

Executive summary

Context of Country-by-Country Reporting

A key component of the transparency pillar of the Base Erosion and Profit Shifting (BEPS) minimum standards is the obligation for all large multinational enterprise groups (MNE Groups) to file a Country-by-Country (CbC) report. The Action 13 Report (*Transfer Pricing Documentation and Country-by-Country Reporting*) provides a template for these MNE Groups to report annually, and for each tax jurisdiction in which they do business, the amount of revenue, profit before income tax and income tax paid and accrued, as well as the number of employees, stated capital, retained earnings and tangible assets. MNE Groups should also identify each entity within the group doing business in a particular jurisdiction and provide an indication of the business activities each entity engages in. In 2018 for the first time, tax authorities around the world received information on large foreign headed MNE Groups which was not previously available, enabling them to grasp the structure of the businesses while enhancing their risk assessment capacity.

In general, the Ultimate Parent Entity (UPE) of an MNE Group will prepare and file its CbC report with the tax administration in its jurisdiction of tax residence. That tax administration will automatically exchange the CbC report with the tax administrations in the jurisdictions listed in the CbC report as being a place in which the MNE Group has a Constituent Entity resident for tax purposes. This will be carried out under an International Agreement (such as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC) or a Double Tax Convention (DTC) or a Tax Information Exchange Agreement (TIEA) permitting automatic exchange of information (AEOI). A Qualifying Competent Authority Agreement (QCAA) which sets out the operational details of the exchange of CbC reports will need to be in place.

As one of the four BEPS minimum standards, the Country-by-Country reporting (CbCR) requirements contained in the 2015 Action 13 Report are subject to peer review in order to ensure timely and accurate implementation and thus safeguard the level playing field. All members of the Inclusive Framework on BEPS commit to implementing the Action 13 minimum standard and to participating in the peer review, on an equal footing. The peer review process focuses on three key elements of the minimum standard: (i) the domestic legal and administrative framework, (ii) the exchange of information (EOI) framework and (iii) the appropriate use of CbC reports.

Implementation of CbC Reporting is well underway as the peer review process evidences: over 80 jurisdictions have now introduced an obligation for relevant MNE Groups to file a CbC report in their domestic legal framework.

Scope of this review

This is the second annual peer review for the Action 13 minimum standard. It covers 116 jurisdictions which provided legislation and /or information relating to the implementation of CbC Reporting.

For each jurisdiction, the review covered the domestic legal and administrative framework, the exchange of information framework and measures in place to ensure the appropriate use of CbC reports.

Key findings

The key findings of the second annual peer review are as follows:

- **Domestic legal and administrative framework:** Over 80 jurisdictions have a domestic legal framework for CbC reporting in place, though a small number of these require secondary legislation or administrative guidance to implement a requirement for the filing of CbC reports. In addition, a few jurisdictions have final legislation approved that is awaiting official publication. In this peer review report, 41 jurisdictions have received a general recommendation to put in place or finalise their domestic legal or administrative framework and 17 jurisdictions received one or more recommendations for improvements to specific areas of their framework.
- **Exchange of information framework:** In total, 67 jurisdictions have multilateral or bilateral competent authority agreements in place, effective for taxable periods starting on or after 1 January 2016, or on or after 1 January 2017.
- **Confidentiality:** Of the jurisdictions included in this review, 73 have undergone an assessment by the Global Forum on confidentiality and data safeguards in the context of implementing the AEOI standard and did not receive any action plan. In contrast, 12 jurisdictions are currently working on an action plan issued by the Global Forum as a consequence of its review.
- **Appropriate use:** Since the first annual peer review, an additional 19 jurisdictions have provided detailed information, enabling the CbC Reporting Group to obtain sufficient assurance that measures are in place to ensure the appropriate use of CbC reports. This brings the total number of jurisdictions with such measures in place to 58.

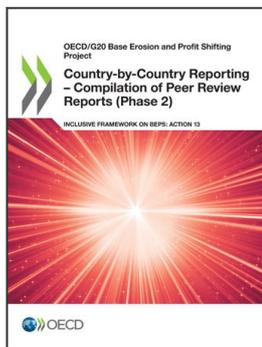
A number of Inclusive Framework members are not included in this peer review report, either because they joined the Inclusive Framework after 1 October 2018 (at which point it was too late to incorporate them into the current peer review process) or they opted out of the peer review in accordance with the peer review terms of reference. Jurisdictions opting out of the peer review are required to confirm that they do not have any resident entities that are the UPE of an MNE group above the consolidated revenue threshold and that they will not require local filing of CbC reports. Members of the Inclusive Framework that are not included in this peer review report are:

- Antigua and Barbuda
- Armenia
- Burkina Faso
- Cabo Verde
- Cook Islands

- Dominica
- Dominican Republic
- Faroe Islands
- Greenland
- Grenada
- Morocco
- Saint Kitts and Nevis
- Saint Vincent and the Grenadines

Next steps

The peer review of the Action 13 minimum standard is an annual review taking place in 2017-18, 2018-19 and 2019-20. The next annual peer review (“phase three”) will commence in 2019 and will aim to review all the jurisdictions of the Inclusive Framework, focusing on progress made by jurisdictions to address recommendations in this peer report.



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