

## Iceland

### Summary of key findings

1. Consistent with the agreed methodology this first annual peer review covers: (i) the domestic legal and administrative framework, (ii) certain aspects of the exchange of information framework as well as (iii) certain aspects of the confidentiality and appropriate use of CbC reports. Iceland's implementation of the Action 13 minimum standard meets all applicable terms of reference, except that it raises one definitional issue, one interpretational issue and two substantive issues in relation to its domestic legal and administrative framework. It is also recommended that Iceland take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.

#### *Part A: Domestic legal and administrative framework*

2. Iceland has rules (primary and secondary laws as well as guidance) that impose and enforce CbC Reporting requirements on the Ultimate Parent Entity of a multinational enterprise group ("MNE" Group) that is resident for tax purposes in Iceland. The first filing obligation for a CbC report in Iceland commences in respect of reporting fiscal years beginning on or after 1 January 2017. Iceland meets all the terms of reference relating to the domestic legal and administrative framework,<sup>1</sup> with the exception of:

- the definitions of an "Ultimate Parent Entity", a "Constituent Entity" and an "MNE Group" which appear to be inconsistent or incomplete,<sup>2</sup>
- the annual consolidated revenue threshold calculation rule in respect of MNE Groups whose Ultimate Parent Entity is located in a jurisdiction other than Iceland<sup>3</sup> which may deviate from the guidance issued by the OECD. Although such deviation may be unintended, a technical reading of the provision could lead to local filing requirements inconsistent with the Action 13 standard,
- the local filing mechanism which may be triggered in circumstances that are wider than those set out in the minimum standard,<sup>4</sup> and
- the absence of deactivation of local filing where there has been surrogate filing in another jurisdiction.<sup>5</sup>

#### *Part B: Exchange of information framework*

3. Iceland is a signatory to the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011) which is in effect for 2017, and it is also a signatory to the CbC MCAA; it has provided its notifications under Section 8 of this agreement and intends to have the CbC MCAA in effect with all other Competent Authorities that provide notifications under the same agreement. Iceland has also signed a bilateral Competent Authority Agreement (CAA) with the United States. As of 12 January 2018, Iceland has 50 bilateral relationships activated under the CbC MCAA or exchanges under the bilateral CAA. 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 (including legislation in place for fiscal year 2016). Against the backdrop of the still evolving exchange of information framework, at this point in time, Iceland meets the terms of reference relating to the exchange of information framework aspects under review for this first annual peer review process.<sup>6</sup>

### ***Part C: Appropriate use***

4. Iceland does not yet have measures in place to ensure the appropriate use of information<sup>7</sup> in the six areas identified in the *OECD Guidance on the appropriate use of information contained in Country-by-Country reports* (OECD, 2017a). It is recommended that Iceland take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. It is however noted that Iceland will not be exchanging CbC reports in 2018.

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

5. Part A assesses the domestic legal and administrative framework of the reviewed jurisdiction by reviewing the (a) parent entity filing obligation, (b) the scope and timing of parent entity filing, (c) the limitation on local filing obligation, (d) the limitation on local filing in case of surrogate filing and (e) the effective implementation.

6. Iceland has primary law and secondary law (hereafter referred to as the “Regulations”) in place to implement the BEPS Action 13 minimum standard, establishing the necessary requirements, including the filing and reporting obligation.<sup>8</sup> Guidance has also been published.<sup>9</sup>

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

Summary of terms of reference:<sup>10</sup> Introducing a CbC filing obligation which applies to Ultimate Parent Entities of MNE Groups above a certain threshold of revenue, whereby all required Constituent Entities of the MNE Group are included in the CbC report and no entity is excluded from CbC Reporting other than permitted (paragraph 8 (a) of the terms of reference).

