

US Proposed Regulations on Country-by-Country Reporting

Written by Altus Admin - Altus Economics
Saturday, 16 April 2016 00:00

Treasury Department and IRS propose CbC rules based on OECD and BEPS

In late 2015, the Treasury Department and IRS issued proposed regulations with Country-by-Country (CbC) reporting rules, Prop. Regs. Sec. 1.6038-4. The comment period ended in late March and final regulations are expected later this year but are not expected to apply until 2017.

Senior Economist at Altus Economics, [Dr. Ross Newman](#), discusses the background, purpose and use of US CbC Reports for MNCs in "

[US Proposed Regulations on Country-by-Country Reporting](#)

". The paper identifies which MNEs will need to provide CbC reports to IRS and describes the exchange of CbC reports, required information for US CbC reporting, and applicability date of CbC reporting and non-US requirements.

"There is no requirement for a non-US ultimate parent to provide any information to the IRS. The IRS will only get CbC information from another country that provides the information to the IRS. It is expected that competent authority arrangements will be completed that allow for the automatic exchange of CbC reports under the authority of information exchange agreements to which the US is a party.

The regulations are to apply to taxable years of parents of US MNEs that begin on or after the date of publication of the Treasury decision adopting these rules as final regulations. The final regulations will likely be published sometime in 2016. Because the comment period on the proposed regulations ended on March 22, 2016, US MNEs that use the calendar year for their tax returns will not be subject to CbC reporting until the 2017 tax year at the earliest.

A non-US requirement for may arise for a US MNE to develop CbC reporting based on the OECD model legislation recommendation to impose CbC reporting on subsidiaries of an MNE group in situations where such reporting is not required by the ultimate parent's jurisdiction of tax residence, as a secondary mechanism. For this reason US MNEs may need to begin compiling data in 2016 if another tax jurisdiction in which the US MNE does business adopts CbC reporting requirements for the 2016 year with a secondary mechanism unless exceptions are provided."

US Proposed Regulations on Country-by-Country Reporting

Written by Altus Admin - Altus Economics
Saturday, 16 April 2016 00:00

[View the full article written by Dr. Newman here .](#)

To learn more about CbC studies and penalty protection through 6662 Contemporaneous Documentation and other transfer pricing studies for MNCs, [Click here to contact our Transfer Pricing team.](#)



**OECD/G20 Base Erosion and Profit Shift
Project**

**Transfer Pricing
Documentation and
Country-by-Country
Reporting**