

Iceland

1. Iceland was reviewed as part of the 2017/2018 and the 2018/2019 peer reviews. This report is supplementary to those previous reports (OECD, 2019^[1]) (OECD, 2018^[2]).
2. The first filing obligation for a CbC report in Iceland applies to reporting fiscal years commencing on or after 1 January 2017.

Summary of key findings

3. Iceland's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[3]), except for the following:
 - It is recommended that Iceland amend or otherwise clarify the definition of 'Ultimate Parent Entity' in a manner consistent with the definition contained in the terms of reference. This recommendation remains unchanged since the 2017/2018 peer review.
4. Iceland's 2017/2018 peer reviews recommended that Iceland clarify that the annual consolidated group revenue threshold calculation rule applies in line with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Iceland. Guidance has been issued and the recommendation is removed.
5. Iceland's previous peer reviews included a recommendation that Iceland amend or otherwise clarify the definitions of "Constituent Entity" and "MNE Group" in a manner consistent with the definition contained in the terms of reference. These definitions have now been amended and the recommendation is removed.
6. Iceland's previous peer reviews recommended that Iceland clarify the scope of two conditions for local filing to ensure that local filing can only be required in the circumstances contained in the terms of reference. This has now been clarified and the recommendation is removed.
7. Iceland's previous peer reviews included a recommendation that Iceland introduce rules providing that local filing will not apply in case of Surrogate Parent Entity. This rule has now been introduced and the recommendation is removed.

Part A: The domestic legal and administrative framework

8. Iceland has legislation in place to implement the BEPS Action 13 minimum standard.
 - (a) **Parent entity filing obligation**
 9. It was previously recommended that Iceland amend or otherwise clarify its rule for the calculation of the annual consolidated group revenue threshold calculation so that it 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 Iceland, when local filing requirements are applicable.¹ Iceland has issued clarifying guidance on this point and the recommendation is removed.
 - (b) **Scope and timing of parent entity filing**
 10. No changes were identified.²

(c) Limitation on local filing obligation

11. Iceland's 2017/2018 peer review included a recommendation that Iceland amend its legislation or otherwise take steps to ensure that local filing is only required in the circumstances contained in the terms of reference. This amendment has been made and the recommendation is removed.

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

12. Iceland's 2017/2018 peer review included a recommendation that Iceland introduce rules providing that local filing will not apply for a Constituent Entity resident in Iceland when the CbC report of the CbC Group to which it belongs has been filed by a Surrogate Parent Entity in its jurisdiction of tax residence. This amendment has been made and the recommendation is removed

(e) Effective implementation

13. No changes were identified.³

Conclusion

14. Iceland meets all the terms of reference relating to the domestic legal and administrative framework, with the exception that:

- It is recommended that Iceland amend or otherwise clarify the definition of 'Ultimate Parent Entity' in a manner consistent with the definition contained in the terms of reference. This recommendation remains unchanged since the 2017/2018 peer review.

Part B: The exchange of information framework

(a) Exchange of information framework

15. As of 31 March 2020 Iceland has 72 bilateral relationships, including those activated under the CbC MCAA, under bilateral CAAs and under the Nordic Convention. Within the context of its international exchange of information agreements that allow automatic exchange of information, Iceland 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.⁴ Regarding Iceland's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

16. No changes were identified.

(c) Completeness of exchanges

17. No changes were identified.

(d) Timeliness of exchanges

18. No changes were identified.

(e) Temporary suspension of exchange or termination of QCAA

19. No changes were identified.

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

20. No changes were identified.

(g) Format for information exchange

21. No changes were identified.

(h) Method for transmission

22. No changes were identified.

Conclusion

23. Iceland meets all the terms of reference regarding the exchange of information.

Part C: Appropriate use

Appropriate use

24. No changes were identified.

Conclusion

25. Iceland meets all the terms of reference relating to appropriate use of CbC reports.

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 - Parent entity filing obligation definitions	It is recommended that Iceland amend or otherwise clarify the definition of an "Ultimate Parent Entity".
Part B	Exchange of information	-
Part C	Appropriate use	-

References

- OECD (2019), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 2): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/f9bf1157-en>. [1]
- OECD (2018), *Country-by-Country Reporting – Compilation of Peer Review Reports (Phase 1): Inclusive Framework on BEPS: Action 13*, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://dx.doi.org/10.1787/9789264300057-en>. [2]
- OECD (2017), *Terms of reference for the conduct of peer review of the Action 13 minimum standard on country-by-country reporting*, OECD Publishing, <https://www.oecd.org/tax/beps/beps-action-13-on-country-by-country-reporting-peer-review-documents.pdf>. [3]

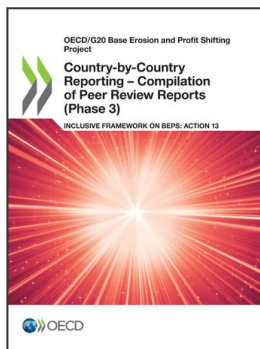
Notes

¹ <https://www.rsk.is/fagadilar/cbc/leidbeiningar/riki-fyrir-riki-skyrsla-rsk-430> (accessed on 24 August 2020).

² Iceland's 2017/2018 peer review included a monitoring point in relation to the issuance of updated interpretation or clarification of "Revenues – Related Party" within a reasonable timeframe to ensure consistency with OECD guidance. Iceland indicates it is in the process of updating existing guidance. This monitoring point remains in place.

³ Iceland's 2017/2018 peer review included a general monitoring point relating to a specific process to that would allow to take appropriate measures in case Iceland is notified by another jurisdiction that such other jurisdiction has reason to believe that an error may have led to incorrect or incomplete information reporting by a Reporting Entity or that there is non-compliance of a Reporting Entity with respect to its obligation to file a CbC report. This monitoring point remains in place.

⁴ 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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