

Faroe Islands

Overview of CbC reporting requirements

The Faroe Islands has implemented the BEPS Action 13 (CbC reporting) minimum standard with nine recommendations for improvement.

First reporting fiscal year: Commencing on or after 20 December 2019

Consolidated group revenue threshold: DKK 5.6 million

Filing deadline: 12 months following the end of the reporting fiscal year

Local filing required: Yes

Surrogate parent entity filing permitted: Yes

First review of the domestic legal framework: 2019/2020

Summary of recommendations

Area of implementation	Recommendations for improvement
Domestic legal and administrative framework	<p>It is recommended that the Faroe Islands take steps to amend legislation or otherwise clarify that an MNE Group should consider its requirement to file using the consolidated group revenue for its fiscal year immediately preceding a reporting fiscal year for comparison with the threshold. MNE</p> <p>It is recommended that the Faroe Islands take steps to amend legislation or otherwise clarify that there are no exemptions from the filing requirement for MNE Groups who meet the threshold requirement in the Faroe Islands.</p> <p>It is recommended that the Faroe Islands take steps to amend legislation or otherwise clarify that a CbC report should be filed within 12 months of the end of the reporting period the report applies to.</p> <p>It is recommended that the Faroe Islands take steps to implement procedures to ensure effective implementation of the filing requirement.</p> <p>It is recommended that the Faroe Islands clarify that the annual consolidated group revenue threshold calculation rule applies in line with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than the Faroe Islands.</p>
Exchange of information framework	<p>It is recommended that the Faroe Islands take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use conditions and with which the Faroe Islands has an international exchange of information agreement in effect that allows for the automatic exchange of tax information.</p> <p>It is recommended that the Faroe Islands 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.</p>
Appropriate use	<p>It is recommended that the Faroe Islands take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information.</p>

The domestic legal and administrative framework

It is recommended that the Faroe Islands take steps to amend legislation or otherwise clarify that an MNE Group should consider its requirement to file using the consolidated group revenue of its fiscal year immediately preceding a reporting fiscal year for comparison with the threshold. This recommendation remains in place since the 2019/2020 peer review.

It is recommended that the Faroe Islands take steps to amend legislation or otherwise clarify that there are no exemptions from the filing requirement for MNE Groups who meet the threshold requirement in the Faroe Islands. This recommendation remains in place since the 2019/2020 peer review.

It is recommended that the Faroe Islands take steps to amend legislation or otherwise clarify that a CbC report should be filed within 12 months of the end of the reporting period the report applies to. This recommendation remains in place since the 2019/2020 peer review.

It is recommended that the Faroe Islands take steps to implement procedures to ensure effective implementation of the filing requirement. This recommendation remains in place since the 2019/2020 peer review.

It is recommended that the Faroe Islands clarify that the annual consolidated group revenue threshold calculation rule applies in line with the OECD guidance on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than the Faroe Islands. This recommendation remains in place since the 2019/2020 peer review.

The exchange of information framework

Faroe Islands has no bilateral relationships in place for the exchange of CbC reports nor 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.

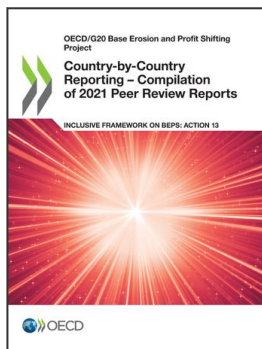
It is recommended that the Faroe Islands take steps to have qualifying competent authority agreements in effect with jurisdictions of the Inclusive Framework which meet the confidentiality, consistency and appropriate use conditions and with which the Faroe Islands has an international exchange of information agreement in effect that allows for the automatic exchange of tax information. This recommendation remains in place since the 2019/2020 peer review.

It is recommended that the Faroe Islands 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. This recommendation remains in place since the 2019/2020 peer review.

Appropriate use of CbC reports

Faroe Islands does not yet have controls in place to ensure the appropriate use of CbC reports.

It is recommended that the Faroe Islands take steps to ensure that the appropriate use condition is met ahead of the first exchanges of information. This recommendation remains in place since the 2019/2020 peer review.



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