

BEPS ACTION 13 GUIDE

HELPING YOUR ORGANIZATION BECOME BEPS COMPLIANT



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INTRODUCTION

The Organization for Economic Co-Operation and Development (OECD) recently released revisions to Chapter V of the OECD Transfer Pricing Guidelines for multinational enterprises (MNEs) and tax administrations (OECD guidelines). These new Base Erosion Profit Shifting (BEPS) transfer pricing reporting requirements apply to MNEs with global consolidated revenue of €750M or more, applicable for tax years beginning on or after January 1, 2016. The revised guidelines in Chapter V are expected to be incorporated into each country's local tax regulations in 2015 or early 2016. All countries participating in the BEPS project have given consensus support to the new guidance (including the U.S.) under Action 13 of the OECD's BEPS initiative.

The new transfer pricing reporting guidance takes a three-tiered approach to standardizing transfer pricing documentation, including:

1. Country-by-country (CbC) report: A series of three XML tables submitted electronically to the MNE's tax administration in the jurisdiction of the reporting entity. The report includes financial data and other country-by-country information in the functional currency of the ultimate parent entity for:

- Intercompany and third-party revenues
- Profits
- Taxes paid and accrued
- Stated capital and retained earnings
- Headcounts
- Tangible assets for fiscal years beginning in 2016
- Functions performed by the entities in each jurisdiction
- Listings of constituent entities in each jurisdiction
- Relevant support information

2. Master file: A high-level narrative report of information relevant for all MNE members regarding the group's global business operations and transfer pricing policies. The master file is available to all relevant country tax administrations. The information in the master file is intended to provide a blueprint of the MNE group in five categories, including:

- The MNE's organizational structure
- A description of the MNE's business or businesses
- The MNE's intangibles
- The MNE's intercompany financing activities
- The MNE's financial and tax positions

3. Local file: Individual, country-level transfer pricing reports that supplement the master file with transfer pricing analyses. Local file demonstrates the transactions between the local country affiliate(s) and the associated enterprises in other jurisdictions' approximate arms-length pricing.

Now that you understand the approach to the reporting guidelines, let's dive deeper into processes and best practices to help you get started.

1 LEGAL ENTITY ORGANIZATION CHARTS

Understanding the logic behind the OECD guidance is your first step in BEPS reporting readiness and in building a fundamental data framework.

First, define the legal entities included in your MNE group followed by identifying the reporting entity jurisdictions.

Below are some great guidelines for implementing your OECD country-by-country reporting:

- Identify the entire group¹
- Ascertain that group is an MNE group²
- Ascertain that group is not an excluded MNE group³
- Determine the reporting entity,⁴ which will have the ultimate filing obligation
 - Refer to definitions of ultimate parent entity⁵ and surrogate parent entity⁶
 - Refer to the circumstances under which the filing obligation rests with the surrogate parent entity
- Consider notification requirements if the surrogate parent entity is identified as the reporting entity⁷
- List constituent entities, which are included in the CbC report:
 - For each constituent entity, gather and input the information in the entity data template:
 - Name
 - Entity code
 - Country – legal residence and tax residence
 - Parent entity (name or code)
 - Ownership percentage
 - Entity type
 - Region and function (consistent with categories in CbC report)

TECH TOOL

You can use Thomson Reuters ONESOURCE™ BEPS Action Manager's intercompany transaction template as a guide to prepare a high-level global overview of intercompany transfer pricing regime, specifying these elements for each intercompany transaction stream, including:

- Functional name of transaction
- Transfer pricing method employed
- Governing intercompany agreement
- Transfer pricing rates applied

BEST PRACTICES

Maintain legal entity organization charts in easy-to-update electronic formats and include specifics required for CbC reporting. Remember to include other key legal entity facts such as registered legal address, registration numbers and tax ID numbers.

Ensure consistent treatment under the transfer pricing policy by grouping legal entities within the tax and transfer pricing structure and by functional profile. Engage in ongoing internal dialogue with your legal department to keep legal entity organization charts updated as new entities are acquired or formed, older or dormant entities are dissolved, and entities change functional profiles.

GLOBAL TRANSFER PRICING POLICIES, INTERCOMPANY TRANSACTION STREAMS AND INTERCOMPANY AGREEMENTS

Once you have defined the constituent entities within your MNE and the ultimate reporting entity, the next step is building a fundamental data framework for BEPS transfer pricing reporting by identifying all intercompany transaction streams between related parties within the MNE group.

