

Pakistan

1. Pakistan was first reviewed during the 2017/2018 peer review. This report is supplementary to Pakistan's 2017/2018 peer review report (OECD, 2018^[1]). The first filing obligation for a CbC report in Pakistan commences in respect of financial years beginning on or after 1 January 2016.

Summary of key findings

2. Pakistan's implementation of Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[2]) relating to the domestic legal and administrative framework.

3. It is recommended that Pakistan 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.

4. It is recommended that Pakistan take steps to ensure that the appropriate use condition is met.

5. In the 2017/2018 peer review Pakistan was recommended to take steps to enable exchange of CbC reports relating to the fiscal year starting prior to 1 July 2016 when its signing of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (OECD/Council of Europe, 2011) came into effect. Pakistan signed a Unilateral Declaration on the effective date for exchanges under the MCAA in January 2018, this recommendation is therefore removed.

Part A: The domestic legal and administrative framework

6. Pakistan has primary and secondary laws in place to implement the BEPS Action 13 minimum standard, establishing the necessary requirements, including the filing and reporting obligations.

(a) Parent entity filing obligation

7. No changes were identified with respect to the scope and timing of parent entity filing.

(b) Scope and timing of parent entity filing

8. No changes were identified with respect to the scope and timing of parent entity filing.

(c) Limitation on local filing obligation

9. No changes were identified with respect to the scope and timing of parent entity filing.

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

10. No changes were identified with respect to the limitation on local filing in case of surrogate filing.

(e) Effective implementation

11. No changes were identified with respect to the effective implementation

Conclusion

12. There is no change in relation to the domestic legal and administration framework for Pakistan since the previous peer review.

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

13. In the 2017/2018 peer review Pakistan was recommended to take steps to enable exchange of CbC reports relating to the fiscal year starting prior to 1 July 2016 when its signing of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (OECD/Council of Europe, 2011) came into effect. Pakistan signed a Unilateral Declaration on the effective date for exchanges under the MCAA in January 2018, this recommendation is therefore removed.

14. As at 31 May 2019, Pakistan has 59 bilateral relationships activated under the CbC MCAA. Within the context of its international exchange of information agreements that allow automatic exchange of information, Pakistan 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.¹

(b) Content of information exchanged

15. Pakistan does not have a process 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

16. Pakistan does not have processes 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

17. Pakistan 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 QCAs.

(e) Temporary suspension of exchange or termination of QCAA

18. Pakistan does not have processes 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

19. Pakistan does not have processes 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

20. Pakistan has not confirmed the format that will be used for the international exchange of CbC reports.

(h) Method for transmission

21. Pakistan has not indicated that it uses the Common Transmission System, or any other mechanism, to exchange CbC reports.

Conclusion

22. Pakistan does not have in place the necessary processes and written procedures to ensure that the exchange of information is conducted in a manner consistent with the terms of reference relating to the information framework. It is recommended that Pakistan 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.

Part C: Appropriate use

23. The 2017/2018 peer review included a recommendation that Pakistan take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. This recommendation remains in place.

Conclusion

24. It is recommended that Pakistan take steps to ensure that the appropriate use condition is met.

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 A	Exchange of information framework	It is recommended that Pakistan 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.
Part C	Appropriate Use	It is recommended that Pakistan take steps ensure that the appropriate use conditions are met.

Notes

¹ 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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