

# Guidance on the preparation of anonymised and aggregated CbCR statistics

## Summary

This document describes the approach proposed to be taken by Inclusive Framework members in order to provide to the OECD Secretariat anonymised and aggregated analyses of Country-by-Country Reports<sup>1</sup> (CbCRs) data. These anonymised and aggregated data are included in the Corporate Tax Statistics database published by the OECD.

The collection of these anonymised and aggregated analyses was a key recommendation of the BEPS Action 11 final report and plays an important role in supporting the Inclusive Framework's ongoing work on the measurement and monitoring of BEPS and the effects of the implementation of the BEPS measures. The aim of collecting these analyses is to provide a more complete view of the global activities of the largest MNEs and to improve the analysis of BEPS and BEPS countermeasures in conjunction with other corporate tax data. In order to preserve the confidentiality of individual CbCRs, governments perform the analyses and then provide the anonymised and aggregated data to the OECD Secretariat. This document lays out guidance on the preparation and presentation of the analyses. Given that the Secretariat does not have access to the actual CbCRs filed with jurisdictions, it is critical that these analyses be performed and presented by jurisdictions in a consistent way to ensure comparability of the data and to facilitate the study of BEPS behaviour. However, some flexibility in the level of aggregation is provided to ensure that the reported statistics are anonymised and preserve the confidentiality of the filing taxpayers.

## 1. Introduction

1. This document discusses what anonymised and aggregated analyses of data collected under the BEPS Action 13 Country-by-Country Reports (CbCRs) should be prepared by governments and provided to the OECD Secretariat to support its work on Action 11 under the BEPS Inclusive Framework.<sup>2</sup> The collection of these anonymised and aggregated analyses was included in the first recommendation of Action 11, and they are included in Corporate Tax Statistics compiled by the OECD.

2. This document presents the tabulations and other analyses to be provided by governments from the Country-by-Country Reports. The analyses provided from CbCRs can be expanded in future years once governments have gained experience with CbCR data.

### 1.1.1. Purpose of the Analyses

3. The specific options for the anonymised and aggregated analyses, are guided by the following considerations:

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<sup>1</sup> The approaches outlined in this document apply to the versions of CbCR data from 2019 on. Older versions may follow different definitions. Further information can be found in the metadata accompanying the published data.

<sup>2</sup> For clarity, the terminology used in this document corresponds with terminology used in the model template for the Country-by-Country Report presented in the Action 13 report (Annex III to Chapter V). For ease of reference, the Country-by-Country Report template can be found in Appendix A of this document.

- The usefulness of various analyses in supporting the economic analysis of BEPS;
- The feasibility of any such analyses given the data collected;
- Minimising burdens on tax administrations, and;
- Respecting the restrictions on confidentiality and appropriate use of data collected on CbCRs.

4. The aim of gathering, tabulating, and analysing data derived from CbCRs is to provide governments with a more complete view of the largest MNEs' global activities and to improve analysis of BEPS and BEPS countermeasures in conjunction with other corporate tax data available to governments. A difficulty with measuring BEPS is that limited information is available on the location of MNE groups' income, taxes, and business activities. CbCRs are an important step forward in measuring BEPS since they provide jurisdiction-specific information.

5. A benefit of gathering and publishing aggregated analyses is that it provides an overview of global MNE activity that is not otherwise available. The aggregated analyses of CbCR data can provide indications of the extent of the misalignment of taxes, income, and business activity and can be used by governments and researchers to inform their analysis of MNE taxation and provide direction for further research.

6. However, it is important to note, that due to the aggregated nature of the CbCR analyses and the limited number of items on the CbCR itself, definitive conclusions about BEPS cannot be drawn from the analyses alone. The analyses provide suggestive evidence and can be used along with other data to study BEPS. A full and complete disclaimer describing the limitations of the CbCR statistics is included in Appendix E.

### **1.1.2. Scope of the Analyses**

7. All jurisdictions that are members of the Inclusive Framework are expected to provide CbCR analyses if they receive enough CbCRs to allow them to do so without breaching confidentiality. The provision of analyses is not restricted to OECD members.

8. Governments only provide aggregated analyses of data from CbCRs filed directly in their jurisdiction and governments are not expected to provide any analyses from CbCRs obtained through exchange of information (EOI) agreements.

### **1.1.3. Confidentiality**

9. Before presenting the proposed CbCR analyses, it is important to note that preserving taxpayer anonymity is of paramount importance.

10. The secretariat recommends that jurisdictions report analyses at the highest level of jurisdictional disaggregation permissible by their own confidentiality standards. While determining a uniform standard to be used by all jurisdictions is difficult due to the large number of members of the Inclusive Framework and the diversity of rules that jurisdictions use to mark data as confidential, the secretariat recommends a number of 5 CbCRs per cell to be sufficient for disaggregation. The secretariat understands that the dominance of some MNEs in a given cell or cells should be taken into account. Jurisdictions also have experience with the application of their own confidentiality standards, which should help in minimising the burden tax administrations face in providing the analyses. In the case where complete disaggregation of all tables is not possible due to confidentiality issues, the submission of a highly disaggregated Table 1A should be prioritised.

11. Maintaining confidentiality means that many jurisdictions are not able to report the analyses set out below at the greatest level of detail described. Jurisdictions are only expected to report analyses that meet their respective confidentiality standard, which may entail reporting aggregated tabulations at a lower

level of detail or not reporting certain tabulations or ratios at all. In such cases, reporting aggregated tabulations is recommended. For the tabulations described below, there are guidelines for how the tabulations can be further aggregated by continent, if needed.

## 2. Instructions provided to jurisdictions

12. This section sets out the instructions provided to jurisdictions in relation to the preparation and submission of anonymised and aggregated CbCR analyses.

### 2.1. Definitions

13. In this document, the term:

- “Group” indicates the corporate group as a whole (e.g., XYZ Group);
- “Sub-group” indicates the combined members of a firm operating in one tax jurisdiction, i.e., one line on Table 1 of the CbCR template (see Appendix A). The level of observation of Table 1 of the CbCR is the tax jurisdiction-firm (e.g., all XYZ Group entities in Australia, all XYZ Group entities in Austria, all XYZ Group entities in Azerbaijan, etc.).

14. The items on Table 1 of the CbCR template are only reported at the sub-group level; group-level information is not reported for those items. To compute the value of items at the group level, the sub-group data reported on a CbCR should be summed up. It is possible that this could lead to double-counting of some items at the group level, since no “netting out” occurs as happens in the preparation of consolidated financial accounts.

### 2.2. Which CbCRs to use

15. Tables should be completed using data from all CbCRs filed in reporting jurisdictions by MNEs with revenues exceeding the relevant CbCR reporting threshold. In consultation with the secretariat, jurisdictions may exclude CbCRs filed by non-profit organisations, international organisations, or government entities. Jurisdictions should provide details to the secretariat on the number of CbCRs excluded and the basis for their exclusion. Any CbCRs that have been received through EOI agreements with other governments should not be used to produce these aggregate statistics.

16. All jurisdictions with a CbC reporting requirement in place should report the number of CbCRs that they have received, including in cases where this number is zero.

17. Section 2.3 summarises the tabulations to be provided based on CbCRs filed by MNE groups with ultimate parent entities within the reporting jurisdiction. Section 2.4 summarises additional tabulations to be provided based on CbCRs filed by MNE groups whose parent is not tax resident in the reporting jurisdiction.

18. For each years’ data collection, tables should be completed using CbCRs of MNEs with **fiscal years ending between 1 January and 31 December (inclusive) of that year**. If reporting jurisdictions cannot determine the end of an MNE’s fiscal year, then they may use CbCRs associated with MNEs’ fiscal years starting between 2 January of the previous year and 1 January of that year (inclusive).<sup>3</sup> If any of the

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<sup>3</sup> For example, the 2018 data collection, tables should be completed using CbCRs of MNEs with fiscal years ending between 1 January 2018 and 31 December 2018 (inclusive). If reporting jurisdictions cannot determine the end of an MNE’s fiscal year, then they may use CbCRs associated with MNEs’ fiscal years starting between 2 January 2017 of the previous year and 1 January 2018 (inclusive).

CbCRs used to prepare these statistics were not fully completed and are missing relevant data, reporting jurisdictions should indicate that to the secretariat.

### **2.3. Tabulations to be provided using data from MNEs filing in the UPE jurisdiction**

19. Table I.1A – Aggregate totals by jurisdiction. This table reports variable totals for all sub-groups, obtained by aggregating sub-group variables according to their jurisdiction of tax residence (or jurisdiction groups depending on confidentiality). The tables include three panels aggregating all sub-groups, sub-groups with positive profits and sub-groups with negative profits.

20. Table I.1B – Interquartile mean values by jurisdiction. This table reports interquartile means, which are based on the number of CbCR sub-groups according to their jurisdiction of tax residence (or jurisdiction groups depending on confidentiality). The tables include three panels aggregating all sub-groups, sub-groups with positive profits and sub-groups with negative profits.

21. Table I.2 – Aggregate totals by size of MNE groups. Data is shown by the size of the MNE group and by tax jurisdiction. The size of the MNE group is calculated by summing unrelated party revenues across the entire group.

22. Table I.4 – Aggregate totals by tax rate of MNE groups. Data is shown by the effective tax rate of the MNE group and by tax jurisdiction. The MNE group tax rate is calculated by dividing the computed group-level income tax accrued by the computed group-level profit (loss).

23. Table I.5 – Aggregate totals by tax rate of MNE sub-groups. Data is shown by the effective tax rate of the MNE sub-group and by tax jurisdiction. The effective tax rate of an MNE sub-group is computed by dividing the sub-group income tax accrued by the sub-group-profit (loss).