BEST PRACTICES: GLOBAL TRANSFER PRICING POLICY

Managing your global transfer pricing regime requires maintaining a written global transfer pricing policy document covering all intercompany transactions, articulating the different intercompany transaction streams, the transfer pricing method and the rates to be applied. Remember to include details such as the functional entity types involved (distributors, R&D service providers, etc.).

TECH TOOL

For emerging business lines you can use the analytics feature in ONESOURCE BEPS Action Manager to compare your target pricing to actual pricing applied throughout the year to minimize or eliminate year-end, true-up adjustments.

- Annually review and refresh your transfer pricing policy document to ensure that:
 - Intercompany transactions remain consistent with the functional profile of the entities within the organization structure of your MNE
 - Transfer pricing policy approximates arm’s-length compensation
- Transfer pricing policy has been extended to include all new transactions and new entities while conversely removing transactions no longer in occurrence, or entities that are no longer part of the MNE.
- Archive annual editions of transfer pricing policy document for later support of contemporaneous application of transfer pricing policies, SARBOX internal controls reviews.
- Fullfill new requirements for articulating consistent transfer pricing positions in the master file and local files, and if needed, support for transfer pricing structure upon any audits.
- Document situations in which transfer pricing policies differ among entities, for instance:
 - Newly acquired entities that remain on existing transfer pricing policy
 - Different business lines, geographic units or segments that maintain separate transfer pricing policies appropriate for the business model of the segment
 - Legacy situations
- View ratios based on your CbC reports that the tax authorities will also likely be calculating to gain insight into your transfer pricing risk assessment and adjust your tax planning strategies as necessary.
- When multiple entities within an MNE are engaged in substantially similar intercompany transactions, establish routine parameters for those transaction streams and document the understandings among the related parties with standardized intercompany agreements.
- Frequently, tax inspectors accept a list of the entities that are signatories or participants to those agreements and the template agreement, alleviating the need to provide potentially hundreds or thousands of executed agreements with transfer pricing reports to a tax administration.
- To the extent possible, standardize intercompany agreements covering substantially similar transactions and maintain a “master template” of each agreement.
- Provide flexibility in the agreement to specify actual transfer pricing to be applied in an annually updated appendix, or transfer pricing policy document, to avoid updating agreements each year or each time that pricing changes.
- Have entities within your MNE sign onto the suite of agreements appropriate for their functional profile within your group and transfer pricing regime.
- Catalog and archive intercompany agreements to prepare for inclusion in intercompany agreements in the master file and local files.
- Maintain a listing of intercompany agreements appropriate for each entity and ensure that all agreements have been executed as required. Conduct annual reviews to ensure new entities have appropriate agreements and agreements are refreshed as necessary to address changing business models.

2 HEADCOUNT DATA AND MANAGEMENT ORGANIZATION CHARTS

This includes total full time employees (FTEs) in each jurisdiction reported in Column 10 of the CbC Report. Local country files require disclosures of the management structure of the local entity, plus information on cross-border executive leadership, management and reporting structures. Collection of these data elements potentially requires interaction with HR and non-finance groups within your organization, so early establishment of clear, consistent definitions of required data, consistent standards of measurement and well-chosen timing of your cross-organization communications are critical.

HEADCOUNT DATA FOR CBC REPORT

The OECD guidance allows for a choice in the basis for FTE reporting, taking into consideration the nature of your business and requirements for seasonal employment or growth. Keep in mind that the primary objective of the CbC report is to facilitate tax administration transfer pricing risk assessment. Judgment must be applied to balance precision of headcounts against the naturally fluid nature of employee workforces. Follow these simple guidelines:

- Establish an appropriate definition of FTE headcount upon which to compute the metric: FTEs at year-end, annual average FTEs, or another appropriate metric, provided the metric is consistently applied across jurisdictions.
- Consider the impact of independent contractors or agents participating in the ordinary operations of the business, seasonal or temporary workers, vacant, planned, budgeted and not-yet-filled positions and branch employees.
- Document your decisions to include or exclude. Rounding or approximation of headcounts is allowed.
- Establish and document the date on which FTEs are measured across the organization.
- Strive for a reasonable headcount (disclosure in Table 1 of the CbC report) that indicates the relative distribution of employees across the various tax jurisdictions and describe the process for measuring headcounts clearly in a footnote in Table 3.