7. Iceland has introduced a domestic legal and administrative framework which imposes a CbC filing obligation on Ultimate Parent Entities of MNE Groups above a certain threshold of revenue, whereby all required Constituent Entities of the MNE Group are included in the CbC report and no entity is excluded from CbC Reporting other than permitted by the Action 13 report (OECD, 2015).<sup>11</sup>

8. There are however a number of areas where the parent entity filing obligation appears to be inconsistent with the terms of reference:

(i) Under Article 2 of the Regulations, an “Ultimate Parent Entity” means a Constituent Entity that owns either directly or indirectly a sufficient interest in one or more other Constituent Entities of such a MNE Group. Under the terms of reference, the Ultimate Parent Entity of an MNE Group refers to an entity that “owns directly or indirectly a sufficient interest in one or more other Constituent Entities of such MNE Group such that it is required to prepare Consolidated Financial Statements under accounting principles generally applied in its jurisdiction of tax residence, or would be so

required if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence”. Iceland’s requirements appear to be inconsistent or incomplete with the definition of an Ultimate Parent Entity in paragraph 18 i. and ii. of the terms of reference (OECD, 2017b) in two respects:

- The definition in Iceland's rules does not include a condition that the Ultimate Parent Entity is required to prepare Consolidated Financial Statements or would be so required if its equity interests were traded on a public securities exchange in Iceland (“deemed listing provision”).
- The definition in Iceland's rules does not make it clear that an entity cannot be an Ultimate Parent Entity if another Constituent Entity holds an interest in that entity (i.e. the ultimate holding company must be the top level holding company in the MNE group).

It appears that the definition of an “Ultimate Parent Entity” in Iceland is wider than the definition of an “Ultimate Parent Entity” as defined in the terms of reference, and could notably apply to one or several entities in Iceland which would themselves be included in the Financial Consolidated Statement of another entity located outside Iceland which would be considered as an “Ultimate Parent Entity” as per the terms of reference. It is also unclear whether an MNE Group would include a collection of enterprises the tax residence for which is in different jurisdictions.<sup>12</sup> It is recommended that Iceland amend or otherwise clarify that the definition of an Ultimate Parent Entity in the CbC Reporting Rules is consistent with the terms of reference.

(ii) There also appears to be three inconsistencies between the Constituent Entities that are to be included in an MNE Group's CbC report under paragraph 8 (a) iii. of the terms of reference (OECD, 2017b), and those covered by the Icelandic legislation:

- Under the terms of reference, Constituent Entities means any separate business unit of the MNE Group that is included in the Consolidated Financial Statements of the MNE Group for financial reporting purposes, or would be so included if equity interests in such business unit of the MNE Group were traded on a public securities exchange. This requirement does not appear to be included in Iceland’s Regulations.
- Under the terms of reference, Constituent Entities include any business unit that is excluded from the MNE Group's Consolidated Financial Statements solely on size and materiality grounds. This requirement does not appear to be included in Iceland’s Regulations.
- Under the terms of reference, a permanent establishment should only be separately disclosed as a Constituent Entity in a CbC Report if a separate financial statement for the permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes is prepared. However, Article 2 of the Regulations appears to require all permanent establishments to be separately disclosed as Constituent Entities.

9. It is thus recommended that Iceland amend or otherwise clarify the definitions of an “Ultimate Parent Entity”, a “Constituent Entity” and of an “MNE Group” in a manner consistent with the terms of reference.<sup>13</sup>

10. With respect to the CbC filing requirements, Article 1 of the Regulations states that the CbC filing requirement is not applicable if the consolidated group revenue is less than ISK 100 billion (EUR 750 000 000) in the immediately preceding fiscal year.<sup>14</sup> This is also reflected in Article 92a of the Income Tax Act which states that “*the obligation to*

*file a Country-by-Country report is not valid is the all-over income of the MNE Group is less than ISK 100 billion.”* While these provisions would not create an issue for MNE Groups whose Ultimate Parent Entity is a tax resident in Iceland, they may however be incompatible with the guidance on currency fluctuations for MNE Groups whose Ultimate Parent Entity is located in another jurisdiction, if local filing requirements were applied in respect of a Constituent Entity (which is an Iceland tax resident) of an MNE Group which does not reach the threshold as determined in the jurisdiction of the Ultimate Parent Entity of such Group.<sup>15</sup> It is thus recommended that Iceland clarify that this rule would apply 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.<sup>16</sup>

11. No other inconsistencies were identified with respect to the parent entity filing obligation.

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

Summary of terms of reference: Providing that the filing of a CbC report by an Ultimate Parent Entity commences for a specific fiscal year; includes all of, and only, the information required; and occurs within a certain timeframe; and the rules and guidance issued on other aspects of filing requirements are consistent with, and do not circumvent, the minimum standard (paragraph 8 (b) of the terms of reference).