24. Table I.6 – Distribution points of MNE group size. Table I.6 reports information on the size of MNE groups filing CbCRs. For the purposes of Table I.6, the size of an MNE group is defined in terms of three variables: 1. Unrelated Party Revenues 2. Number of Employees 3. Tangible Assets other than Cash and Cash Equivalents. The total size of an MNE group is determined by summing over all sub-groups of an MNE group.

#### **2.3.1. Table I.1A - Aggregate totals by jurisdiction**

25. The data is requested disaggregated by jurisdiction. The set of jurisdiction names provided will depend on the jurisdictions that have been listed on the CbCRs that a reporting jurisdiction has received. Reporting jurisdictions should provide as much detail as the jurisdiction's confidentiality standards allow. If possible, jurisdictions should provide summary figures for each individual tax jurisdiction that has been identified as a foreign jurisdiction of an MNE group.

26. Jurisdictions should provide summary tabulations of the data provided on CbCRs for the following variables (see Table 1 in Appendix B for an illustrative example):

1. Number of CbCRs<sup>4</sup>
2. Number of sub-groups on CbCRs<sup>5</sup>

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<sup>4</sup> The number of CbCRs is the number of different CbCRs from which data was taken to calculate the line on the table. For example, in the "All Sub-Groups" Panel of Table 1 (Appendix B), if there are 20 MNE groups that reported operations in Jurisdiction B, then 20 should be reported under number of CbCRs for Jurisdiction B. If there are 30 MNE groups that reported operations in Jurisdiction C, then 30 should be reported under number of CbCRs for Jurisdiction C.

<sup>5</sup> The number of CbCR sub-groups is the number of different CbCRs sub-groups used to calculate the line on the table. For example, in the "All Sub-Groups" panel of Table 1, if a jurisdiction is able to report tabulations on a

3. Number of entities (from Table 2 of the template for CbCR (Appendix A))
  4. Revenues (unrelated party, related party, and total);
  5. Profit (Loss) Before Income Tax<sup>6</sup>;
  6. Income Tax Paid (on Cash Basis);
  7. Income Tax Accrued – Current Year;
  8. Stated capital;
  9. Accumulated Earnings;
  10. Number of Employees;
  11. Tangible Assets other than Cash and Cash Equivalents;
  12. Number of entities for each main business activity class (as indicated on Table 2 of the template for CbCR (Appendix A))<sup>7</sup>.
27. The **total, aggregate amount** of each variable for each cell in Table 1 should be provided in order to have a complete view of the largest MNEs' global activities.
28. In addition, three separate panels should be reported for each version of Table 1. The first panel should include all MNE sub-groups, the second should report tabulations of MNE sub-groups with positive profits, and the third should report tabulation of MNE sub-groups with zero or negative profits.
29. The number of observations should be provided for each cell to distinguish missing values from true zeros. However, firms should be expected to fully complete the forms, and jurisdictions should require firms to explain and justify any missing values on CbCRs.
30. Jurisdictions may aggregate some or all foreign tax jurisdictions together if required to preserve confidentiality.
31. Jurisdictions can aggregate into geographic groupings, such as 1) Europe; 2) Africa; 2) Asia & Oceania; and 4) the Americas. The secretariat provides a list classifying jurisdictions into geographic groupings to ensure consistent groupings are used across reporting jurisdictions (this table is provided in Appendix D). Jurisdictions should list the jurisdictions that occur in each of their residual categories if this does not breach confidentiality rules. It is also possible to aggregate a subset of jurisdictions in a geographic group under the category of 'Other' for that particular geographic grouping (e.g. Other Africa, Other Europe, etc.), following the geographical grouping supplied in the geographic groupings spreadsheet

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jurisdiction-by-jurisdiction basis, then the number of CbCR sub-groups would equal the number of CbCRs. If there were 20 MNE groups that reported operations in jurisdiction B, then there would be 20 MNE sub-groups reported for Jurisdiction B. However, if a jurisdiction cannot report on a jurisdiction-by-jurisdiction basis due to confidentiality concerns, then the number of CbCR sub-groups would be aggregated. As an example, there could be 30 CbCRs in total filed in Jurisdiction A; 20 of those CbCRs report operations in Jurisdiction B and all 30 CbCRs report operations in Jurisdiction C. If the information from Jurisdiction B and Jurisdiction C must be aggregated and reported on a single line on Table 1 due to confidentiality concerns, then 30 would be reported as the number of CbCRs and 50 would be reported as the number of CbCR sub-groups on that line (the sum of 20 sub-groups in Jurisdiction B and 30 sub-groups in Jurisdiction C).

<sup>6</sup> The data vintages covering fiscal years from 2016 to 2020 could be affected by the potential inclusion of intracompany dividends. In addition to the standard profit variable, submitting jurisdictions are given the possibility of submitting on a voluntary basis an additional profit variable adjusted for the amount of intracompany dividends in the terms set out in Appendix C.

<sup>7</sup> Due to space considerations, not all main business activities included in Table 2 of the CbCR are listed in the illustrative tables in Appendix B. Jurisdictions would be expected to report the number of entities for all main business activity classes enumerated on Table 2 of the CbCR template.

in Appendix D. If it does not cause confidentiality concerns, jurisdictions should list which jurisdictions are grouped together into each 'Other' category.

32. In the case of entities that are not resident in any jurisdiction or that cannot be clearly attributed to a jurisdiction (i.e., those entities that have the value of 'X5' in the field ResCountryCode in the CbCR XML schema<sup>8</sup>) jurisdictions should aggregate the data and report it in a separate 'Stateless/Unattributable' category. Entities that are classified as Stateless/Unattributable should be treated separately to domestic or foreign entities and therefore, should not be included in either the UPE category or in the Foreign Jurisdictions Total category. Stateless/Unattributable values should only be reported in Table I.1A and excluded from all other tabulations. In cases where the reporting of Stateless/Unattributable entities as a single line in Table I.1A causes confidentiality concerns then the values for Stateless/Unattributable should be suppressed. This suppression should be reported to the Secretariat along with the number of CbCR reports that were classified as Stateless/Unattributable.

### 2.3.2. Table I.1B: Interquartile Mean Values<sup>9</sup>

33. Table I.1B contains the same categories as Table I.1A. However, in Table I.1B, interquartile mean figures for columns 4-13 are requested rather than the aggregate totals reported in Table I.1A. Interquartile means should be based on the number of CbCR sub-groups. There is no need for reporting jurisdictions to include information on the main business activities of entities (columns 14-23) in Table I.1B.

### 2.3.3. Table I.2: Tabulations by MNE Group size – To be reported from FY 2022

34. If possible, according to domestic confidentiality standards, for Table I.2, data is requested by the size of the MNE group and by tax jurisdiction. The size of an MNE group is calculated as the sum of unrelated party revenues (UPR) across all sub-groups reported on a CbCR.

35. *Size of MNE group.* Within each segment of the MNE group size distribution, aggregate tabulations of the variables on the CbCR should be provided, if possible, separately for each tax jurisdiction, otherwise by the geographic groupings described in Appendix D. This table provides information on how the activities of corporate groups that have ultimate parent entities in the same country vary depending on the size of the MNE group. Table I.2 in Appendix B provides a template for reporting tabulations of CbCR data by the size of the MNE group.

36. The size groupings shown in Table 2 are the following:

1. MNE groups with total UPR of less than 2.5 Billion USD
2. MNE groups with total UPR of 2.5 – 5 Billion USD
3. MNE groups with total UPR of 5 – 10 Billion USD
4. MNE groups with total UPR greater than 10 Billion USD

If required for confidentiality reasons, the following size groupings can be used:

1. MNE groups with total UPR of less than 5 Billion USD
2. MNE groups with total UPR greater than 5 Billion USD

<sup>8</sup> <https://www.oecd.org/tax/country-by-country-reporting-xml-schema-user-guide-for-tax-administrations.htm>

<sup>9</sup> Interquartile means, calculated as the average of all the observations lying between the first and third quartiles of the underlying distribution, should be provided starting from the collection of the 2018 vintage. For previous vintages reporting jurisdictions were required to provide simple averages.

### 2.3.4. Table I.3: Not Currently Reported

37. In Table I.3, data is requested by the sector of the MNE group. This table is not currently reported.

### 2.3.5. Table I.4: Tabulations by tax rate of MNE Group

38. In Table I.4, data is requested by the tax rate of the MNE group and by tax jurisdiction. In order to calculate the tax rate of an MNE group, it is first necessary to calculate the group-level income tax accrued by summing Income Tax Accrued – Current Year across all sub-groups reported on a CbCR, and then to calculate the group-level profit (loss) in a similar fashion. The MNE group tax rate should then be calculated by dividing the computed group-level income tax accrued by the computed group-level profit (loss).

39. If the sum of an MNE group's profits is zero or negative, then no tax rate should be calculated and the MNE group should be categorised as having zero or negative profits in Table I.4 (regardless of the sign of the sum of the MNE group's income tax accrued). If the sum of an MNE group's income tax accrued is negative and the sum of the MNE group's profits is positive, then the MNE group should be placed in the negative income tax accrued category.

40. No MNE group should be placed into more than one category. If an MNE group has zero or negative profits, reporting jurisdictions should be it into the zero or negative profits category and not into any additional category.

41. Tax rate of MNE group. Within each segment of the MNE group tax rate distribution, aggregate tabulations of the variables on the CbCR should be provided, if possible, separately for each tax jurisdiction, otherwise by the geographic groupings described in Appendix D. This would show how corporate groups that have ultimate parent entities in the same country but have different overall tax rates vary along other dimensions of their operations. Table I.4 in Appendix B provides a template for reporting tabulations of CbCR data by the tax rate of the MNE group.

