

Multinational enterprises with a global consolidated net turnover exceeding EUR 750 million and with operations in the EU will have to comply with upcoming public Country-by-Country Reporting regulations. These regulations are (mostly) in line with the current OECD Country-by-Country Reporting regulations, but there are some relevant aspects on which they differ. In order to be prepared for this upcoming reporting obligation please find below a summary of the features and requirements of these regulations.



Introduction

On December 1, 2021 the EU public Country-by-Country Reporting (CbCR) Directive was published in the EU Official Journal and entered into force. The Directive should be transposed into national legislation by June 22, 2023. Member States are currently working on local legislation.

Who has to disclose

The Directive applies to:

- **EU Ultimate Parent Undertakings (UPUs) / Standalone Undertakings** with a consolidated net turnover / net turnover exceeding EUR 750 million for each of the last two consecutive financial years.
- **Non-EU UPUs** with a consolidated net turnover exceeding EUR 750 million for each of the last two consecutive financial years, and with an EU presence that includes either medium-sized or large subsidiaries or branches that meet stipulated criteria.
- **EU banks and non-EU parented banks** depending on whether they fall within the scope of the Capital Requirements Directive IV.

What to disclose

The information to be disclosed must be reported on an aggregated basis: per member state, per each non-cooperative and grey list jurisdiction, and aggregated for all other jurisdictions. The OECD CbC Report data can be used for this.

The following information must be reported (and is similar to the OECD CbC report):

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| • Revenues (do not have to be split between related and unrelated entities) | • Income tax paid (on cash basis) | • Number of employees (FTEs) |
| • Profit(loss) before income tax | • Income tax accrued – current year | • Descriptive information, e.g. nature of the business and list of subsidiaries. |
| | • Accumulated earnings | |

Who?

Net turnover > EUR 750 million + EU presence. Non-EU UPU with medium-sized/large EU subsidiary/ branch.

What?

Publish CbC data to public (similar OECD CbC data, but OECD CbC data only for tax authorities).

When?

FYs starting on or after June 22, 2024 (exceptions apply).



What to disclose

Safeguard clause: under certain conditions a deferral of disclosure for certain elements may apply for a maximum of five years. Member States are free to decide whether to opt for this.

The EU Commission is currently working on a **template** and electronic reporting format for drafting and publishing the report.

If subject to audit, the **auditor** should state whether the group is in scope and whether the disclosure was made for the preceding year.

Where to disclose

The information must be accessible to the public in at least one of the official languages of the EU and be provided free of charge on the website of the EU UPU, the subsidiary or the affiliated undertaking, or the branch.

For EU-parented groups: the data must be published on its website and also filed directly with the national central register, commercial register or companies register in the relevant EU Member State.

For non-EU parented groups: each of the EU subsidiaries and EU branches is required to publish the report (general rule). EU subsidiaries and branches are exempt from this obligation if the non-EU parent has published the report on its website and has assigned one of the EU subsidiaries to file the report with their national trade registry.

Member States may opt to be exempted from website publication subject to certain conditions.

When/timing

The provisions apply to FYs starting on or after June 22, 2024. If the financial year corresponds to the calendar year this means that the first reportable year for MNEs is 2025. Member States may introduce the provisions earlier (please note that Romania currently intends to do so).

The reporting deadline is within 12 months of the balance sheet date of the financial year for which the report is prepared. Member States are free to set the reporting deadline within this 12-month period.

Penalties

When public CbC requirements are not met penalties may be imposed.

How Meijburg & Co can help

Meijburg & Co can help in determining the in-scope EU jurisdictions or, where exemptions apply, verify specific local regulations, ascertain the filing strategy, prepare the public CbC draft report and analyze the situation presented in the report and any actions that may have to be taken.

Network and experience

Meijburg & Co has an experienced team of tax professionals who can provide clients with (OECD and EU) Country-by-Country and other transfer pricing-related services. Our worldwide KPMG network means we are familiar with local requirements and regulations for the countries where your group operates.

Contact

If you would like more information about these services or help with public CbCR, please contact your regular Meijburg & Co contact.

www.meijburg.com

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