

# Tax - Breaking News

October 2017



## A new law has been voted for the ratification of the Multilateral Competent Authority Agreement on the exchange of Country by Country Reports of the Organization for Economic Co-operation and Development (OECD)

- A law has been voted on 4 October 2017 which ratifies:
  - the Declaration by the Competent Authority of Greece that Greece has signed the Multilateral Competent Authority Agreement on the Exchange of Country by Country Reports of the OECD, and
  - the Multilateral Competent Authority Agreement on the Exchange of Country by Country (CbyC) Reports.
- The Ultimate Parent Entity of a Multinational Enterprise (MNE) Group that is resident for tax purposes in Greece or any other entity within the scope of the relevant provisions, must file a CbyC Report.
- MNE Groups with total consolidated group revenue less than EUR 750 million during the immediately preceding fiscal year are exempted.
- The CbyC Report is communicated by the Competent Authority through the automatic exchange of information to those jurisdictions in which entities of MNE Groups are either resident for tax purposes or subject to tax with respect to business carried out through a permanent establishment, under the condition that the respective jurisdictions have signed, ratified and activated the Multilateral Competent Authority Agreement on the Exchange of Country by Country Reports.
- The CbyC Report together with the Basic and the Greek File represent a standardized approach to transfer pricing documentation that will provide tax administrations with relevant and reliable information to perform an efficient and robust transfer pricing risk analysis.
- Information received by means of the CbyC Report will be used for assessing high-level transfer pricing risks and other base erosion and profit shifting related risks, as well as for economic and statistical analysis, where appropriate. The information in the CbyC Report on its own does not constitute conclusive evidence that transfer prices are appropriate and consequently transfer pricing adjustments cannot be based on the CbyC Report.

### Important deadlines

- The CbyC Report should be filed within 12 months of the last day of the Reporting Fiscal Year to which it relates, i.e. the first filing will take place by 31 December 2017 with respect to 2016.
- Entities of MNE Groups that are resident for tax purposes in Greece are obliged to notify the Greek tax authorities with respect to the filing of the CbyC Report, no later than the last day of the Reporting Fiscal Year to which it relates. Especially for the first fiscal year the notification deadline has been extended to coincide with the filing deadline of the CbyC Report, i.e. 31 December 2017.
- Communication of the CbyC Report through the automatic exchange of information shall take place within 15 months of the last day of the Reporting Fiscal Year to which it relates. Be exception, the first CbyC Report shall be communicated within 18 months, i.e. the first automatic exchange of information will take place by 30 June 2018.

## KPMG comments

- This law refers to the automatic exchange of CbC Reports according to Action 13 of the OECD Base Erosion and Profit Shifting (BEPS) Action Plan. We remind you that in August 2017 Law 4484/2017 was published regarding the automatic exchange of CbC Reports between member states of the European Union in accordance with the respective EU Directive. For additional information on the obligation to file a CbC Report please refer to our newsletters of 28 July and 3 August 2017, since the same provisions apply in both laws.
- With the implementation of the new provisions, the number of tax audits carried out by Greek and foreign tax authorities is expected to increase with an anticipated increase of tax disputes. For this reason, it is important that the information contained in the CbC Report is accurate so that the risk of dispute and further audits by tax authorities regarding the Group's transfer pricing policy, is minimized.

## Contact us

### **Georgia Stamatelou**

Partner, Head of Tax

T:+ 30 210 60 62 227

E:[gstamatelou@kpmg.gr](mailto:gstamatelou@kpmg.gr)

### **More information at**

[kpmg.com/gr](http://kpmg.com/gr)



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