42. The tax rate groupings shown in Table 4 are the following:

- MNE groups with zero or negative profits
- MNE groups with negative income tax accrued and positive profits
- MNE groups with tax rates equal to or greater than 0% and less than 15%
- MNE groups with tax rates equal to or greater than 15%

### 2.3.6. Table I.5: Tabulations by tax rate of the MNE Sub-Group

43. Tax rate of MNE sub-group. Jurisdictions should also provide aggregate tabulations of the CbCR variables by the tax rate grouping of the MNE sub-group following the same groupings as for Table 4. Within each segment of the MNE sub-group tax rate distribution, aggregate tabulations of the variables on the CbCR should be provided, if possible, separately for each tax jurisdiction, otherwise by the geographic groupings described in Appendix D. Table 5 in Appendix B provides a template for reporting tabulations of CbCR data by the tax rate of the MNE sub-group. This table provides information on the size of financial and business activities taking place in sub-groups along different points of the tax rate distribution, and this table could potentially be aggregated across countries to give a more global view.

44. This table can be used to examine the relationship between the tax rates and profitability of MNE sub-groups, which is an interesting component of the analysis of BEPS behaviour.

### 2.3.7. Table I.6: Distribution points of MNE Group Size

45. Size should be defined in terms of:

- i. Unrelated Party Revenues
- ii. Number of Employees
- iii. Tangible Assets other than Cash and Cash Equivalents.

46. The total size of an MNE group should be determined by summing over all sub-groups of an MNE group.

47. Jurisdictions are requested, for each of the three MNE group size variables, to provide the following distribution points based on the data from the CbCRs filed in their jurisdiction:

- 5%
- 10%
- 25%
- 50%
- 75%
- 90%
- 95%

48. For example, for the size variable of unrelated party revenues, the jurisdiction should rank the MNE groups that have filed CbCRs in their jurisdiction by the total amount of unrelated party revenues, and should report the value of unrelated party revenues at the 5th percentile, the 10th percentile, and the rest of the percentiles listed above.

#### 49. **2.3.7. Ratios**

50. Aggregate tabulations of CbCRs provide information on where MNE groups' income, tax liability, and business activity take place. In addition to aggregate tabulations, ratios can be constructed using the variables on the CbCR to better make sense of the relationships between income, tax liability, and business activity.

The ratios to be provided are:

#### 51. Measures of Tax Burden.

1. Income Tax Accrued – Current Year relative to Profit (Loss) Before Income
2. Income Tax Accrued – Current Year relative to Total Revenues
3. Income Tax Accrued – Current Year relative to Tangible Assets other than Cash and Cash Equivalents
4. Income Tax Accrued – Current Year relative to Number of Employees
5. Income Tax Paid – Current Year relative to Profit (Loss) Before Income
6. Income Tax Paid – Current Year relative to Total Revenues
7. Income Tax Paid – Current Year relative to Tangible Assets other than Cash and Cash Equivalents
8. Income Tax Paid – Current Year relative to Number of Employees

#### Measures of profit relative to economic activity

9. Profit (Loss) Before Income Tax relative to Total Revenues

10. Profit (Loss) Before Income Tax relative to Tangible Assets other than Cash and Cash Equivalents

11. Profit (Loss) Before Income Tax relative to Number of Employees

Other measures

12. Profit (Loss) Before Income Tax relative to equity (Stated Capital plus Accumulated Earnings)

13. Related Party Revenues relative to Total Revenues

14. Total Revenues relative to Tangible Assets other than Cash and Cash Equivalents

15. Total Revenues relative to Number of Employees

52. The reporting jurisdiction should report various points of the distribution of the ratio to the secretariat. For sub-groups, these distribution points should be reported for each aggregation, i.e., each line on Tables 1, and 5 (Appendix B). For MNE groups, these distribution points should be reported for the total number of MNE groups on Table 1 (Appendix B) and for each tax rate grouping reported on Table 4 (Appendix B). The distribution points to be provided are:

- 5th percentile
- 25th percentile
- 50th percentile
- 75th percentile
- 95th percentile

53. Due to confidentiality constraints, these distribution points may not be able to be provided for each aggregation within a table. Jurisdictions can report fewer or no distribution points if confidentiality requires.

54. Zero denominators should be replaced with small positive values (values should be significantly smaller than the numerators, e.g. 0.01) to avoid issues in the creation of the percentiles.

55. If calculated for the entire multinational group, some of the ratios above would be affected by double counting. For example, total revenues should include both related and unrelated party revenues and the equity variables could also be too large. Therefore, it is proposed to not calculate Ratio 12 at the MNE group level because it includes stated capital and accumulated earnings. It is also proposed to use the sum of unrelated party revenue across the MNE group to calculate any ratios using total revenue.

## 2.4. Other tabulations to be provided

56. Only data from CbCRs filed directly with a government (and not those shared through EOI agreements) should be used to provide anonymised and aggregated analyses. Section 2.3 of this document has focused on MNE groups with ultimate parent entities within the reporting jurisdiction. However, there are cases where MNE groups whose parent is not tax resident in the jurisdiction may file CbCRs directly with the jurisdiction.

57. This section discusses the different filing types through which CbCRs may be filed in a jurisdiction, and discusses what analyses may be provided from CbCRs depending on the filing type.

58. In a given jurisdiction, CbCRs may be filed: 1) by ultimate parent entities (UPEs), 2) by surrogate parent entities (SPEs), and/or 3) through local filing.<sup>10</sup>

1. Under the Action 13 minimum standard, jurisdictions should require CbCRs be filed by ultimate parent entities (UPEs) of MNE groups resident in their country.
2. The model CbCR legislation permits the filing of CbCRs by a surrogate parent entity (SPE) acting as a substitute for the UPE. There are two cases where SPE filing may be permitted:
  - The UPE of a group may itself act as a "parent surrogate" and be permitted to file a CbCR on a voluntary basis in its jurisdiction of tax residence, where domestic rules requiring CbC Reporting are not in place for fiscal years commencing on or from 1 January 2016.
  - A different entity of the group (not the UPE) may be nominated as an SPE and file a CbCR in its jurisdiction of tax residence, which is different from the UPE's jurisdiction of tax residence.
3. Local filing is not required under the Action 13 minimum standard, but is an optional tool permitted in limited circumstances. This enables a jurisdiction to obtain the group's CbCR directly from a local constituent entity, where the CbCR cannot be exchanged by the UPE or SPE's residence jurisdiction for certain specified reasons, or where such exchange has systemically failed to occur.

59. Under the CbCR model legislation, jurisdictions can only require local filing if one of the following three conditions is met:<sup>11</sup>

- Condition 1: The UPE of the group is not obligated to file a CbC Report in its jurisdiction of residence.
- Condition 2: The jurisdiction where the UPE is resident and the local jurisdiction have an international agreement such as a tax treaty or tax information exchange agreement (TIEA) providing for the automatic exchange of information, but there is no qualifying competent authority agreement (QCAA) for the reporting fiscal year.
- Condition 3: There has been a systemic failure of the jurisdiction where the UPE is resident that has been notified by the local jurisdiction to the constituent entity resident in that jurisdiction.

60. Jurisdictions should report full tabulations and ratios for CbCRs filed in their jurisdictions by UPEs or by the UPE of a MNE group acting as a "parent surrogate" and filing a CbCR on a voluntary basis in the jurisdiction where it is tax resident. For CbCRs filed by SPEs that are not "parent surrogates" (i.e. where the UPE is tax resident in a different jurisdiction) and filed through local filing:<sup>12</sup>

- Jurisdictions should report a separate Table 1 (TABLE II.1Ai) for all CbCRs filed by "non-parent surrogate" SPEs. These additional data on SPEs will be published aggregated across all SPEs globally. The number of SPE reports filed in each jurisdiction will also be published.

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<sup>10</sup> Not every jurisdiction will accept CbCRs filed by SPEs nor will local filing be required in all jurisdictions.

<sup>12</sup> CbCRs filed by SPEs and local filers may be in different currencies. It is necessary to convert the CbCRs to a common currency to produce tabulations. The secretariat provides exchange rates to jurisdictions to do this.

- Jurisdictions should report the number of local filing reports received.<sup>1314</sup>

61. The other proposed tables and ratios would not be reported for CbCRs filed by “non-parent surrogate” SPEs and CbCRs filed through local filing. For CbCRs filed by a non-parent surrogate and for CbCRs filed through local filing.

62. Because CbCRs filed by SPEs and through local filing in one jurisdiction may also be filed in other jurisdictions, it is important that any anonymised and aggregated tabulations for them are reported separately and that these tabulations, once submitted to the OECD, are not aggregated across jurisdictions.

## **2.5. Timeline**

63. The anonymised and aggregated CbCR data provided by jurisdictions to the OECD Secretariat is published in OECD Corporate Tax Statistics. The first vintage of anonymised and aggregated CbCR data, published in the 2020 edition of Corporate Tax Statistics, were compiled with CbCRs for fiscal years starting between 1 January 2016 and 1 July 2016. The vintages published in the 2021 and 2022 editions of Corporate Tax Statistics are based on CbCRs for fiscal years ending in 2017 and 2018 respectively. Future editions will continue to use the same fiscal year definition. Fiscal years ending in 2019 and 2020 were both published in the 2023 edition of Corporate Tax Statistics. For the 2024 edition of Corporate Tax Statistics, countries should provide a single vintage of anonymised and aggregated CbCR statistics based on CbCRs with fiscal years ending in 2021. The subsequent years will then follow the same timeline. Ongoing efforts will be made to improve the timeliness of the submission and publication of the data.

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<sup>13</sup> Some jurisdictions may require local filing under circumstances that do not meet the conditions of the CbCR model legislation described above. In this case, the OECD would not publish the local filing tabulations of these jurisdictions.

<sup>14</sup> Local filing CbCRs could vary by jurisdiction. Some jurisdictions will not require CbCRs from local filers to cover the entire MNE group.



