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By PwC Deutschland | 13 July 2017

Country-by-Country Reports: German Ministry of Finance releases circular.

On 20 December 2016 legislation was passed introducing measures to combat base erosion and profit shifting. A part of this legislation - introduced in the new Section 138a of the General Tax Code - imposed an obligation on multinational enterprises to report annually for each tax jurisdiction in which they do business, so-called Country-by-Country (CbC) reports.

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On 11 July 2017 the German Ministry of Finance released a circular, which provides some guidelines on the completion of the CbC reports.

The new Section 138a of the General Tax Code (GTC) sets out the rules for the exchange between the tax authorities of the participating states of country-specific reports to document the appropriateness of the relevant transfer pricing. According to Section 138a GTC, multinational enterprises, which produce consolidated financial statements, are obliged at the end of each financial year to complete a country-specific report (CbC report) for the group and file it with the Federal Tax Office.

The obligation to file a CbC report arises for financial years beginning after 31 December 2015. The transmission to the Federal Tax Office is to be made according to an OECD standardised electronic XML format.

In its circular the Ministry of Finance makes reference to the fact that the relevant information in the CbC reports must be made in the specified formats. Furthermore the circular contains various appendices specifying the concrete requirements.

Source: Ministry of Finance Circular of 11 July 2017 (IV B 5 – S 1300/16/10010 :002)

Keywords

BEPS, CbC Reports, General Tax Code, International Tax, transfer pricing