



EUROPEAN UNION – UPDATED DRAFT DIRECTIVE ON IMPLEMENTATION OF CBC REPORTING

On March 15, 2016, the Council of the European Union (EU) published the latest version of draft directive that proposes to implement the OECD recommendations on country-by-country (CbC) reporting in the EU. The draft directive, once implemented, will require each member state to implement rules requiring the ultimate parent entity of the Multinational Enterprise (MNE) group that is a resident in its territory to file a CbC report.

Notably, the draft directive imposes a 'secondary reporting obligation', which if adopted will require a MNE group with an ultimate parent that is not a tax resident in an EU member state and does not file a CbC report to file a report through its EU subsidiaries. The secondary reporting obligation is proposed to be optional for 2016 and mandatory for 2017. The draft directive requires that the CbC reports will need to be filed within 12 months after the end of the relevant fiscal year, and that the reports will then be automatically shared between member state tax authorities within 3 months.

The EU Council will adopt the draft directive once the European Parliament has given its opinion, which is expected in spring 2016. The Member States will then have 12 months to transpose rules into national law. As a part of separate work stream, the EU Commission is currently finalizing its impact assessment on public CbC reporting and proposal is expected in April.