Table 2. List of all the Constituent Entities of the MNE Group included in each aggregation per tax jurisdiction

| Name of the MNE group: |   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|------------------------|---|---|-----------------------------|---|---------------------------|-----------------------------|----------------------------------|--|--|------------------------|------------------------------|-----------|--|---------|
| Fiscal year concerned: |   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
| Tax Jurisdiction       | Constituent Entities resident in the Tax Jurisdiction | Tax Jurisdiction of organisation or incorporation if different from Tax Jurisdiction of Residence | Main business activity(ies) |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|                        |   |   | Research and Development    | Holding or Managing intellectual property | Purchasing or Procurement | Manufacturing or Production | Sales, Marketing or Distribution | Administrative, Management or Support Services | Provision of Services to unrelated parties | Internal Group Finance | Regulated Financial Services | Insurance | Holding shares or other equity instruments | Dormant |
|                        | 1   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|                        | 2   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|                        | 3   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|                        | 1   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|                        | 2   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |
|                        | 3   |   |                             |   |                           |                             |                                  |  |  |                        |                              |           |  |         |

[1] Please specify the nature of the activity of the Constituent Entity in the “Additional Information” section.

Table 3. Additional Information

|   |
|---|
| Name of the MNE group:<br>Fiscal year concerned:  |
| <i>Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in the country-by-country report.</i> |

## Appendix B: Proposed tabulations to be submitted by jurisdiction A<sup>15</sup>

Table I.1A - Aggregate totals by jurisdiction

|  | Tax Jurisdiction             | # of CbCRs | # of CbCR sub-groups | # of Entities | Revenues        |               |       | Profit (Loss) before Income Tax | Income Tax Paid (on Cash Basis) | Income Tax Accrued - Current Year | Stated Capital | Accumulated Earnings | Number of Employees | Tangible Assets other than Cash and Cash Equivalents | # of Entities with Main Business Activity of |   |                           |      |  |
|--|------------------------------|------------|----------------------|---------------|-----------------|---------------|-------|---------------------------------|---------------------------------|-----------------------------------|----------------|----------------------|---------------------|--|--|---|---------------------------|------|--|
|  |                              |            |                      |               | Unrelated Party | Related Party | Total |                                 |                                 |                                   |                |                      |                     |  | Research and Development                     | Holding or Managing Intellectual Property | Purchasing or Procurement | Etc. |  |
| All Sub-Groups                           | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
| Sub-Groups with Positive Profits         | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
| Sub-Groups with Zero or Negative Profits | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|  | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |

<sup>15</sup> Solely due to space considerations, not all main business activities included in Table 2 of the CbCR template (Appendix A) are listed in the illustrative tables in Appendix B. Jurisdictions are expected to report the number of entities for all main business activity classes enumerated on Table 2 of the CbCR template.



Table I.3 -Tabulations by sector of MNE Group<sup>16</sup> *Not Currently Reported.*

| ISIC Division Code | Tax Jurisdiction             | # of CoCRs | # of CoCR sub-groups | # of Entities | Revenues        |               |       | Profit (Loss) before Income Tax | Income Tax Paid (on Cash Basis) | Income Tax Accrued - Current Year | Stated Capital | Accumulated Earnings | Number of Employees | Tangible Assets other than Cash and Cash Equivalents | # of Entities with Main Business Activity of |   |                           |      |  |
|--------------------|------------------------------|------------|----------------------|---------------|-----------------|---------------|-------|---------------------------------|---------------------------------|-----------------------------------|----------------|----------------------|---------------------|--|--|---|---------------------------|------|--|
|                    |                              |            |                      |               | Unrelated Party | Related Party | Total |                                 |                                 |                                   |                |                      |                     |  | Research and Development                     | Holding or Managing Intellectual Property | Purchasing or Procurement | Etc. |  |
| Industry A         | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
| Industry B         | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
| Industry C         | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
| .....              |                              |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
| Industry U         | Country A (UPE jurisdiction) |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Foreign jurisdictions        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country B                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | Country C                    |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |
|                    | TOTAL                        |            |                      |               |                 |               |       |                                 |                                 |                                   |                |                      |                     |  |  |   |                           |      |  |

<sup>16</sup> Two additional tables would be filled out for all sub-groups with positive profits and all sub-groups with zero or negative profits.







## Appendix C: Modalities to account for intracompany dividends

Imprecision in the implementation guidance of Country-by-Country Reporting relating to the treatment of intracompany dividends in profit variables has led to different reporting practices across multinational enterprise (MNE) groups and jurisdictions. The possible inclusion of intracompany dividends in profits can result in profit double-counting.

The guidance on Country-by-Country Report (CbCR) implementation was updated in November 2019 to indicate that, as for revenues, intracompany dividends should be excluded when computing profit variables. This guidance applies to all reporting fiscal years of MNE groups commencing on or after 1 January 2020, although members of the Inclusive Framework on BEPS (IF) have been encouraged to apply this guidance to earlier reporting fiscal years or allow resident entities preparing CbCRs to apply this guidance in advance on a voluntary basis.

As the revised guidance did not apply until 1 January 2020, it follows that there will continue to be some uncertainty over potential double-counting for CbCR statistics covering FY 2016 to FY 2020. This will also affect the comparability of data before and after the commencement of the revised guidance.

This Appendix outlines the modalities available to jurisdictions to submit additional information concerning intracompany dividends. These will be available for a limited time, namely until the revised guidance issued recommending that intracompany dividends be excluded from profits takes full effect with the collection of the 2021 vintage.

For the data collections covering fiscal years 2016 to 2020, submitting jurisdictions are encouraged, but not required, to consider estimating the extent and effect of intracompany dividends included in the profit figures reported in CbCRs. The estimates could be made available either through additional documentation or by providing both additional documentation and an adjusted profit variable in addition to the unadjusted (i.e. original) profit variable.

### Additional documentation

As jurisdictions might use different estimation methodologies, a detailed description would allow comparisons across different approaches. To align reporting approaches and achieve comparability across the analysis provided by different jurisdictions, it is advised that the technical document describing intracompany dividends estimates should include the following:

1. **Data sources and matching:** description of the external data sources and variables used to estimate intracompany dividends and of the procedure used to match CbCR data to the external data sources, specifying the variables used.
2. **Reconstruction of sub-group figures:** if the methodology requires to construct figures at the sub-group level, it should be specified how this is done and how the consistency between CbCR and other databases is verified (e.g. depending on data availability, variables such as tax accrued, tax paid or unrelated party revenues could be used to evaluate whether the subgroup is correctly identified)
3. **Estimation of intracompany dividends:** the factors used to determine whether a sub-group included intracompany dividends or not should be described in detail (e.g. numerical tolerance threshold). The steps undertaken to estimate the amount of included dividends should be explained in detail.
4. **Summary statistics:** report the amount of estimated intracompany dividends and the number of sub-groups estimated to include intracompany dividends together with the mean and median percentage of intracompany dividends estimated to be included in the profit figures at the subgroup level.

**Additional profit variable in the published dataset**

In addition to the documentation, jurisdictions are given the possibility of submitting both the unadjusted and adjusted profit variables in the Tables, with the adjusted variable clearly distinguished from the unadjusted variable and marked as an estimate. Under this option, it would be essential for jurisdictions wishing to submit the additional (adjusted) profit variable to include a detailed description of the estimation methodology. Such a detailed description would be included in the metadata of the published database.

## Appendix D: Geographic jurisdiction Groupings

| ISO 3 Jurisdiction Code | ISO 2 Jurisdiction Code | Jurisdiction Name                | Nom de Jurisdiction                      | Regional Grouping |
|-------------------------|-------------------------|----------------------------------|--|-------------------|
| AFRICA                  |                         | Africa                           | Afrique                                  | AFRICA            |
| OAF                     |                         | Other Africa                     | Autres Afrique                           | AFRICA            |
| DZA                     | DZ                      | Algeria                          | Algérie                                  | AFRICA            |
| AGO                     | AO                      | Angola                           | Angola                                   | AFRICA            |
| BEN                     | BJ                      | Benin                            | Bénin                                    | AFRICA            |
| BWA                     | BW                      | Botswana                         | Botswana                                 | AFRICA            |
| IOT                     | IO                      | British Indian Ocean Territory   | Territoire Britannique De L'Océan Indien | AFRICA            |
| BFA                     | BF                      | Burkina Faso                     | Burkina Faso                             | AFRICA            |
| BDI                     | BI                      | Burundi                          | Burundi                                  | AFRICA            |
| CPV                     | CV                      | Cabo Verde                       | Cabo Verde                               | AFRICA            |
| CMR                     | CM                      | Cameroon                         | Cameroun                                 | AFRICA            |
| CAF                     | CF                      | Central African Republic         | République Centrafricaine                | AFRICA            |
| TCD                     | TD                      | Chad                             | Tchad                                    | AFRICA            |
| COM                     | KM                      | Comoros                          | Comores                                  | AFRICA            |
| CIV                     | CI                      | Côte D'Ivoire                    | Côte D'Ivoire                            | AFRICA            |
| COD                     | CD                      | Democratic Republic Of The Congo | République Démocratique Du Congo         | AFRICA            |
| DJI                     | DJ                      | Djibouti                         | Djibouti                                 | AFRICA            |
| EGY                     | EG                      | Egypt                            | Égypte                                   | AFRICA            |
| GNQ                     | GQ                      | Equatorial Guinea                | Guinée Équatoriale                       | AFRICA            |
| ERI                     | ER                      | Eritrea                          | Érythrée                                 | AFRICA            |
| ETH                     | ET                      | Ethiopia                         | Éthiopie                                 | AFRICA            |
| GAB                     | GA                      | Gabon                            | Gabon                                    | AFRICA            |
| GMB                     | GM                      | Gambia                           | Gambie                                   | AFRICA            |
| GHA                     | GH                      | Ghana                            | Ghana                                    | AFRICA            |
| GIN                     | GN                      | Guinea                           | Guinée                                   | AFRICA            |
| GNB                     | GW                      | Guinea-Bissau                    | Guinée-Bissau                            | AFRICA            |
| KEN                     | KE                      | Kenya                            | Kenya                                    | AFRICA            |
| SWZ                     | SZ                      | Kingdom Of Eswatini              | Royaume D'Eswatini                       | AFRICA            |
| LSO                     | LS                      | Lesotho                          | Lesotho                                  | AFRICA            |
| LBR                     | LR                      | Liberia                          | Libéria                                  | AFRICA            |
| LBY                     | LY                      | Libya                            | Libye                                    | AFRICA            |
| MDG                     | MG                      | Madagascar                       | Madagascar                               | AFRICA            |
| MWI                     | MW                      | Malawi                           | Malawi                                   | AFRICA            |
| MLI                     | ML                      | Mali                             | Mali                                     | AFRICA            |
| MRT                     | MR                      | Mauritania                       | Mauritanie                               | AFRICA            |
| MUS                     | MU                      | Mauritius                        | Maurice                                  | AFRICA            |
| MYT                     | YT                      | Mayotte                          | Mayotte                                  | AFRICA            |
| MAR                     | MA                      | Morocco                          | Maroc                                    | AFRICA            |
| MOZ                     | MZ                      | Mozambique                       | Mozambique                               | AFRICA            |
| NAM                     | NA                      | Namibia                          | Namibie                                  | AFRICA            |
| NER                     | NE                      | Niger                            | Niger                                    | AFRICA            |
| NGA                     | NG                      | Nigeria                          | Nigéria                                  | AFRICA            |

