

Country-by-Country Reporting

KPMG's response to the call for transparency



Key facts about this new international tax reporting requirement

- CbCR is a new and additional form of (international) tax compliance for multinational groups
- It must be filed for FY2016 and beyond if a group's revenue exceeds approximately 750 million EUR (or EUR equivalent)
- Primary responsibility to prepare and file CbCR lies with the ultimate parent company
- CbCR must be filed in any case if at least one member of the group is located in a country that has implemented CbCR requirements

Timing and submission

Multinational groups are required to produce CbCR annually for periods starting on or after **1 January 2016**. CbCR is to be submitted to competent tax authorities (e.g. FTA / SEI for CH) no later than 12 months after the fiscal year ending. The report will be automatically shared with countries where the business has a taxable presence (subsidiary, branch,

permanent establishment). If a tax authority that is entitled to receive the report does not receive it from the parent company via the international exchange procedure, local entities (subsidiaries) may be required to file the report directly. Alternatively, the group can nominate a filing substitute (Surrogate Parent Entity) in another tax jurisdiction to submit the report.

For each tax jurisdiction, CbCR must include:

Tax Jurisdiction	Unrelated Party Revenue	Related Party Revenue	Total	Profit (Loss) Before Income Tax	Income Tax Paid (on a cash basis)	Income Tax Accrued – current year	Stated Capital	Accumulated Earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
Country A	x	x	x	x	x	x	x	x	x	x
Country B	x	x	x	x	x	x	x	x	x	x

CbCR must also include supplementary pages listing each entity (including branches, permanent establishments, partnerships etc.) and its tax residence and all types of activities (function).

The Swiss factor

Switzerland has committed to accept and implement the final BEPS reports, including the report on Action 13 and the CbCR requirements. As the CbCR legislation and procedures were enacted in Switzerland rather late. Swiss groups in 2016 and 2017 who had and have to prepare the reports and organize / support the CbCR filing can submit

the report voluntary to the FTA / SEI). From 2018 reporting year onwards, the Swiss filing procedure follows the general and international standard routine and is available for filing substitutes of foreign groups as well. The time to prepare, assess any contradictions with other reports (e.g. TP Masterfile) and minimize potential areas of challenge by the tax authorities is limited! Are you ready to act?

How KPMG can help

Challenge	Service
Which countries / entities in my group are covered by CbCR?	KPMG assists with determining the scope and impact of the regulations, the scope of countries, dealing with complexities such as joint ventures, acquisitions, disposals, branches, permanent establishments, etc.
Which data am I going to use for CbCR and how am I going to collect and submit it?	KPMG can assist with <ul style="list-style-type: none"> – interpretation of the OECD guidance and regulations enacted together with its impact on data gathering and presentation; – developing and reviewing internal operating manuals setting out the group's interpretation of the CbCR proceedings; – designing the data gathering process – assessing best sources of data and technology solutions, determining responsibilities, timeline and processes; – collaboration with IT to assess the implications for ERP systems; – the preparation of the XML-Scheme for submitting of the data.
Does my CbCR preparation and filing process run without errors?	In case of first time application, KPMG can assist with designing and managing a pilot exercise, for example in key territories, to test the process, technology and output before a wider roll out to the group.
Are there any tax risks in my actual and current CbCR?	KPMG will <ul style="list-style-type: none"> – review data across all countries to assess consistency; – analyze data to identify potential areas of challenge by tax authorities. Prepare anticipated questions & answers from tax authorities based on this data; – identify improvements and changes in the data gathering process.
How will my CbCR report look like?	KPMG can assist with <ul style="list-style-type: none"> – preparing reports in the required formats (including preparation / conversion of the raw data into the requested format of XMLfiles); – drafting supporting narrative as needed, to support the report.
Can I automate CbCR process?	Sourcing the required data and presenting it in the required format is not an easy task. Collating and reporting the data in the required format is also time consuming and an excel spreadsheet approach can carry risk of errors. KPMG has configured proprietary technology tools, KPMG LINK Country by Country Reporting, TIS (Tax Intelligence Solution) and XML-Converter, to simplify the process and assist with the data gathering, analyzing and reporting.
CbCR outsourcing?	KPMG as external auditor can support with the preparation of the CbCR in the course of the annual audit.

Contacts



Markus Wyss

Partner
Transfer Pricing
+41 58 249 41 29
mwyss@kpmg.com



Stefan Kuhn

Partner
International Corporate Tax
+41 58 249 54 14
stefankuhn@kpmg.com



Gerhard Foth

Director
Transfer Pricing
+41 58 249 34 62
gerhardfoth@kpmg.com



Hans Mies

Director
International Corporate Tax
+41 58 249 59 41
hmies@kpmg.com

kpmg.ch

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