

## Canada

1. Canada was first reviewed during the 2017/2018 peer review. This report is supplementary to Canada's 2017/2018 peer review report (OECD, 2018<sup>[1]</sup>). The first filing obligation for a CbC report in Canada applies to reporting fiscal years commencing on or after 1 January 2016.

### Summary of key findings

2. Canada's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017<sup>[2]</sup>).

3. Canada's 2017/2018 peer review included a recommendation that it amend its legislation or take other steps to ensure that its local filing obligation will apply only in the circumstances contained in the terms of reference. Canada has since published guidance to address this issue and as such, the recommendation has been removed.

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

4. Canada has legislation in place which implements the BEPS Action 13 minimum standard for reporting fiscal years beginning after 2015.<sup>1</sup> The Canada Revenue Agency also issued Guidance in 2017.<sup>2</sup>

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

5. No changes were identified with respect to the parent entity filing obligation.

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

6. Canada's 2017/2018 peer review noted that the definitions of "Revenues – Unrelated Party" and "Revenues – Related Party" in guidance issued by the Canada Revenue Agency were inconsistent with subsequent OECD guidance.<sup>3</sup> The report therefore included a monitoring point to follow up on whether Canada had updated or clarified the definitions in its guidance. It has since updated its guidance and thus the monitoring point can be removed.

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

7. Canada's 2017/2018 peer review included a recommendation that Canada amend its local filing condition or otherwise take steps to ensure that the CbC reporting local filing obligations will only apply in the circumstances set out in the terms of reference. Canada has since published guidance to address this issue and as such, the recommendation has been removed.

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

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

*(e) Effective implementation*

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

*Conclusion*

10. In light of the steps taken since its 2017/2018 peer review to clarify its local filing obligations, Canada now 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*

11. As of 31 May 2019, Canada has 55 bilateral relationships in place, 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, Canada 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>4</sup> Regarding Canada's exchange of information framework, no inconsistencies with the terms of reference were identified.

*(b) Content of information exchanged*

12. Canada has processes in place that are intended to ensure that each of the mandatory fields of information as required in the CbC template are present in the information exchanged. It has provided details in relation to these processes.

13. One jurisdiction provided peer input for the reviewed jurisdiction in relation to the content of information exchanged. No concerns were reported.

*(c) Completeness of exchanges*

14. Canada has processes in place that are intended to ensure that CbC reports are exchanged with all tax jurisdictions listed in Table 1 of a CbC reporting template with which it should exchange information as per the relevant QCAAs. It has provided details in relation to these processes.

15. One jurisdiction provided peer input for the reviewed jurisdiction in relation to the completeness of exchanges. No concerns were reported.

*(d) Timeliness of exchanges*

16. Canada has processes 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 and terms of reference. It has provided details in relation to these processes.

17. Despite these processes Canada indicates that a number of CbC reports were exchanged late. These late exchanges were due to technical system errors which have since been corrected. The cause of these late exchanges has since been addressed and therefore no recommendation is required.

18. One jurisdiction provided peer input for the reviewed jurisdiction in relation to the timeliness of exchanges and did not report any concerns.

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

19. Canada has procedures in place that are intended to ensure that a temporary suspension of the exchange of information or termination of a relevant QCAA be carried out only as per the conditions set out in the QCAA. It has provided details in relation to those processes and written procedures.

20. One jurisdiction provided peer input for the reviewed jurisdiction in relation to a temporary suspension of exchange or termination of a QCAA. No concerns were reported.

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

21. Canada has processes or written procedures in place that are intended to ensure that the Competent Authority consults with the other Competent Authority prior to making a determination that there is or has been significant non-compliance with the terms of the relevant QCAA or that the other Competent Authority has caused a systemic failure. It has provided details in relation to those processes or written procedures.

22. One jurisdiction provided peer input for the reviewed jurisdiction in relation to the requirement for a consultation before determining systemic failure or significant non-compliance. No concerns were reported.

***(g) Format for information exchange***

23. Canada confirms that it uses the OECD XML Schema and User Guide (OECD, 2017<sup>[31]</sup>) for the international exchange of CbC reports.

24. One jurisdiction provided peer input for the reviewed jurisdiction in relation to the format for information exchange. No concerns were reported.

***(h) Method for transmission***

25. Canada indicates that it uses the Common Transmission System to exchange CbC reports.

26. One jurisdiction provided peer input for the reviewed jurisdiction in relation to the method for transmission. No concerns were reported.

***Conclusion***

27. Canada has in place 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. Canada meets all the terms of reference regarding the exchange of information.

**Part C: Appropriate use**

28. No changes were identified in respect of appropriate use. There were no recommendations issued in the 2017/2018 peer review.

29. One jurisdiction provided peer input for the reviewed jurisdiction in relation to appropriate use. No concerns were reported.

***Conclusion***

30. Canada meets all the terms of reference relating to the 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	-
Part B	Exchange of information framework	-
Part C	Appropriate use	-

### Notes

<sup>1</sup> Primary law consists of the Income Tax Act (R.S.C., 1985, c. 1 (5th Supp.)), Section 233.8 – Country-by-country report.

<sup>2</sup> Guidance RC4651 released on 2 March 2017.

<sup>3</sup> See <http://www.oecd.org/tax/guidance-on-the-implementation-of-country-by-country-reporting-beps-action-13.pdf>.

<sup>4</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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