12. The first filing obligation for a CbC report in Iceland commences in respect of fiscal years beginning on or after 1 January 2017.<sup>17</sup> The CbC report must be filed no later than 12 months after the end of each reporting fiscal year of the MNE Group.<sup>18</sup>

13. Article 6 of the Regulations specifies that the CbC report will be based on the standard template set out at Annex III of the OECD’s *Transfer Pricing Documentation and Country-by-Country Reporting* (Action 13 Report, OECD, 2015). This explains that “Revenues – Related Party” should be read as referring to revenues arising from associated enterprises. However, interpretative guidance issued by the OECD in April 2017,<sup>19</sup> explains that “for the third column of Table 1 of the CbC report, the related parties, which are defined as “associated enterprises” in the Action 13 report, should be interpreted as the Constituent Entities listed in Table 2 of the CbC report”. It is expected that Iceland issue an updated interpretation or clarification of the definitions of “Revenues – Related Party” within a reasonable timeframe to ensure consistency with OECD guidance, and this will be monitored.<sup>20</sup>

14. No other inconsistencies were identified with respect to the scope and timing of parent entity filing.

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

Summary of terms of reference: If local filing requirements have been introduced, that such requirements may apply only to Constituent Entities which are tax residents in the reviewed jurisdiction, whereby the content of the CbC report does not contain more than that required from an Ultimate Parent Entity, whereby the reviewed jurisdiction meets the confidentiality, consistency and appropriate use requirements, whereby local filing may only be required under certain conditions and whereby one Constituent Entity of an MNE

Group in the reviewed jurisdiction is allowed to file the CbC report, satisfying the filing requirement of all other Constituent Entities in the reviewed jurisdiction (paragraph 8 (c) of the terms of reference).

15. Iceland has introduced local filing requirements in respect of income years beginning on or after 1 January 2017.<sup>21</sup> There appears to be two inconsistencies in the circumstances when local filing may be required under paragraph 8 (c) iv. b) and c) of the terms of reference (OECD, 2017b):

- Under Article 91a of the Income Tax Act no. 90/2003, local filing is required where “*the jurisdiction in which the Ultimate Parent Entity is resident for tax purposes does not have a current Agreement on Automatic Exchange of Information of Country by Country Report in force (...)*”. However, paragraph 8 (c) iv. b) of the terms of reference (OECD, 2017b) provides that a jurisdiction may require local filing if “the jurisdiction in which the Ultimate Parent Entity is resident for tax purposes has a current International Agreement to which the given jurisdiction is a Party but does not have a Qualifying Competent Authority Agreement in effect to which this jurisdiction is a Party by the time for filing the Country-by-Country Report”. This is narrower than the above condition in Iceland’s legislation. Under Iceland’s legislation, local filing may be required in circumstances where there is no current international agreement between Iceland and the residence jurisdiction of the Ultimate Parent Entity, which is not permitted under the terms of reference.
- Local filing requirements can also be required if “*the Directorate of Internal Revenue has notified the taxable Icelandic Entity that the jurisdiction of the Parent Entity of the MNE Group has not a qualifying agreement with Iceland on Automatic Exchange of Information in effect in accordance with section b) or for other reasons does not send Country by Country Report to the Icelandic tax authorities (...)*”. This condition does not reflect the details of paragraphs 8 (c) iv. c) and 21 of the terms of reference (OECD, 2017b) in regard of the concept of “Systemic Failure”, and may be interpreted in a broader meaning than the situation of a “Systemic Failure”. Under Iceland’s legislation, local filing may be required in circumstances where there is a failure to file one CbC report, which is unlikely to constitute a systemic failure.

16. It is recommended that Iceland amend its legislation or otherwise takes steps to ensure that local filing is only required in the circumstances contained in the terms of reference.<sup>22</sup>

17. No other inconsistencies were identified with respect to the limitation on local filing obligation.<sup>23</sup>

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

Summary of terms of reference: If local filing requirements have been introduced, that local filing will not be required when there is surrogate filing in another jurisdiction when certain conditions are met (paragraph 8 (d) of the terms of reference).

