

OECD/G20 Inclusive Framework on BEPS delivers tax transparency: Action 13 Country-by-Country reporting shows big progress

03/09/2019 - The OECD has released the outcomes of the [second phase of peer reviews of the BEPS Action 13 Country-by-Country \(CbC\) reporting initiative](#), demonstrating strong progress in continuing efforts to improve the taxation of multinational enterprises (MNEs) worldwide.

CbC reporting, one of the four minimum standards of the BEPS Project, requires tax administrations to collect and share detailed information on all large MNEs doing business in their country. Information collected includes the amount of revenue reported, profit before income tax, and income tax paid and accrued, as well as the stated capital, accumulated earnings, number of employees and tangible assets, broken down by jurisdiction. CbC reporting provides an unprecedented level of transparency to tax administrations worldwide. As a result, tax administrations, often for the first time, will have received detailed information on all large MNEs doing business in their country. As CbC Reporting is one of the four minimum standards of the BEPS Project, all members of the Inclusive Framework on BEPS have committed to implement it, and to have their compliance with the standard reviewed and monitored by their peers. This is to ensure a timely and consistent implementation across the world, which is key to the success of CbC reporting.

"The peer review outcomes and the launch of the global exchange of CbC reports in June 2018 show that the BEPS measures are being implemented rapidly, consistently and globally," said Pascal Saint-Amans, Director of the OECD Centre for Tax Policy and Administration.

This second annual peer review considers implementation of the CbC reporting minimum standard by jurisdictions as of April 2019. Highlights include:

- **Coverage increased to 116 jurisdictions.** The peer review includes a comprehensive examination of 116 Inclusive Framework members. A small number of members were not included in this review either because they recently joined the Inclusive Framework or they faced capacity constraints, but they will be reviewed as soon as possible.
- **Practically all large MNEs now covered.** Over 80 jurisdictions have already introduced legislation to impose a filing obligation on MNE groups, covering almost all MNE Groups with consolidated group revenue at or above the threshold of EUR 750 million. Remaining Inclusive Framework members are working towards finalising their domestic legal frameworks with the support of the OECD.
- **Implementation largely consistent with BEPS Action 13.** Where legislation is in place, the implementation of CbC Reporting has been found largely consistent with the Action 13 minimum standard.

- **Jurisdictions acting on prior recommendations.** 62 recommendations made in the first peer review have been addressed and these recommendations have been removed.
- **Over 2200 exchange relationships now in place.** Exchanges of CbC reports began in June 2018 and more than 2200 bilateral relationships for CbC exchanges are now in place.

Related work

Following the first exchanges of CbC reports, work is underway to support the effective use of CbC reports by tax administrations in assessing Transfer Pricing and other BEPS-related risks. Building on the OECD Forum on Tax Administration (FTA) [Country-by-Country Reporting: Handbook on Effective Tax Risk Assessment](#), an automated Tax Risk Evaluation and Assessment Tool (TREAT) is currently being developed to help tax administrations, in particular those of developing countries, use CbC reports to identify important indicators of potential tax risk. CbC reports are at the heart of a number of FTA projects, including the [International Compliance Assurance Programme \(ICAP\) pilot](#) for a multilateral risk assessment of large MNEs, and the Comparative Risk Assessment (CoRA) initiative to improve tax administrations' understanding of common international tax risk and consistency in the interpretation of potential indicators that specific risks may or may not be present. These projects will support tax administrations in using CbC reports and other data to identify areas where the tax risk posed by an MNE Group is low and instead focus resources on those issues where further attention is required.

In addition to these initiatives, as mandated in the BEPS Action 13 report delivered to the G20 in 2015, work has now started on a review of the CbC reporting minimum standard, which will include a public consultation in early 2020.

- [Discover more on the work by the OECD on Country-by-Country reporting](#)

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