

Executive summary

Context of Country-by-Country Reporting

A key component of the transparency pillar of the OECD/G20 Base Erosion and Profit Shifting (BEPS) Project is the obligation for all large multinational enterprise groups (MNE Groups) with consolidated group revenue above an agreed threshold to file a Country-by-Country (CbC) report. The BEPS Action 13 Report (*Transfer Pricing Documentation and Country-by-Country Reporting*) provides a template for these MNE Groups to report annually, and for each tax jurisdiction in which they do business, the amount of revenue, profit before income tax and income tax paid and accrued, as well as the number of employees, stated capital, retained earnings and tangible assets. MNE Groups should also identify each entity within the group doing business in a particular jurisdiction and provide an indication of the business activities each entity is engaged in. As a result of BEPS Action 13, tax administrations around the world are receiving information on large foreign-headed MNE Groups which was not previously available, enabling them to better understand the structure of a group's business and enhancing their risk assessment capacity.

In general, the Ultimate Parent Entity (UPE) of an MNE Group will prepare and file its CbC report with the tax administration in its jurisdiction of tax residence. That tax administration will automatically exchange the CbC report with the tax administration in each jurisdiction listed in the CbC report as being a place in which the MNE Group has a Constituent Entity resident for tax purposes. This will be carried out under an International Agreement (such as the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (MAAC), a Double Tax Convention (DTC) or a Tax Information Exchange Agreement (TIEA) permitting automatic exchange of information (AEOI). A Qualifying Competent Authority Agreement (QCAA) that sets out the operational details of the exchange of CbC reports will also need to be in place.

As one of the four BEPS minimum standards, the Country-by-Country reporting (CbCR) requirements contained in the 2015 BEPS Action 13 Report are subject to peer review in order to ensure timely and accurate implementation and thus safeguard the level playing field. All members of the Inclusive Framework on BEPS (the Inclusive Framework) commit to implementing the BEPS Action 13 minimum standard and to participating in the peer review, on an equal footing.

Implementation of CbC reporting is well underway as the peer review process evidences, with over 100 jurisdictions having now introduced an obligation for relevant MNE Groups to file a CbC report in their domestic legal framework.

Scope of this review

This is the fourth annual peer review for the BEPS Action 13 minimum standard. It covers 132 jurisdictions which provided legislation and/or information relating to their implementation of CbC Reporting.

For each jurisdiction, the review covers the domestic legal and administrative framework, the exchange of information framework and measures in place to ensure the confidentiality and appropriate use of CbC reports.

Key findings

The key findings of the fourth annual peer review are as follows:

- **Domestic legal and administrative framework:** Over 100 jurisdictions have a domestic legal framework for CbC reporting in place. In addition, a number of jurisdictions have final legislation approved that is awaiting official publication. In this peer review report, 33 jurisdictions have received a general recommendation to put in place or finalise their domestic legal or administrative framework and 43 jurisdictions received one or more recommendations for improvements to specific areas of their framework.
- **Exchange of information framework:** In total, 83 jurisdictions have multilateral or bilateral competent authority agreements in place.
- **Confidentiality:** Of the jurisdictions included in this review, 89 have undergone an assessment by the Global Forum on Transparency and Exchange of Information for Tax Purposes (the Global Forum) concerning confidentiality and data safeguards in the context of implementing the AEOI standard and did not receive any action plan. A further 10 jurisdictions are currently working on an action plan issued by the Global Forum as a consequence of its review.
- **Appropriate use:** 84 jurisdictions have provided detailed information, enabling the Inclusive Framework to obtain sufficient assurance that measures are in place to ensure the appropriate use of CbC reports.

During the course of this peer review, a number of jurisdictions reported delays in the implementation of CbC reporting, or in the filing and exchange of CbC reports, resulting from the impact of the COVID-19 pandemic. As these concern issues beyond the control of tax administrations, and there is no reason to believe they will persist once the pandemic comes to an end, these delays are not highlighted in each jurisdiction's peer review and no recommendation is made. If delays continue into periods covered by future peer reviews, they will be considered in the context of the global situation at that time.

A number of Inclusive Framework members are not included in this peer review report, either because they joined the Inclusive Framework after 1 December 2020 (at which point it was too late to incorporate them into the current peer review process) or they opted out of the peer review in accordance with the peer review terms of reference. Jurisdictions opting out of the peer review are required to confirm that they do not have any resident entities that are the UPE of an MNE Group above the consolidated group revenue threshold and that they will not require local filing of CbC reports. Members of the Inclusive Framework that are not included in this peer review report are:

- Albania
- Belarus
- Burkina Faso
- Cook Islands
- Montenegro
- Saint Kitts and Nevis
- Samoa
- Togo

Next steps

The peer review of the BEPS Action 13 minimum standard is an annual process. Work will continue to monitor the implementation and operation of CbC reporting by members of the Inclusive Framework and to highlight progress made by jurisdictions to address recommendations that have been made.



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