18. Iceland’s legislation appears not to provide for the deactivation of local filing when the CbC report of an MNE Group is filed in another jurisdiction by a Surrogate

Parent Entity. Iceland's local filing requirements apply in all cases where a group meets the requirements for CbC Reporting and a CbC report is not received by Iceland's tax authority. This appears not to be in line with paragraph 8 (d) of the terms of reference (OECD, 2017b). It is recommended 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.<sup>24</sup>

### *(e) Effective implementation*

Summary of terms of reference: If local filing requirements have been introduced, that such requirements may apply only to Constituent Entities which are tax residents in the reviewed jurisdiction, whereby the content of the CbC report does not contain more than that required from an Ultimate Parent Entity, whereby the reviewed jurisdiction meets the confidentiality, consistency and appropriate use requirements, whereby local filing may only be required under certain conditions and whereby one Constituent Entity of an MNE Group in the reviewed jurisdiction is allowed to file the CbC report, satisfying the filing requirement of all other Constituent Entities in the reviewed jurisdiction (paragraph 8 (c) of the terms of reference).

19. Iceland has legal mechanisms in place to enforce compliance with the minimum standard: there are notification mechanisms in place that apply to the Constituent Entities of the MNE Group resident in Iceland.<sup>25</sup> There are also penalties in relation to the filing of a CbC report under the general provisions in the Income Tax Act.<sup>26</sup>

20. There are no specific processes in place 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. As no exchange of CbC reports has yet occurred, no recommendation is made but this aspect will be further monitored.

### *Conclusion*

21. In respect of paragraph 8 of the terms of reference (OECD, 2017b), Iceland has a domestic legal and administrative framework to impose and enforce CbC requirements on the UPE of an MNE Group that is resident for tax purposes in Iceland. Iceland meets all the terms of reference relating to the domestic legal and administrative framework, with the exception of (i) the definitions of an “Ultimate Parent Entity”, a “Constituent Entity” and an “MNE Group” (paragraphs 8 (a) i. and iii. and 15 of the terms of reference (OECD, 2017b)); (ii) the annual consolidated group revenue threshold (paragraph 8 (a) ii. of the terms of reference (OECD, 2017b)); (iii) the local filing conditions (paragraphs 8 (c) iv. b) and c) of the terms of reference (OECD, 2017b)); and (iv) the limitation on local filing where there is surrogate entity filing (paragraph 8 (d) of the terms of reference (OECD, 2017b)).

## **Part B: The exchange of information framework**

22. Part B assesses the exchange of information framework of the reviewed jurisdiction. For this first annual peer review process, this includes reviewing certain



aspects of the exchange of information framework as specified in paragraph 9 (a) of the terms of reference (OECD, 2017b).

Summary of terms of reference: within the context of the exchange of information agreements in effect of the reviewed jurisdiction, having QCAAs in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use prerequisites (paragraph 9 (a) of the terms of reference).

23. Iceland has sufficient legal basis that permits the automatic exchange of CbC reports. It is a Party to (i) the *Multilateral Convention on Mutual Administrative Assistance in Tax Matters: Amended by the 2010 Protocol* (OECD/Council of Europe, 2011), (signed on 27 May 2010, in force on 1 February 2012 and in effect for 2016), (ii) multiple bilateral Double Tax Agreements and Tax Information and Exchange Agreements<sup>27</sup> and (iii) the Nordic Convention,<sup>28</sup> which allow Automatic Exchange of Information in the field of taxation.

24. Iceland signed the CbC MCAA on 12 May 2016 and submitted a full set of notifications under section 8 of the CbC MCAA on 8 March 2017. It intends to have the CbC MCAA in effect with all other Competent Authorities that provide notifications under Section 8(1)(e) of the same agreement. Iceland has also signed a bilateral CAA with the United States. As of 12 January 2018, Iceland has 50 bilateral relationships activated under the CbC MCAA<sup>29</sup> or exchanges under the bilateral CAA. 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 (including legislation in place for fiscal year 2016). Against the backdrop of the still evolving exchange of information framework, at this point in time, Iceland meets the terms of reference relating to the exchange of information framework aspects under review for this first annual peer review.

### Conclusion

25. Against the backdrop of the still evolving exchange of information framework, at this point in time, Iceland meets the terms of reference regarding the exchange of information framework.

## Part C: Appropriate use

26. Part C assesses the compliance of the reviewed jurisdiction with the appropriate use condition. For this first annual peer review process, this includes reviewing certain aspects of appropriate use.