BEST PRACTICES: HEADCOUNT DATA

- Consider the degree to which FTE information is culled from existing ERP systems and how significant the effort is to poll HR and non-finance groups within your organization to gather the information.
- To the extent you opt for polling other groups for information, provide standardized templates for completion of required information to distribute with your requests. Include clear instructions for completion, specification of an appropriate level of detail and a deadline for return of that information.
- Archive all HR and headcount-related data and support by entity, by year, in a tax data warehouse for future reference if needed during a tax audit.

TECH TOOL

Within ONESOURCE BEPS Action Manager, data elements for headcounts and management reporting structures are captured at the legal entity level within your organization—allowing for flexibility to store and track changes year after year and to feed seamlessly into your CbC and local entity transfer pricing reports.

ONESOURCE Documenter's Comparable Search tool lets you scan multiple comparable company databases at once, tab through company information and financials and export the information to an Excel spreadsheet.

MANAGEMENT REPORTING ORG CHARTS

The OECD guidance indicates that local country transfer pricing files should include a description of the management structure of the local entity, a local organization chart and a description of the individuals to whom local management reports with the countries where such individuals maintain their principal offices. Specific requirements will likely vary by country and will depend on local country enactment of the OECD guidance.

Prior to populating the management organization charts, give some thought to the following:

- As with headcount reporting, judgment will be required to balance precise depiction of cross-border management reporting with the naturally changing and evolving nature of management organizations responding to business needs.
- Determine the level of detail to include in the management organization charts and depth of management layers.
- Consider the interplay of matrixed, two- and three-dimensional management structures in your organization, which are relevant to decision making in the local entities and at the global level.
- Strive for informative management organization charts that depict functional responsibility and cross-border relationships.
- Determine the appropriate date for which management charts are reflected.
- Take into consideration the characteristics of annual management and leadership rotations.

TECH TIP

Use ONESOURCE BEPS Action Manager's embedded country analysis research capability to stay abreast of local country reporting requirements. You can use the charting feature, which allows you to create the required management organization charts for the entire global organization and then present only the appropriate charts for each jurisdiction.

BEST PRACTICES: MANAGEMENT ORG CHARTS

Changes in leadership reporting structures and functions is an inevitable and necessary step to growing and managing a business, but historical data for past management structures is rarely kept. Typical information requests during tax audits include a request to speak to management responsible for certain functions. With the possibility of several years' lag until an audit request, it can be a challenge to recall specifics and locate the right persons.

- Archive by year the entity-level management organization charts along with descriptions of key management roles, functions, decision-making ability and reporting structure in a tax data warehouse.
- Consider using functional titles for management positions, omitting personnel names for privacy protection and allowing for the inevitable personnel changes.
- Double check consistency of BEPS management organization charts against public disclosures of management positions in your regulatory filing documents, press releases, marketing materials, tax returns and financial statements, social networking and company websites, and other public information.
- Establish strong communications with HR and non-finance groups within your organization, advising them of the new annual requirement to provide management organization charts by jurisdiction to tax authorities and to solicit the org chart information identified above.
- Lastly communicate with executives whose positions are described in these management organization charts to advise them of the required disclosures.

3 COUNTRY-BY-COUNTRY TABLES AND LOCAL ENTITY

Gathering entity-level financial data, either as a download from your ERP financial system, or by polling local country controllers, is likely the most labor-intensive aspect of the new BEPS reporting requirements. Using the data extractor tool, your general ledger accounts from your ERP system(s) for each entity are mapped to specific line items in the CbC report and local country report schedules of payments and receipts. Once your general ledger accounts are mapped, financial data from your entity-level trial balances can be uploaded to produce Table 1 of the CbC report. Entity functions, previously mapped during the entity review step above, are integrated into Table 2 of the CbC report.

Prior to mapping general ledger accounts and uploading trial balance financial data, tax departments should undertake a review to establish the following parameters:

- Understand where financial data for all constituent entities resides and develop an inventory of financial accounting systems to access general ledger account numbers and trial balance totals.
- Evaluate whether existing automated processes/reports provide the necessary level of detail, or whether new reports are required. Factor in lead time and cost of additional reports if needed, as well as the time required for polling finance team members in other countries. Request that they provide the necessary detail and populate data in the data extractor templates.
- Choose a reporting basis, such as GAAP, management or statutory. Keep in mind that the initial choice is expected to remain consistent in future years.

