

United Kingdom

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

Summary of key findings

2. The United Kingdom's implementation of the Action 13 minimum standard meets all applicable terms of reference (OECD, 2017^[2]).

3. The United Kingdom's 2017/2018 peer review report noted that its annual consolidated revenue threshold calculation rule in respect of MNE Groups whose Ultimate Parent Entity is located in a jurisdiction other than the United Kingdom could, albeit unintentionally, lead to local filing requirements inconsistent with the Action 13 standard. The report therefore included a recommendation that the United Kingdom monitor this rule and take steps to address it, should it become an issue. The United Kingdom has since introduced an 'extra statutory concession', published within its domestic CbC guidance to ensure that local filing is imposed in line with OECD guidance.¹ This recommendation has thus been removed.

Part A: The domestic legal and administrative framework

4. The United Kingdom has primary and secondary laws to implement the BEPS Action 13 minimum standard, establishing the necessary requirements including the filing and reporting obligations.

(a) Parent entity filing obligation

5. The United Kingdom's 2017/2018 peer review included a recommendation in relation to the annual consolidated group revenue calculation rule. The report noted that the operation of this rule would be further monitored, including by the United Kingdom. It was recommended that if the operation of the rule became an issue, the United Kingdom would at that time take steps to ensure that it applies in a manner consistent with the OECD guidance on currency fluctuations. The United Kingdom has since introduced an 'extra statutory concession', published within its domestic CbC guidance, clarifying the application of local filing with respect to currency fluctuations. This recommendation has thus been removed.

(b) Scope and timing of parent entity filing

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

(c) Limitation on local filing obligation

7. No changes were identified with respect to the limitation on local filing. The United Kingdom's 2017/2018 peer review included monitoring points² that remains in place.

(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. The United Kingdom'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 the United Kingdom 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. The UK confirms that any contact from another jurisdiction will come through the UK JITSIC team. The CbC experts are embedded within the JITSOC team and are the first point of contact for CbC questions. JITSIC will liaise with the part of HMRC that is responsible for the customer (large business or medium sized businesses). Contact is then made with the customer to obtain further information to complete the CbC report. A similar process will be followed if the issue raised is non-compliance with the filing obligation. If required the UK CbC legislation includes a power to audit a report including corresponding information powers. This monitoring point is now removed.³

Conclusion

10. In light of the steps taken since its 2017/2018 peer review to clarify the local filing obligations with respect to currency fluctuations, the United Kingdom 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, the United Kingdom has 68 bilateral relationships, including those activated under the CbC MCAA, under bilateral CAAs and under the EU Council Directive (2016/881/EU). Within the context of its international exchange of information agreements that allow automatic exchange of information, the United Kingdom 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 and with which the United Kingdom has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.⁴ Regarding the United Kingdom's exchange of information framework, no inconsistencies with the terms of reference were identified.

(b) Content of information exchanged

12. The United Kingdom 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. The United Kingdom has processes and 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 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. The United Kingdom 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 its procedures, the UK reports late exchanges of CbC reports.⁵ However, the UK also indicates that it has taken steps in order to ensure that any future exchanges of CbC reports be carried out in accordance with the timelines provided for in the relevant QCAAs and terms of reference and therefore no recommendation is made.

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

(e) Temporary suspension of exchange or termination of QCAA

19. The United Kingdom 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 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. The United Kingdom has 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 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. The United Kingdom confirms that it uses the OECD XML Schema and User Guide (OECD, 2017^[3]) for the international exchange of CbC reports. The United Kingdom indicates that it has its own HMRC schema guidance which mirrors the OECD Used Guide but omits the parts of the OECD Schema which apply to XMLs for exchange between jurisdictions.

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. The United Kingdom uses the Common Transmission System to exchange CbC reports.⁶

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

Conclusion

27. The United Kingdom has in place the necessary processes 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. The United Kingdom 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. The United Kingdom 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

¹ <https://www.gov.uk/hmrc-internal-manuals/international-exchange-of-information/ieim300023>

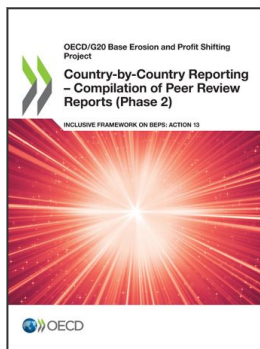
² With respect to the conditions under which local filing may be required (paragraph 8 (c) iv. b) and c) of the terms of reference).

³ The United Kingdom'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 the United Kingdom 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

⁵ Delays due entirely to the fact that an exchange partner was not able to participate in the exchange of CbC reports are not considered to raise concerns with respect to the jurisdiction under review.

⁶ Countries exchanging under the EU Council Directive (2016/881/EU) use the Common Communication Network (CCN).



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