Summary of terms of reference: (a) having in place mechanisms (such as legal or administrative measures) to ensure CbC reports which are received through exchange of information or by way of local filing are only used to assess high-level transfer pricing risks and other BEPS-related risks, and, where appropriate, for economic and statistical analysis; and cannot be used as a substitute for a detailed transfer pricing analysis of individual transactions and prices based on a full functional analysis and a full comparability analysis; and are not used on their own as conclusive evidence that transfer

prices are or are not appropriate; and are not used to make adjustments of income of any taxpayer on the basis of an allocation formula (paragraphs 12 (a) of the terms of reference).

27. In order to ensure that a CbC report received through exchange of information or local filing can be used only to assess high-level transfer pricing risks and other BEPS-related risks, and, where appropriate, for economic and statistical analysis, and in order to ensure that the information in a CbC report cannot be used as a substitute for a detailed transfer pricing analysis of individual transactions and prices based on a full functional analysis and a full comparability analysis; or is not used on its own as conclusive evidence that transfer prices are or are not appropriate; or is not used to make adjustments of income of any taxpayer on the basis of an allocation formula (including a global formulary apportionment of income), Iceland indicates that measures are not yet in place to ensure the appropriate use of information in the six areas identified in the OECD *Guidance on the appropriate use of information contained in Country-by-Country reports* (OECD, 2017a). It has however provided details on the next steps which are being planned to put appropriate measures in place. It is recommended that Iceland take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. It is however noted that Iceland will not be exchanging CbC reports in 2018.

### ***Conclusion***

28. In respect of paragraph 12 (a), it is recommended that Iceland take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. It is however noted that Iceland will not be exchanging CbC reports in 2018.



## 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 definitions of an "Ultimate Parent Entity", a "Constituent Entity" and an "MNE Group" in a manner consistent with the definition contained in the terms of reference. Iceland indicates that it will make appropriate law /or regulations changes in order to fully comply.
Part A	Domestic legal and administrative framework - Parent entity filing obligation annual consolidated group revenue threshold	It is recommended that Iceland clarify that the annual consolidated group revenue threshold calculation rule applies without prejudice of the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Iceland. Iceland indicates that it will make appropriate law/or regulation changes in order to fully comply.
Part A	Domestic legal and administrative framework - Limitation on local filing	It is 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. Iceland indicates that it will make appropriate law/or regulation changes in order to fully comply.
Part A	Domestic legal and administrative framework - Limitation on local filing in case of surrogate filing	It is recommended that Iceland introduce rules providing that local filing will not apply in case of Surrogate Parent Entity. Iceland indicates that it will make appropriate law/or regulation changes in order to fully comply.
Part B	Exchange of information	-
Part C	Appropriate use	It is recommended that Iceland take steps to ensure that the appropriate use condition is met ahead of the first exchanges of CbC reports.

## Notes

<sup>1</sup> Paragraph 8 of the terms of reference (OECD, 2017b).

<sup>2</sup> Paragraphs 8 (a) i. and iii. and 15 of the terms of reference (OECD, 2017b).

<sup>3</sup> Paragraph 8 (a) ii. of the terms of reference (OECD, 2017b).

<sup>4</sup> Paragraph 8 (c) iv. b) and c) of the terms of reference (OECD, 2017b).

<sup>5</sup> Paragraph 8 (d) of the terms of reference (OECD, 2017b).

<sup>6</sup> Paragraph 9 (a) of the terms of reference (OECD, 2017b).

<sup>7</sup> Paragraph 12 (a) of the terms of reference (OECD, 2017b).

<sup>8</sup> Primary law consists Article 91 a, of the Income Tax Act no. 90/2003, as amended with Act no. 112/2016. Secondary law consists of Regulation no. 1166/2016 Country by Country reporting.

<sup>9</sup> Guidance was published on the Directorate of Internal Revenue website available at [www.rsk.is/media/rsk04/rsk\\_0430\\_2017.is.pdf](http://www.rsk.is/media/rsk04/rsk_0430_2017.is.pdf) (accessed 20 April 2018).

<sup>10</sup> The « summary of terms of reference » is provided to facilitate the reading of the report. Reference should be made to the exact wording of the terms of reference published in February 2017 (OECD, 2017b).

<sup>11</sup> See Article 91 a, of the Income Tax Act no. 90/2003, as amended with Act no. 112/2016.

<sup>12</sup> E.g. the English translation of the first sentence of Article 91 (a) is unclear in this respect.

<sup>13</sup> Iceland has indicated that it will make the appropriate law/or regulation changes in order to fully comply.