|          |    |  |   |          |
|----------|----|--|---|----------|
| COG      | CG | Republic Of The Congo                            | République Du Congo                             | AFRICA   |
| REU      | RE | Réunion  | La Réunion                                      | AFRICA   |
| RWA      | RW | Rwanda   | Rwanda  | AFRICA   |
| SHN      | SH | Saint Helena, Ascension,<br>And Tristan Da Cunha | Sainte-Hélène, Ascension<br>Et Tristan Da Cunha | AFRICA   |
| STP      | ST | Sao Tome And Principe                            | Sao Tomé-Et-Principe                            | AFRICA   |
| SEN      | SN | Senegal  | Sénégal   | AFRICA   |
| SYC      | SC | Seychelles                                       | Seychelles                                      | AFRICA   |
| SLE      | SL | Sierra Leone                                     | Sierra Leone                                    | AFRICA   |
| SOM      | SO | Somalia  | Somalie   | AFRICA   |
| ZAF      | ZA | South Africa                                     | Afrique Du Sud                                  | AFRICA   |
| SSD      | SS | South Sudan                                      | Soudan Du Sud                                   | AFRICA   |
| SDN      | SD | Sudan  | Soudan  | AFRICA   |
| TGO      | TG | Togo   | Togo  | AFRICA   |
| TUN      | TN | Tunisia  | Tunisie   | AFRICA   |
| UGA      | UG | Uganda   | Ouganda   | AFRICA   |
| TZA      | TZ | United Republic Of<br>Tanzania                   | République-Unie De<br>Tanzanie                  | AFRICA   |
| ESH      | EH | Western Sahara                                   | Sahara Occidental                               | AFRICA   |
| ZMB      | ZM | Zambia   | Zambie  | AFRICA   |
| ZWE      | ZW | Zimbabwe   | Zimbabwe  | AFRICA   |
| AMERICAS |    | Americas   | Amériques                                       | AMERICAS |
| OAM      |    | Other Americas                                   | Autres Amériques                                | AMERICAS |
| AIA      | AI | Anguilla   | Anguilla  | AMERICAS |
| ATG      | AG | Antigua And Barbuda                              | Antigua-Et-Barbuda                              | AMERICAS |
| ARG      | AR | Argentina  | Argentine                                       | AMERICAS |
| ABW      | AW | Aruba  | Aruba   | AMERICAS |
| BHS      | BS | Bahamas  | Bahamas   | AMERICAS |
| BRB      | BB | Barbados   | Barbade   | AMERICAS |
| BLZ      | BZ | Belize   | Belize  | AMERICAS |
| BMU      | BM | Bermuda  | Bermudes  | AMERICAS |
| VEN      | VE | Bolivarian Republic Of<br>Venezuela              | République Bolivarienne<br>Du Venezuela         | AMERICAS |
| BES      | BQ | Bonaire  | Bonaire   | AMERICAS |
| BRA      | BR | Brazil   | Brésil  | AMERICAS |
| VGB      | VG | British Virgin Islands                           | Îles Vierges Britanniques                       | AMERICAS |
| CAN      | CA | Canada   | Canada  | AMERICAS |
| CYM      | KY | Cayman Islands                                   | Îles Caïmanes                                   | AMERICAS |
| CHL      | CL | Chile  | Chili   | AMERICAS |
| COL      | CO | Colombia   | Colombie  | AMERICAS |
| CRI      | CR | Costa Rica                                       | Costa Rica                                      | AMERICAS |
| CUB      | CU | Cuba   | Cuba  | AMERICAS |
| CUW      | CW | Curaçao  | Curaçao   | AMERICAS |
| DMA      | DM | Dominica   | Dominique                                       | AMERICAS |
| DOM      | DO | Dominican Republic                               | République Dominicaine                          | AMERICAS |
| ECU      | EC | Ecuador  | Équateur  | AMERICAS |
| SLV      | SV | El Salvador                                      | El Salvador                                     | AMERICAS |
| FLK      | FK | Falkland Islands (Malvinas)                      | Îles Falkland (Malouines)                       | AMERICAS |
| GUF      | GF | French Guiana                                    | Guyane Française                                | AMERICAS |
| GRL      | GL | Greenland  | Groenland                                       | AMERICAS |

|                |    |                                     |                                     |                |
|----------------|----|-------------------------------------|-------------------------------------|----------------|
| GRD            | GD | Grenada                             | Grenade                             | AMERICAS       |
| GLP            | GP | Guadeloupe                          | Guadeloupe                          | AMERICAS       |
| GTM            | GT | Guatemala                           | Guatemala                           | AMERICAS       |
| GUY            | GY | Guyana                              | Guyana                              | AMERICAS       |
| HTI            | HT | Haiti                               | Haïti                               | AMERICAS       |
| HND            | HN | Honduras                            | Honduras                            | AMERICAS       |
| JAM            | JM | Jamaica                             | Jamaïque                            | AMERICAS       |
| MTQ            | MQ | Martinique                          | Martinique                          | AMERICAS       |
| MEX            | MX | Mexico                              | Mexique                             | AMERICAS       |
| MSR            | MS | Montserrat                          | Montserrat                          | AMERICAS       |
| NIC            | NI | Nicaragua                           | Nicaragua                           | AMERICAS       |
| PAN            | PA | Panama                              | Panama                              | AMERICAS       |
| PRY            | PY | Paraguay                            | Paraguay                            | AMERICAS       |
| PER            | PE | Peru                                | Pérou                               | AMERICAS       |
| BOL            | BO | Plurinational State Of<br>Bolivia   | État Plurinational De<br>Bolivie    | AMERICAS       |
| PRI            | PR | Puerto Rico                         | Porto Rico                          | AMERICAS       |
| BES            | BQ | Saba                                | Saba                                | AMERICAS       |
| BLM            | BL | Saint Barthélemy                    | Saint-Barthélemy                    | AMERICAS       |
| BES            | BQ | Saint Eustatius                     | Saint-Eustache                      | AMERICAS       |
| KNA            | KN | Saint Kitts And Nevis               | Saint-Kitts-Et-Nevis                | AMERICAS       |
| LCA            | LC | Saint Lucia                         | Sainte-Lucie                        | AMERICAS       |
| MAF            | MF | Saint Martin                        | Saint-Martin                        | AMERICAS       |
| SPM            | PM | Saint Pierre And Miquelon           | Saint-Pierre-Et-Miquelon            | AMERICAS       |
| VCT            | VC | Saint Vincent And The<br>Grenadines | Saint-Vincent-Et-Les-<br>Grenadines | AMERICAS       |
| SXM            | SX | Sint Maarten                        | Sint-Maarten                        | AMERICAS       |
| SUR            | SR | Suriname                            | Suriname                            | AMERICAS       |
| TTO            | TT | Trinidad And Tobago                 | Trinité-Et-Tobago                   | AMERICAS       |
| TCA            | TC | Turks And Caicos Islands            | Îles Turques Et Caïques             | AMERICAS       |
| USA            | US | United States                       | États-Unis                          | AMERICAS       |
| VIR            | VI | United States Virgin<br>Islands     | Îles Vierges Des États-Unis         | AMERICAS       |
| URY            | UY | Uruguay                             | Uruguay                             | AMERICAS       |
| ASIA & OCEANIA |    | Asia & Oceania                      | Asie & Océanie                      | ASIA & OCEANIA |
| OAS            |    | Other Asia                          | Autres Asie & Océanie               | ASIA & OCEANIA |
| AFG            | AF | Afghanistan                         | Afghanistan                         | ASIA & OCEANIA |
| ASM            | AS | American Samoa                      | Samoa Américaines                   | ASIA & OCEANIA |
| ATA            | AQ | Antarctica                          | Antarctique                         | ASIA & OCEANIA |
| ARM            | AM | Armenia                             | Arménie                             | ASIA & OCEANIA |
| AUS            | AU | Australia                           | Australie                           | ASIA & OCEANIA |
| AZE            | AZ | Azerbaijan                          | Azerbaïdjan                         | ASIA & OCEANIA |
| BHR            | BH | Bahrain                             | Bahreïn                             | ASIA & OCEANIA |
| BGD            | BD | Bangladesh                          | Bangladesh                          | ASIA & OCEANIA |
| BTN            | BT | Bhutan                              | Bhoutan                             | ASIA & OCEANIA |
| BVT            | BV | Bouvet Island                       | Île Bouvet                          | ASIA & OCEANIA |
| BRN            | BN | Brunei Darussalam                   | Brunei Darussalam                   | ASIA & OCEANIA |
| KHM            | KH | Cambodia                            | Cambodge                            | ASIA & OCEANIA |
| CHN            | CN | China                               | Chine                               | ASIA & OCEANIA |
| TWN            | TW | Chinese Taipei                      | Taipei Chinois                      | ASIA & OCEANIA |