BEST PRACTICES: INTERCOMPANY TRANSACTION REPORTING FOR COUNTRY-BY-COUNTRY AND LOCAL ENTITY REPORTS

Perform analytics on your CbC data using your 2015 or 2014 data as a test run. That way you will see your transfer pricing regime and tax planning strategies in the CbC report in the way tax administrations will see it for 2016. Calculate ratios on your financial and headcount data for each legal entity and jurisdiction to gain insights to consider potential necessary restructuring activities vis-a-vis legal entities, transfer pricing policy and tax strategy, and entity functions performed.

Consider whether individual intercompany transaction payments and receipt streams can be tracked with sufficient accuracy in the existing general ledger account structure. In line with standardizing intercompany transaction streams, you should think about the cost effectiveness of expanding the general ledger account structure to segregate intercompany transaction streams for future ease of CbC reporting, local entity intercompany payments and receipts reporting. Establish a process for ongoing, routine collection of entity-level intercompany financial data and work deliverables into the finance calendar. Current OECD guidance calls for reporting intra-group payments and receipts at the entity level for each category of controlled transaction including products, services, royalties, interest, etc.

4 MASTER FILE REPORTING

The new BEPS reporting standards for transfer pricing documentation require that MNEs provide tax administrations with standardized, high-level information relevant for all MNE members regarding the group's global business operations and transfer pricing policies in a master file available to all relevant country tax administrations. The information in the master file is intended to provide a blueprint of the MNE group in five categories, including:

1. The MNE's organizational structure
2. A description of the MNE's business or businesses
3. The MNE's intangibles
4. The MNE's intercompany financing activities
5. The MNE's financial and tax positions

For MNEs operating in the EU, the concept of a master file is nothing new. Since 2006, the code of conduct on transfer pricing documentation for associated enterprises in the European Union (EUTPD) has called for optional adoption of a master file. This allows common standardized information relevant for all EU group members of an MNE and provides:

- A blueprint of the company and its transfer pricing regime
- Specifics on the MNE group
- The business and strategy
- The controlled transactions among associated enterprises and their comparability analysis
- The transfer pricing policy among group members
- The ownership of intangibles
- A list of cost contribution arrangements
- Advance pricing arrangements and other transfer pricing-related tax rulings

Likewise, MNEs operating in the U.S. have long been subject to reporting requirements of treasury regulation §1-482 and internal revenue code §6662. They are accustomed to providing information in principle documents, including:

1. An overview of the business strategy
2. Analysis of the economic circumstances and market environment in which the MNE operates
3. Legal entity and functional organization structure chart
4. Documentation required by regulation, e.g. cost, share, participant names and market share strategy
5. An explanation of transfer pricing methodology selected and rationale for selection (best method analysis)
6. An explanation of alternative methods not selected
7. A description of the controlled transactions
8. A description and analysis of comparables
9. Economic analysis, including of the functions performed, assets employed and risks assumed by the parties to the controlled transactions. A description of post-year-end data, if applicable
10. An index to the principal documents

In addition, most US MNEs are likely subject to SEC reporting regulations, which require detailed disclosures of the company's operations, important intangibles and many other aspects well beyond transfer pricing documentation requirements.

TECH TOOL

ONESOURCE BEPS Action Manager provides a workspace for you to capture narrative and graphical information for each element of the proposed outline of the master file contents, allowing you to upload content and attach relevant documents. You can easily add and rearrange elements as necessary to adjust to your specific circumstances.

OTHER CONSIDERATIONS

While it remains to be seen if individual countries will enact local legislation, it is clear MNEs will be required to produce a global overview of the enterprise. All local country transfer pricing reports will most likely be accompanied by this master file and the CbC report. Specific elements not previously called out for disclosure will likely require detailed presentation in the master file, including:

- Information about global supply chain/value creation chains
- Contributions of constituent entities in the MNE, business restructurings
- The MNE's strategy for development, ownership and exploitation of intangibles, and any transfers of intangibles
- Details of how the MNE is financed, including arrangements with unrelated lenders and intercompany financing arrangements
- Listings of important intercompany agreements, intercompany transactions and APA
- Other tax rulings related to the allocation of income among countries

