

# Country-by-Country Reporting

## Response to BEPS Action 13

### Key facts about this new international tax reporting requirement

- CbCR is a new form of (international) tax compliance for multinational groups
- It must be filed if a group's revenue exceeds approximately €750 million
- 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 will be required to produce CbCR for periods starting on or after **1 January 2016**. CbCR will need to be submitted to competent tax authorities (e.g. FTA / SEI for CH) no later than 12 months after the fiscal year. The report will be automatically shared with countries where the business has a taxable presence (subsidiary, branch,

permanent establishment, etc.). If a tax authority that is entitled to receive the report does not receive 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
<b>Country A</b>	x	x	x	x	x	x	x	x	x	x
<b>Country B</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. It is likely though that the CbCR legislation and procedures will not be enacted in Switzerland before 2017. In practice, this may complicate the CbCR exercise for Swiss groups in 2016 who will still have to prepare the reports and organize / support the CbCR filing, if

they have at least one group member in a country which has implemented CbCR (however, voluntary submittance of the CbCR might be possible with the FTA / SEI). The first reporting period is rapidly approaching. There is very little time left to prepare, assess any filing complications and minimize potential areas of challenge by the tax authorities. Are you ready to act?

## How KPMG can help

Challenge	Service
<b>Which countries / entities in my group are covered by CbCR?</b>	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.
<b>Which data am I going to use for CbCR and how am I going to collect it?</b>	KPMG can assist with <ul style="list-style-type: none"> <li>• interpretation of the OECD guidance and its impact on data gathering;</li> <li>• developing internal operating manuals setting out the group's interpretation of the OECD guidance;</li> <li>• assessing the most appropriate data sources – e.g. Group GAAP versus Local GAAP, consolidated reporting systems versus local statutory accounts;</li> <li>• designing the data gathering process – assessing best sources of data and technology solutions, determining responsibilities, timeline and processes;</li> <li>• collaboration with IT to assess the implications for ERP systems.</li> </ul>
<b>Does my CbCR preparation and filing process run without errors?</b>	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.
<b>Are there any tax risks in my CbCR?</b>	KPMG will <ul style="list-style-type: none"> <li>• review data across all countries to assess consistency;</li> <li>• analyze data to identify potential areas of challenge by tax authorities. Prepare anticipated questions &amp; answers from tax authorities based on this data;</li> <li>• identify improvements in the data gathering process.</li> </ul>
<b>How will my CbCR report look like?</b>	KPMG can assist with <ul style="list-style-type: none"> <li>• preparing reports in the required formats;</li> <li>• drafting supporting narrative and messaging as needed, to support the report.</li> </ul>
<b>Can I automate CbCR process?</b>	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, Tax One and TIS (Tax Intelligence Solution), to simplify the process and assist with the data gathering, analyzing and reporting.
<b>CbCR outsourcing?</b>	KPMG as external auditor can support with the preparation of the CbCR in the course of the annual audit.

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