|     |    |                                       |   |                |
|-----|----|---------------------------------------|---|----------------|
| CXR | CX | Christmas Island                      | Île Christmas                               | ASIA & OCEANIA |
| CCK | CC | Cocos (Keeling) Islands               | Îles Cocos                                  | ASIA & OCEANIA |
| COK | CK | Cook Islands                          | Îles Cook                                   | ASIA & OCEANIA |
| PRK | KP | Democratic People'S Republic Of Korea | République Populaire Démocratique De Corée  | ASIA & OCEANIA |
| FSM | FM | Federated States Of Micronesia        | États Fédérés De Micronésie                 | ASIA & OCEANIA |
| FJI | FJ | Fiji                                  | Fidji                                       | ASIA & OCEANIA |
| PYF | PF | French Polynesia                      | Polynésie Française                         | ASIA & OCEANIA |
| ATF | TF | French Southern And Antarctic Lands   | Terres Australes Et Antarctiques Françaises | ASIA & OCEANIA |
| GEO | GE | Georgia                               | Géorgie                                     | ASIA & OCEANIA |
| GUM | GU | Guam                                  | Guam  | ASIA & OCEANIA |
| HMD | HM | Heard Island And Mcdonald Islands     | Îles Heard Et Mcdonald                      | ASIA & OCEANIA |
| HKG | HK | Hong Kong, China                      | Hong Kong, Chine                            | ASIA & OCEANIA |
| IND | IN | India                                 | Inde  | ASIA & OCEANIA |
| IDN | ID | Indonesia                             | Indonésie                                   | ASIA & OCEANIA |
| IRQ | IQ | Iraq                                  | Iraq  | ASIA & OCEANIA |
| IRN | IR | Islamic Republic Of Iran              | République Islamique D'Iran                 | ASIA & OCEANIA |
| ISR | IL | Israel                                | Israël                                      | ASIA & OCEANIA |
| JPN | JP | Japan                                 | Japon                                       | ASIA & OCEANIA |
| JOR | JO | Jordan                                | Jordanie                                    | ASIA & OCEANIA |
| KAZ | KZ | Kazakhstan                            | Kazakhstan                                  | ASIA & OCEANIA |
| KIR | KI | Kiribati                              | Kiribati                                    | ASIA & OCEANIA |
| KOR | KR | Korea                                 | Corée                                       | ASIA & OCEANIA |
| KWT | KW | Kuwait                                | Koweït                                      | ASIA & OCEANIA |
| KGZ | KG | Kyrgyzstan                            | Kirghizistan                                | ASIA & OCEANIA |
| LAO | LA | Lao People's Democratic Republic      | République Démocratique Populaire Lao       | ASIA & OCEANIA |
| LBN | LB | Lebanon                               | Liban                                       | ASIA & OCEANIA |
| MAC | MO | Macau, China                          | Macao, Chine                                | ASIA & OCEANIA |
| MYS | MY | Malaysia                              | Malaisie                                    | ASIA & OCEANIA |
| MDV | MV | Maldives                              | Maldives                                    | ASIA & OCEANIA |
| MHL | MH | Marshall Islands                      | Îles Marshall                               | ASIA & OCEANIA |
| MNG | MN | Mongolia                              | Mongolie                                    | ASIA & OCEANIA |
| MMR | MM | Myanmar                               | Myanmar                                     | ASIA & OCEANIA |
| NRU | NR | Nauru                                 | Nauru                                       | ASIA & OCEANIA |
| NPL | NP | Nepal                                 | Népal                                       | ASIA & OCEANIA |
| NCL | NC | New Caledonia                         | Nouvelle-Calédonie                          | ASIA & OCEANIA |
| NZL | NZ | New Zealand                           | Nouvelle-Zélande                            | ASIA & OCEANIA |
| NIU | NU | Niue                                  | Niue  | ASIA & OCEANIA |
| NFK | NF | Norfolk Island                        | Île Norfolk                                 | ASIA & OCEANIA |
| MNP | MP | Northern Mariana Islands              | Îles Mariannes Du Nord                      | ASIA & OCEANIA |
| OMN | OM | Oman                                  | Oman  | ASIA & OCEANIA |
| PAK | PK | Pakistan                              | Pakistan                                    | ASIA & OCEANIA |
| PLW | PW | Palau                                 | Palaos                                      | ASIA & OCEANIA |
| PSE | PS | Palestinian Authority                 | Autorité Palestinienne                      | ASIA & OCEANIA |
| PNG | PG | Papua New Guinea                      | Papouasie-Nouvelle-Guinée                   | ASIA & OCEANIA |
| PHL | PH | Philippines                           | Philippines                                 | ASIA & OCEANIA |

|        |    |  |  |                |
|--------|----|--|--|----------------|
| PCN    | PN | Pitcairn                                     | Pitcairn                               | ASIA & OCEANIA |
| QAT    | QA | Qatar  | Qatar                                  | ASIA & OCEANIA |
| WSM    | WS | Samoa  | Samoa                                  | ASIA & OCEANIA |
| SAU    | SA | Saudi Arabia                                 | Arabie Saoudite                        | ASIA & OCEANIA |
| SGP    | SG | Singapore                                    | Singapour                              | ASIA & OCEANIA |
| SLB    | SB | Solomon Islands                              | Îles Salomon                           | ASIA & OCEANIA |
| SGS    | GS | South Georgia And The South Sandwich Islands | Îles Géorgie Du Sud Et Sandwich Du Sud | ASIA & OCEANIA |
| LKA    | LK | Sri Lanka                                    | Sri Lanka                              | ASIA & OCEANIA |
| SYR    | SY | Syrian Arab Republic                         | République Arabe Syrienne              | ASIA & OCEANIA |
| TJK    | TJ | Tajikistan                                   | Tadjikistan                            | ASIA & OCEANIA |
| THA    | TH | Thailand                                     | Thaïlande                              | ASIA & OCEANIA |
| TLS    | TL | Timor-Leste                                  | Timor-Leste                            | ASIA & OCEANIA |
| TKL    | TK | Tokelau                                      | Tokélaou                               | ASIA & OCEANIA |
| TON    | TO | Tonga  | Tonga                                  | ASIA & OCEANIA |
| TKM    | TM | Turkmenistan                                 | Turkménistan                           | ASIA & OCEANIA |
| TUV    | TV | Tuvalu                                       | Tuvalu                                 | ASIA & OCEANIA |
| ARE    | AE | United Arab Emirates                         | Émirats Arabes Unis                    | ASIA & OCEANIA |
| UMI    | UM | United States Minor Outlying Islands         | Îles Mineures Éloignées Des États-Unis | ASIA & OCEANIA |
| UZB    | UZ | Uzbekistan                                   | Ouzbékistan                            | ASIA & OCEANIA |
| VUT    | VU | Vanuatu                                      | Vanuatu                                | ASIA & OCEANIA |
| VNM    | VN | Viet Nam                                     | Viet Nam                               | ASIA & OCEANIA |
| WLF    | WF | Wallis And Futuna                            | Wallis-Et-Futuna                       | ASIA & OCEANIA |
| YEM    | YE | Yemen  | Yémen                                  | ASIA & OCEANIA |
| EUROPE |    | Europe                                       | Europe                                 | EUROPE         |
| OTE    |    | Other Europe                                 | Autres Europe                          | EUROPE         |
| ALA    | AX | Åland  | Åland                                  | EUROPE         |
| ALB    | AL | Albania                                      | Albanie                                | EUROPE         |
| AND    | AD | Andorra                                      | Andorre                                | EUROPE         |
| AUT    | AT | Austria                                      | Autriche                               | EUROPE         |
| BLR    | BY | Belarus                                      | Bélarus                                | EUROPE         |
| BEL    | BE | Belgium                                      | Belgique                               | EUROPE         |
| BIH    | BA | Bosnia And Herzegovina                       | Bosnie-Herzégovine                     | EUROPE         |
| BGR    | BG | Bulgaria                                     | Bulgarie                               | EUROPE         |
| HRV    | HR | Croatia                                      | Croatie                                | EUROPE         |
| CYP    | CY | Cyprus                                       | Chypre                                 | EUROPE         |
| CZE    | CZ | Czech Republic                               | République Tchèque                     | EUROPE         |
| DNK    | DK | Denmark                                      | Danemark                               | EUROPE         |
| EST    | EE | Estonia                                      | Estonie                                | EUROPE         |
| FRO    | FO | Faroe Islands                                | Îles Féroé                             | EUROPE         |
| FIN    | FI | Finland                                      | Finlande                               | EUROPE         |
| FRA    | FR | France                                       | France                                 | EUROPE         |
| DEU    | DE | Germany                                      | Allemagne                              | EUROPE         |
| GIB    | GI | Gibraltar                                    | Gibraltar                              | EUROPE         |
| GRC    | GR | Greece                                       | Grèce                                  | EUROPE         |
| GGY    | GG | Guernsey                                     | Bailliage De Guernesey                 | EUROPE         |
| VAT    | VA | Holy See                                     | Saint-Siège                            | EUROPE         |
| HUN    | HU | Hungary                                      | Hongrie                                | EUROPE         |