BEST PRACTICES: MASTER FILE

- Reporting scope: Typically, the information in the master file should be presented for the MNEs as a whole. But, in certain circumstances, presentation of the information segmented by line of business is permissible. All the information for all business segments should be presented in one master file.
- Conduct a gap analysis to inventory information already on hand against the full spectrum of required disclosures for the following:
 - Business of the company
 - Global supply chain and value creation chain
 - Intangibles
 - Intercompany financing
 - Tax rulings and advance agreements with tax authorities
- Check public record information for consistency including SEC 10k and other regulatory filings for publicly traded corporations, company website and social network sites such as Twitter, Facebook and LinkedIn, marketing materials and global advertising campaigns, company branding materials, stock analyst and industry analyst publications.
- Develop a program of regularly archiving relevant documentation in a tax data warehouse, and grouping important items by tax or fiscal year, for accessibility in future years.

5 LOCAL FILE REPORTING

The September 2014 revisions to Chapter V of the OECD guidelines call for a third level of reporting of intercompany transaction specifics at the local level that includes supplementing the master file with an transfer pricing analysis, demonstrating that the transactions between the local country affiliate(s) and associated enterprises in other jurisdictions approximate arm's-length pricing. Many countries have their own long-standing regulations for reporting of specific elements in transfer pricing documentation and it is not clear currently to what extent the precise format specified in the OECD guidelines for local file reporting will be taken up into local country regulations.

At a minimum, MNEs should be prepared to present the following information in their local country files:

- Local specifics about business strategy, management structure, competitors, restructurings, use of intangibles
- Transfer pricing economic analysis, including:
 - Identification of the controlled transactions and the associated enterprises involved in each category of controlled transactions
 - A comparability and functional analysis of the taxpayer and associated enterprises
 - Identification of any comparable uncontrolled transactions
- An explanation of the selection of the most appropriate transfer pricing method
- An indication of the tested party
- A description of the search for comparable companies and the source of such information
- A summary of important assumptions, comparability adjustments and financial information used in applying the transfer pricing methodology
- The rationale for concluding that the transactions were priced at arm's length
- Specified attachments:
 - Local entity financial statements with an indication of how to tie financial data to annual financials
 - Local jurisdiction legal entity org chart
 - Local entity management structure and cross-border reporting lines
 - Schedule of intercompany payments and receipts, by jurisdiction, for each category of transaction (goods, services, royalties, interest, etc.)
 - Intercompany agreements for each transaction

TECH TOOL

ONESOURCE BEPS Action Manager provides a workspace for you to capture narrative and graphical information for each element of the proposed outline of the local file contents, allowing you to upload content and attach relevant documents. This allows you to add additional elements, or rearrange elements as necessary.

6 DEFINITIONS

¹ **Group** is defined as collection of enterprises related through ownership or control, such that it is either required to prepare consolidated financial statements for financial reporting purposes under applicable accounting principles or would be so required if equity interests in any of the enterprises were traded on a public securities exchange.

² **MNE group** is defined as a group that (i) includes two or more enterprises the tax residence for which is in different jurisdictions, or includes an enterprise that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanence establishment in another jurisdiction, and (ii) is not an excluded MNE group.

³ **Excluded MNE group** means, with respect to any fiscal year of the group, a group having total consolidated group revenue of less than the equivalent of €750M as of January 2015 during the fiscal year immediately preceding the reporting fiscal year as reflected in its consolidated financial statements for such preceding fiscal year. (Fiscal year means an annual accounting period with respect to which the ultimate parent entity of the MNE group prepares its financial statements.)

⁴ **Reporting entity** is defined as the constituent entity that is required to file a country-by-country report conforming to the requirements in Article 4 of the OECD Guidance titled “Country by Country Reporting Implementation Package” in its tax jurisdiction residence of behalf of the MNE group.

The reporting entity may be the ultimate parent entity, the surrogate parent entity, or any entity described in paragraph 2 of Article 2 of the OECD Guidance titled “Country-by-Country Reporting Implementation Package.”

⁵ **Ultimate parent entity** means a constituent entity of an MNE group that meets the following criteria: (i) it owns directly or indirectly a sufficient interest in one or more other constituent entities of such MNE group such that it is required to prepare consolidated financial statements under accounting principles generally applied in its jurisdiction of tax residence, or would be so required if its equity interests were traded on a public securities exchange in its jurisdiction of tax residence; and (ii) there is no other constituent entity of such MNE group that owns directly or indirectly an interest described in subsection (i) above in the first mentioned constituent entity.

