

**GSCCA Circular 5**  
**10 January 2017**

**Country-by-country reporting**

**Background**

Guernsey has introduced country-by-country reporting, as one of four minimum standards under the OECD Base Erosion and Profit Shifting (BEPS) project, to improve transparency between multinational businesses and tax authorities.

Under country-by-country reporting, multinational groups with consolidated group revenue of EUR 750 million or more, are required to report specified data on their international operations to their tax authority annually (“full reporting”), in respect of accounting periods commencing on or after 1 January 2016. That tax authority will in turn disseminate relevant information to jurisdictions with which it has an agreement to exchange such information.

Present indications are that due to the current revenue threshold level involved, only a handful of Guernsey entities will be impacted by the introduction of country by country reporting. A consultation on the introduction of country by country reporting in Guernsey was undertaken in October 2016.

A secondary aspect of the country-by-country reporting regime requires the separate business units of multinational groups (“MNEs”) to provide notification to the tax authority annually as a constituent entity if:

- (a) they are included in the consolidated financial statements of an MNE for financial reporting purposes, or would be so included if equity interests in such business unit were traded on a public securities exchange;
- (b) they are excluded from the MNE’s consolidated financial statements solely on size or materiality grounds; and
- (c) they are a permanent establishment of (a) or (b) for which separate financial statements are prepared.

**Full reporting**

Broadly the ultimate parent entity of a qualifying multinational group must file, to their tax authority, the relevant country-by-country report on the group’s behalf. It is, however, possible for the MNE Group to elect for a different constituent entity to do the reporting (making that entity a “surrogate parent entity”).

Full reports will be required in an XML format using the schema provided by the OECD and made using a web based reporting tool called the Information Gateway Online Reporter

(IGOR). Further information concerning the use of IGOR will be added to our website in due course.

### **Constituent entity notification**

Constituent entity notification should be provided annually through the company income tax return, which has been updated for this purpose. The corporate service provider composite return is also in the process of being updated to enable notification through this return too.

The following information must also be provided where a company is a constituent entity:

- Name of the reporting entity for the MNE
- Country of tax residence of the reporting entity
- Accounting period end of the reporting entity

If you are unsure whether a company is a constituent entity, or who the reporting entity is, you should seek clarification from the parent entity or professional advice. The first notification will be required in respect of accounting periods commencing on or after 1 January 2016.

For further information on country by country reporting, including the relevant regulations, please see [www.gov.gg/cbcr](http://www.gov.gg/cbcr).

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