|     |    |                          |  |        |
|-----|----|--------------------------|--|--------|
| ISL | IS | Iceland                  | Islande                                  | EUROPE |
| IRL | IE | Ireland                  | Irlande                                  | EUROPE |
| IMN | IM | Isle Of Man              | Île De Man                               | EUROPE |
| ITA | IT | Italy                    | Italie                                   | EUROPE |
| JEY | JE | Jersey                   | Bailliage De Jersey                      | EUROPE |
| XKX | XK | Kosovo                   | Kosovo                                   | EUROPE |
| LVA | LV | Latvia                   | Lettonie                                 | EUROPE |
| LIE | LI | Liechtenstein            | Liechtenstein                            | EUROPE |
| LTU | LT | Lithuania                | Lituanie                                 | EUROPE |
| LUX | LU | Luxembourg               | Luxembourg                               | EUROPE |
| MLT | MT | Malta                    | Malte                                    | EUROPE |
| MCO | MC | Monaco                   | Monaco                                   | EUROPE |
| MNE | ME | Montenegro               | Monténégro                               | EUROPE |
| NLD | NL | Netherlands              | Pays-Bas                                 | EUROPE |
| MKD | MK | North Macedonia          | Ex-République Yougoslave<br>De Macédoine | EUROPE |
| NOR | NO | Norway                   | Norvège                                  | EUROPE |
| POL | PL | Poland                   | Pologne                                  | EUROPE |
| PRT | PT | Portugal                 | Portugal                                 | EUROPE |
| MDA | MD | Republic Of Moldova      | République De Moldova                    | EUROPE |
| ROU | RO | Romania                  | Roumanie                                 | EUROPE |
| RUS | RU | Russian Federation       | Fédération De Russie                     | EUROPE |
| SMR | SM | San Marino               | Saint-Marin                              | EUROPE |
| SRB | RS | Serbia                   | Serbie                                   | EUROPE |
| SVK | SK | Slovak Republic          | République Slovaque                      | EUROPE |
| SVN | SI | Slovenia                 | Slovénie                                 | EUROPE |
| ESP | ES | Spain                    | Espagne                                  | EUROPE |
| SJM | SJ | Svalbard And Jan Mayen   | Svalbard Et Jan Mayen                    | EUROPE |
| SWE | SE | Sweden                   | Suède                                    | EUROPE |
| CHE | CH | Switzerland              | Suisse                                   | EUROPE |
| TUR | TR | Turkey                   | Turquie                                  | EUROPE |
| UKR | UA | Ukraine                  | Ukraine                                  | EUROPE |
| GBR | GB | United Kingdom           | Royaume-Uni                              | EUROPE |
| NA  | X5 | Stateless/Unattributable |  | NA     |

## Appendix E: Disclaimer

### IMPORTANT DISCLAIMER REGARDING THE LIMITATIONS OF THE COUNTRY-BY-COUNTRY REPORT STATISTICS

The BEPS Action 11 final report stressed the limitations of available data to analyse BEPS and recommended the publication of a range of data and statistical analyses relevant to the economic analysis of BEPS in an internationally consistent format, including anonymised and aggregated statistical analyses prepared by governments based on the data collected under the Action 13 Country-by-Country Reports (CbCRs).

The CbCR statistics have a number of limitations that affect the quality of the data. As it is critical that all users of the CbCR statistics be aware of the limitations and data quality issues identified, and their potential to impact analyses carried out using CbCRs, this ‘health warning’ serves to make these limitations clear.

While some of the limitations are of a general nature and were acknowledged in the design of the BEPS Action 13 minimum standard or are inherent to the data collection process, others became known as jurisdictions began compiling the CbCR statistics.

The Inclusive Framework on BEPS has undertaken efforts to address the latter set of limitations through two approaches. First, through the 2020 review, by developing solutions to issues identified that, once approved by the Inclusive Framework, will entail a modification to the CbCR standard. The review process, which is well advanced, is being carried out by the Joint Working Party No.6 (WP6) and Working Party No.10 (WP10) Group on BEPS Action 13, a subsidiary body of the OECD’s Committee on Fiscal Affairs. A public consultation on the 2020 review was held in May 2020.

Second, through the issuance of implementation guidance where questions of interpretation have arisen and do not require a modification to the standard. The implementation guidance that accompanies BEPS Action 13 is updated periodically.

#### **General limitations**

##### **Limited information**

The CbCR statistics do not include some information that would be useful for the analysis of BEPS. For example, the data do not show the ownership structure of MNEs or details of intracompany transactions since CbCR reports do not provide this information. In addition, the data do not contain information on items such as intangible assets (e.g., patents, trademarks), debt, intracompany interest and royalty payments, or taxable income. The inclusion of some of these items is under discussion as part of the 2020 review, however, there is a trade-off between the compliance burden for MNEs and data availability for the economic analysis of BEPS.

##### **Fiscal years covered**

The anonymised and aggregated CbCR data collected for the 2016 CbCR statistics and published in the second edition of Corporate Tax Statistics are compiled with CbCRs for fiscal years starting between 1 January 2016 and 1 July 2016. The anonymised and aggregated CbCR data collected for the 2017 CbCR statistics and published in the third edition of Corporate Tax Statistics are compiled with CbCRs for fiscal years ending between 1 January 2017 and 31 December 2017. As a result, the comparability between the 2016 and 2017 data is limited and some CbCRs might be included in both vintages of the CbCR statistics.

##### **Aggregation**

In the compilation of CbCR statistics, the preservation of taxpayer anonymity is of paramount importance. Jurisdictions were asked to provide as much detail as their jurisdiction's confidentiality standards allowed, with each jurisdiction applying its own confidentiality standard. As a result, some jurisdictions where a small number of CbCRs have been filed have not been able to provide any data. In addition, many jurisdictions are not able to report the statistics set out in the CbCR tables at the greatest level of disaggregation due to the need to preserve confidentiality. Where the number of MNE groups is not sufficiently large, the jurisdiction may report aggregated tabulations (i.e., a lower level of detail, such as by geographic region) or not report certain tabulations or ratios at all. While important in ensuring confidentiality, aggregation of the statistics is also a limitation as it reduces the detail of the data and obscures the effects of potential outliers.

### **Tax-exempt entities**

Tax-exempt MNE groups, and tax-exempt entities within an otherwise taxable MNE group, are generally included in a jurisdiction's CbCR statistics, except where these have been specifically excluded from the statistics by the jurisdiction, as noted below. The inclusion of tax-exempt entities and MNE groups affects the analysis of the aggregated data, because they will typically have revenues, profits, and employees, but no taxes paid or accrued. For example, any analysis involving the calculation of effective tax rates should be interpreted with caution, because the inclusion of tax-exempt entities can result in artificially low effective tax rates.

### **Different data treatment across submitting jurisdictions**

In the compilation of aggregate CbCR statistics, jurisdictions took different approaches concerning the cleaning procedure applied to the underlying microdata.<sup>17</sup> In some cases, figures submitted by MNE groups are taken at face value while in other cases revisions were undertaken, after consultation with concerned MNE groups or independently by submitting jurisdictions.

Also, while tax exempt entities and MNE groups (e.g. certain pension funds) are generally included in the aggregate statistics, some jurisdictions removed these entities and MNE groups from the aggregate values (e.g. in order to preserve taxpayer confidentiality). Comparability across anonymised and aggregated statistics submitted by jurisdictions may be limited by the differences in data cleaning and treatment of tax-exempt entities and MNE groups. Jurisdiction specific information is included in the dataset metadata, indicating whether a cleaning procedure was applied to the microdata and whether tax-exempt entities and MNE groups are excluded.

### **Treatment of intracompany dividends**

The specific instructions on page 33 of the BEPS Action 13 report provided that "revenues should exclude payments received from other constituent entities that are treated as dividends in the payer's tax jurisdiction." However, there are no similar instructions that such amounts should be excluded from profit before income tax.

In the absence of specific guidance, some jurisdictions have required MNEs to exclude dividends from constituent entities from profit before tax, while others required these amounts to be included if they are reported in profit for financial accounting purposes, and a third group of jurisdictions remained silent on this topic. Where jurisdictions have not issued guidance, it is not known which approach has been adopted by each MNE in preparing its CbCR. This means that, for the majority of CbCRs filed, it is not known whether dividends from constituent entities are included in profit before tax. Some clarification could come from the additional notes accompanying each CbCR, however, the analysis of this information is not

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<sup>17</sup> Tax administrations have encountered a number of issues regarding data quality in CbCRs filed to date. A detailed report on common errors is available at: <https://www.oecd.org/tax/beps/common-errors-mnes-cbc-reports.pdf>

straightforward as such information is not standardised.<sup>18</sup> Some jurisdictions have carried out their own independent analysis providing evidence of the inclusion of dividends.<sup>19</sup>

The lack of consistency on this issue limits the use of CbCR data for economic and statistical analysis. In the absence of a consistent approach, any analyses involving the calculation of profit margins (profit before tax/total revenue), effective tax rates (income tax accrued/profit before tax), return per employee (profit before tax/number of employees), return on tangible assets (profit before tax/tangible assets) or return on capital (profit before tax/stated capital) should be interpreted with caution and subject to significant sensitivity analysis.

Uncertainty about the inclusion or exclusion of intracompany dividends in profit before tax hampers the interpretation of CbCR statistics and the comparability of the aggregate data across reporting jurisdictions.<sup>20</sup> In particular, the inclusion of intracompany dividends in “profit (loss) before income tax” can result in artificially low effective tax rates (ETRs). This is because dividends are typically not tax deductible by the paying entity and so, unlike other intra-group payments, are not controlled transactions for transfer pricing purposes. As dividends represent a distribution of post-tax profit, dividends received from related parties are often lightly taxed or tax-exempt. The tax treatment of repatriated dividends can differ across jurisdictions, for example they might be tax exempt or taxed at a reduced rate or with credit for underlying foreign taxes.<sup>21</sup> Thus, the inclusion of intracompany dividends in profit might result in artificially low ETRs as a result of high levels of profit (the denominator of the ETR) and relatively low tax accrued or paid (the numerator of the ETR).

This issue concerns all MNEs, and may be more pronounced among ultimate parent entities; given that they are at the top of the ownership structure, they potentially receive a large amount of dividends from affiliates.

Finally, intragroup dividends are typically discretionary payments and can vary significantly from year to year. Including these amounts in profit before tax can create significant bias in an MNE’s CbCR.