<sup>14</sup> See under Article 1(1) of the Regulations.

<sup>15</sup> See question IV. 1. “Impact of currency fluctuations on the agreed EUR 750 million threshold of the *Guidance on the Implementation of Country-by-Country Reporting*” (OECD, 2018)

<sup>16</sup> Iceland has indicated that it will make the appropriate law/or regulation changes in order to fully comply.

<sup>17</sup> Iceland indicated that CbC filing would apply in 2017 in its response to question 6(j) of the CbC peer review questionnaire. The Regulations for CbC filing take effect on 1 January 2017 under Article 8 of the Regulations.

<sup>18</sup> Iceland has amended Article 91 a, of the Income Tax Act no. 90/2003 (as amended with Act no. 96-2017 in Article 7) to amend the time frame for filing a CbC report from “before the end of each calendar year after the end of the fiscal year” to “no later than 12 months after the end of the fiscal year.”

<sup>19</sup> See [www.oecd.org/tax/guidance-on-the-implementation-of-country-by-country-reporting-beps-action-13.pdf](http://www.oecd.org/tax/guidance-on-the-implementation-of-country-by-country-reporting-beps-action-13.pdf) (OECD, 2018)

<sup>20</sup> The forms and instructions relating to the information required in a CbC report have been published by the Directorate of Internal Revenue, available at [www.rsk.is/media/rsk04/rsk\\_0430\\_2017.is.pdf](http://www.rsk.is/media/rsk04/rsk_0430_2017.is.pdf) (accessed 20 April 2018).

<sup>21</sup> Iceland indicated that CbC filing would apply in 2017 in its response to question 6(j) of the CbC peer review questionnaire. The Regulations for CbC filing take effect on 1 January 2017 under Article 8 of the Regulations.

<sup>22</sup> Iceland has indicated that it will make the appropriate law/or regulation changes in order to fully comply.

<sup>23</sup> It is noted that under Iceland’s rules, the Constituent Entity shall request its Ultimate Parent Entity to provide it with the necessary information to enable it to meet its obligations to file a country-by-country report. If despite that, that Constituent Entity has not obtained the required information, this Constituent Entity shall file a country-by-country report containing all information in its possession and inform the Directorate of Internal revenue that the Ultimate Parent Entity has not provided the information or that the information provided has been unsatisfactory.

<sup>24</sup> See Paragraph 8 (d) of the terms of reference (OECD, 2017b). Iceland has indicated that it will make the appropriate law/or regulation changes in order to fully comply.

<sup>25</sup> See paragraph 4 of Article 3 of the Regulations.

<sup>26</sup> See Article 109 of the Income Tax Act no. 90/2003. The penalties are mainly in the form of fines or a jail sentence of up to two years.

<sup>27</sup> Iceland reported Double Tax Agreements with: Albania, Barbados, Belgium, Canada, China (People’s Republic of), Croatia, Cyprus, Czech Republic, Estonia, France, Germany, Georgia, Greece, Hungary, India, Ireland, Italy, Korea, Latvia, Liechtenstein, Lithuania, Luxembourg, Malta, Mexico, Netherlands, Poland, Portugal, Romania, Russia, Slovak Republic, Slovenia, Spain, Switzerland, Ukraine, United Kingdom, United States and Viet Nam.

Note by Turkey

The information in this document with reference to “Cyprus” relates to the southern part of the Island. There is no single authority representing both Turkish and Greek Cypriot people on the Island. Turkey recognises the Turkish Republic of Northern Cyprus (TRNC). Until a lasting and equitable solution is found within the context of the United Nations, Turkey shall preserve its position concerning the “Cyprus issue”.

Note by all the European Union Member States of the OECD and the European Union

The Republic of Cyprus is recognised by all members of the United Nations with the exception of Turkey. The information in this document relates to the area under the effective control of the Government of the Republic of Cyprus.

<sup>28</sup> The Nordic Convention comprises Denmark, Faroe Islands, Finland, Greenland, Norway and Sweden.

<sup>29</sup> It is noted that a few Qualifying Competent Authority agreements are not in effect with jurisdictions of the Inclusive Framework that meet the confidentiality condition and have legislation in place: this may be because the partner jurisdictions considered do not have the Convention in effect for the first reporting period, or may not have listed the reviewed jurisdiction in their notifications under Section 8 of the CbC MCAA.

## References

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