⁶ **Surrogate parent entity** means one constituent entity of the MNE group that has been appointed by such MNE group, as a sole substitute for the ultimate parent entity, to file the country-by-country report in that constituent entity’s jurisdiction of tax residence, on behalf of such MNE group, when one or more of the conditions set out in subsection (ii) of paragraph 2 of Article 2 applies.

⁷ **Circumstances under which filing obligation rests with the surrogate parent entity:** A constituent entity which is not the ultimate parent entity of an MNE group shall file a country-by-country report conforming to [the requirements of its tax reporting jurisdiction] with respect to the reporting fiscal year of an MNE group of which it is a constituent entity, on or before the date specified in Article 5, if the following criteria are satisfied:

(i) The entity is resident for tax purposes in [Country]; and

(ii) One of the following conditions applies:

a. The ultimate parent entity of the MNE group is not obligated to file a country-by-country report in its jurisdiction of tax residence; or,

b. The jurisdiction in which the ultimate parent entity is resident for tax purposes has a current international agreement to which [Country] is a party but does not have a qualifying competent authority agreement in effect to which [Country] is a party by the time specified in Article 5 for filing the country-by-country report for the reporting fiscal year; or,

c. There has been a systemic failure of the jurisdiction of tax residence of the ultimate parent entity that has been notified by the [Country Tax Administration] to the constituent entity resident for tax purposes in [Country].

The reporting fiscal year means the fiscal year the financial and operational results of which are reflected in the country-by-country report defined in Article 4 where there are more than one constituent entities of the same MNE group that are resident for tax purposes in [Country] and one or more of the conditions set out in subsection (ii) above apply, the MNE group may designate one of such constituent entities to file the country-by-country report conforming to the requirements of Article 4 with [Country Tax Administration] with respect to any reporting fiscal year on or before the date specified in Article 5 and to notify the [Country Tax Administration] that the filing is intended to satisfy the filing requirement of all the constituent entities of such MNE groups that are resident for tax purposes in [Country].

Notwithstanding the provisions of paragraph 2 of this Article 2, when one or more of the conditions set out in subsection (ii) of paragraph 2 of Article 2 apply, an entity described in paragraph 2 of this Article 2 shall not be required to file a country-by-country report with [Country Tax Administration] with respect to any reporting fiscal year if the MNE group of which it is a constituent entity has made available a country-by-country report conforming to the requirements of Article 4 with respect to such fiscal year through a surrogate parent entity that files that country-by-country report with the tax authority of its jurisdiction of tax residence on or before the date specified in Article 5 and that satisfies the following conditions:

a) The jurisdiction of tax residence of the surrogate parent entity requires filing of country-by-country reports conforming to the requirements of Article 4;

b) The jurisdiction of tax residence of the surrogate parent entity has a qualifying competent authority agreement in effect to which [Country] is a party by the time specified in Article 5 for filing the country-by-country report for the reporting fiscal year;

c) The jurisdiction of tax residence of the surrogate parent entity has not notified the [Country Tax Administration] of a systemic failure;

d) The jurisdiction of tax residence of the surrogate parent entity has been notified in accordance with paragraph 1 of Article 3 by the constituent entity resident for tax purposes in its jurisdiction that it is the surrogate parent entity; and

e) A notification has been provided to [Country Tax Administration] in accordance with paragraph 2 of Article 3.

NOTIFICATION REQUIREMENTS IF SURROGATE PARENT IS SELECTED AS REPORTING ENTITY:

1. Any constituent entity of an MNE group that is resident for tax purposes in [Country] shall notify the [Country Tax Administration] whether it is the ultimate parent entity or the surrogate parent entity, no later than [the last day of the reporting fiscal year of such MNE group]

2. Where a constituent entity of an MNE group that is resident for tax purposes in [Country] is not the ultimate parent entity nor the surrogate parent entity, it shall notify the [Country Tax Administration] of the identity and tax residence of the reporting entity, no later than [the last day of the reporting fiscal year of such MNE group].

Constituent entities are (i) any separate business unit of an MNE group that is included in the consolidated financial statements of the MNE group for financial reporting purposes, or would be so included if equity interest in such business unit of the MNE group were traded on a public securities exchange; (ii) any permanent establishment of any separate business unit that is excluded from the MNE group's consolidated financial statements solely on the basis of size or materiality grounds; and (iii) any permanent establishment of any separate business unit of the MNE group included in (i) or (ii) above, provided the business unit prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management purposes.

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