In 2019, the Inclusive Framework on BEPS clarified the appropriate treatment of intracompany dividends by updating the Guidance Document that accompanies BEPS Action 13.<sup>22</sup> The updated guidance specifies that dividends from constituent entities must be excluded from profit before tax. This will ensure a uniform approach to the treatment of intracompany dividends for fiscal years commencing on or after 1 January 2020, though the guidance encourages earlier adoption of this treatment where possible.

### **Treatment of stateless entities**

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<sup>18</sup> For the purpose of Anonymised and Aggregated CbCR statistics, jurisdictions were not required to submit the additional information MNE groups could report in Table 3 of their CbCR submission as illustrated in Annex III to Chapter V, Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report DOI:<https://dx.doi.org/10.1787/9789264241480-en>

<sup>19</sup> Country specific analysis undertaken by the Netherlands, Ireland, Italy, Sweden, and the United Kingdom are available at: Netherlands: <https://oe.cd/3Kp>; Ireland: <https://oe.cd/3Kn>; Italy: <https://oe.cd/3Ko>; Sweden: <https://oe.cd/3Kq>; United Kingdom: <https://oe.cd/3Kr>.

<sup>20</sup> In the same way, there is uncertainty about the possible inclusion in profit before tax of other participation results (e.g. pro rata share of the earnings of subsidiaries).

<sup>21</sup> In the European Union, the Council directive 2011/96/EU limits the ability of EU Member States to tax received dividends, in order to exempt dividends and other profit distributions paid by subsidiary companies to their parent companies from withholding taxes and to eliminate double taxation of such income at the level of the parent company.

<sup>22</sup> OECD (2019), Guidance on the Implementation of Country-by-Country Reporting – BEPS Action 13, OECD, Paris. [www.oecd.org/tax/guidance-on-the-implementation-of-country-by-country-reporting-beps-action13.pdf](http://www.oecd.org/tax/guidance-on-the-implementation-of-country-by-country-reporting-beps-action13.pdf)

The BEPS Action 13 report states that an MNE's CbCR should include tax jurisdiction-wide information relating to the global allocation of the income, taxes paid and economic activity in tax jurisdictions in which the MNE operates. The specific instructions state that a separate line should be included in Table 1 for all constituent entities that are not resident in any tax jurisdiction for tax purposes. In the CbCR model template, the residence jurisdiction of these entities is recorded as ISO code X5 ("stateless").

Examples of stateless entities include:

- *Non-transparent entities with no tax residence:* Entities that are not transparent for tax purposes, but do not meet the requirements to be considered tax resident in any jurisdiction;<sup>23</sup>
- *Transparent entities resident in a different jurisdiction:* Entities that are tax transparent in the jurisdiction in which they would otherwise be resident, which are held by constituent entities resident in a different jurisdiction; and
- *Transparent entities resident in the same jurisdiction:* Entities that are tax transparent in the jurisdiction in which they would otherwise be resident, which are held by constituent entities resident in the same jurisdiction (e.g., shareholders, partners).

In the first case, unless the entity undertakes activity through a permanent establishment, or measures such as controlled foreign corporation rules apply, there is a risk that profits may not be taxed anywhere. In the second case, whether the entity's profits are subject to tax will depend upon whether the entity is viewed as tax transparent in the jurisdiction of the entities that own it (resident in a different jurisdiction), and whether the hybrid mismatch rules recommended under BEPS Action 2 apply.

Finally, in the third case, whether the entity's profits are subject to tax will depend upon the tax rules applicable to the entities that own it (in the same jurisdiction). Suppose that two entities co-own a transparent entity, where all are resident in the same jurisdiction. In general, these two entities will be subject to tax on their shares of the profits of the transparent entity. However, in a CbCR, the third case may give rise to double-counting of revenue and profit: revenue and profit will be reported as "stateless" by the transparent entity as well as in the jurisdiction in which the entities operate. As a result, ETRs will be artificially low. Once again, this would exaggerate the magnitude of any potential estimate of BEPS. The issue of stateless entities only affects the aggregated and anonymised CbCRs provided by some jurisdictions. The treatment and reporting of entities that are not resident anywhere for tax purposes (so-called "stateless entities") are under discussion as part of the 2020 review.

### **Use of aggregate versus consolidated data**

The BEPS Action 13 report requires MNEs to report aggregate tax jurisdiction-wide information ("aggregate data") in a CbCR as opposed to requiring them to report consolidated tax jurisdiction-wide information ("consolidated data").<sup>24</sup>

The principle behind aggregate data is to combine (aggregate) the separate information on each constituent entity in a jurisdiction, where no adjustment is made for transactions between constituent entities in the same MNE. For example, consider a sale from one constituent entity to another for ultimate sale to a third party; using aggregate data, the sale amount would be double-counted in total revenues (i.e., once in "related party revenues" and again in "unrelated party revenues"). In contrast, consolidated data treats the constituent entities of an MNE in a particular jurisdiction as a single economic entity.

<sup>23</sup> This could come about if a constituent entity is established in a jurisdiction that determines tax residence based on effective management, and is effectively managed in a jurisdiction that determines residence based on establishment. Under these circumstances, the entity would not be resident anywhere for tax purposes.

<sup>24</sup> See paragraph 24, Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9789264241480-en>

Therefore, in combining the separate information on each constituent entity in a jurisdiction, an adjustment is made for transactions between constituent entities in that jurisdiction (though no adjustment is made for transactions with constituent entities in other jurisdictions). In the example given, using consolidated data, the sale amount would only be counted once.

There are two main potential differences between the content when prepared using aggregate data as compared to if they were prepared using consolidated data. The first (and perhaps most important) difference is likely to be in related party revenues, as aggregate data will include all revenues received from constituent entities in the same jurisdiction. The same difference will also be reflected in total revenues. The second difference is likely to be in stated capital. Aggregated data could include several times what is, in effect, the same capital, if this is invested in two or more constituent entities in the same jurisdiction.

Thus, the use of aggregate data could distort a number of key ratios. In particular, profit margins (profit before tax/total revenue) may be reduced; the proportion of related party revenues (related party revenues/total revenue) may be increased; revenue per employee (total revenue/number of employees) and revenue per unit of tangible assets (total revenue/tangible assets) may be increased; and return on capital (profit before tax/stated capital) may be reduced. However, ratios based on unrelated party revenues (instead of total revenues) and tangible assets (instead of stated capital) would not be affected by the use of aggregate data.

Furthermore, when data is reported in larger geographic groupings for the purpose of aggregate CbCR statistics (e.g. continents or foreign jurisdictions total) no adjustment is made for intra-group transactions, which might further inflate revenues and stated capital.

### **Reporting of deferred taxes**

The BEPS Action 13 report includes specific instructions that income tax accrued (current year) in the CbCR template “should not include deferred taxes or provisions for uncertain tax liabilities.”<sup>25</sup> This is helpful in that it focuses on an MNE’s current tax for the fiscal year. However, in calculating ETRs for an MNE’s constituent entities in a particular jurisdiction, this can create a mismatch between the calculation of profit before tax (which is calculated under accounting principles) and income tax accrued (which is essentially based on taxable profits calculated under tax rules in the relevant jurisdiction).

Where there are permanent differences between the calculation of profit under accounting and tax rules (e.g., where a category of income is tax-exempt in a jurisdiction), then this does not pose a concern, as the resulting low ETR would be relevant for the purposes of a high level risk assessment or statistical analysis. However, it may be unhelpful if temporary differences between the calculation of profit under tax and accounting rules (e.g., due to differences in depreciation schedules) mean that an MNE appears to have a high or low ETR in a jurisdiction when in fact this relates solely to a timing issue.

This issue would affect income tax accrued and any metrics calculated using income tax accrued, including ETRs (income tax accrued to profit before income tax), though the bias may be downward and to a lesser extent upward. This issue also concerns income tax on cash basis.

The reporting of deferred taxes is under discussion as part of the 2020 review. The public consultation invited discussion as to whether to include deferred taxes as an additional column in a CbCR.

### **General caution against the calculation of ETRs**

Two of the issues described above may give rise to the potential double counting of profits. The first is the ambiguous treatment of intracompany dividends in profits. The second is the treatment of stateless entities,

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<sup>25</sup> See Annex II to Chapter V, Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report, OECD/G20 Base Erosion and Profit Shifting Project, OECD Publishing, Paris, <https://doi.org/10.1787/9789264241480-en>

which plays a role in some jurisdictions, many of which may represent pass-through income that is double counted. For these reasons, it is likely that profits in the current iteration of the CbCR statistics are overstated, in some cases potentially substantially. In addition, the inclusion of tax-exempt entities and MNE groups mentioned above can further distort the relationship between tax and profit variables. This limitation restricts the potential of the CbCRs for the calculation of several key ratios as discussed. Given these limitations, it is likely that ETRs are biased downwards, and that profitability ratios and returns to capital are biased upwards.

Given that the potential scale of this double counting issue is difficult to assess and correct for, the Inclusive Framework on BEPS expressly cautions against the calculation of ratios such as ETRs based on these statistics. Those using these statistics should, at the very least, carry out sensitivity analysis to benchmark the CbCR statistics against other relevant data sources (e.g., taxpayer microdata or firm-level financial statistics) before using them for statistical analysis.

To evaluate the potential magnitude of included dividends, some jurisdictions have carried out their own independent analysis.<sup>26</sup>

In addition, there are many differences between accounting profits and taxable profits as they serve different purposes, and these differences can lead to biases in any resulting ETR calculation.

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<sup>26</sup> Country specific analysis undertaken by the Netherlands, Ireland, Italy, Sweden, and the United Kingdom are available at: Netherlands: <https://oe.cd/3Kp>; Ireland: <https://oe.cd/3Kn>; Italy: <https://oe.cd/3Ko>; Sweden: <https://oe.cd/3Kq>; United Kingdom: <https://oe.cd/3Kr>.