improvement
Part A	Domestic legal and administrative framework	-
Part B	Exchange of information framework	It is recommended that TCI 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.
Part C	Appropriate use	-

## Notes

<sup>1</sup> <http://online.fliphtml5.com/fizd/zsbx/>.

<sup>2</sup> <http://online.fliphtml5.com/fizd/guws/#p=3>.

<sup>3</sup> No inconsistency with the terms of reference will be identified where a QCAA is not in effect with one or more jurisdictions of the Inclusive Framework that meet the confidentiality, consistency and appropriate use conditions, but this is due to circumstances that are not under the control of the reviewed jurisdiction. This may include, for example, where the other jurisdiction intends to exchange CbC reports using the MCAA but it does not have the Convention in effect for the relevant fiscal period, or where the other jurisdiction has declined to have a QCAA in effect with the reviewed jurisdiction.



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