



OECD PUBLISHES STANDARDIZED ELECTRONIC CBC TEMPLATE

In a continued effort to boost transparency in international tax matters and facilitate a swift and uniform implementation of Country-by-Country (“CbC”) reporting, the OECD has released a standardized electronic format for the exchange of CbC reporting between jurisdictions – the CbC XML Schema (“Schema”) – as well as the related User Guide.

The Schema has been primarily designed to be used for the automatic exchange of CbC reports between Competent Authorities and can also be relied upon by the Reporting Entities of a Multinational Enterprise (“MNE”) Group for transmitting the CbC report to respective tax authorities, provided its use is mandated domestically. The User Guide explains the information required to be included in the Schema. With such additional explanations, we feel another step is taken towards the practical clarification of the CbC implementation process.

The CbC XML Schema and User Guide

The Schema is a commonly used data structure for electronically holding and transmitting information. The Schema defines what elements and attributes certain information should have, specifying the size of such information and whether it is a validation, optional (mandatory) or an optional element. The User Guide explains the information required to be included in the Schema. Besides explaining each of the elements to be reported in the CbC template, the User Guide also addresses corrections, deletions and additions to data already provided.

Furthermore, the User Guide also mentions that with a view to allowing the most widespread use of the information contained in the CbC report, the use of the English language is preferred, if permissible under such local law.

Implications

Tax Administrations:

The final report on Action 13 (Re-examine transfer pricing documentation and country-by-country reporting) recommends that the first CbC reports be required to be prepared for MNE with fiscal years beginning on or after January 1, 2016, and submitted 12 months after the close of the relevant MNE fiscal year, and exchanged as soon as possible but no later than 18 months after the last day of the relevant MNE fiscal year.

In light of this, governments will need to decide on whether to introduce the Schema for domestic purposes, in which case, governments will need to adapt their systems to the Schema before the first exchange takes place in order to exchange and receive CbC reports.

Multinational Enterprises:

MNEs will have to monitor the implementation of Schema in domestic law in their reporting jurisdiction(s).

For further information, please contact your trusted RSM advisor.