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24/05/2018 - The OECD has released the [first peer reviews of the Country-by-Country \(CbC\) reporting initiative](#), demonstrating strong progress toward the imminent implementation of a key element in continuing efforts to improve taxation of multinational enterprises (MNEs) worldwide.

The peer reviews show that practically all countries that serve as headquarters to the large MNEs covered by the initiative have introduced new reporting obligations compliant with transparency requirements.

Country-by-Country reporting, with exchanges slated to begin in June 2018, will see tax administrations worldwide collect and share detailed information on all large MNEs doing business in their country. Information collected includes the amount of revenue reported, profit before income tax, and income tax paid and accrued, as well as the stated capital, accumulated earnings, number of employees and tangible assets, broken down by jurisdiction. More than 1400 bilateral relationships are already in place for CbC exchanges, with more to come throughout the year.

CbC reporting is a minimum standard of the [OECD/G20 Base Erosion and Profit Shifting](#) initiative, which aims to equip governments with the domestic and international instruments needed to ensure that MNE profits are taxed where economic activities generating the profits are performed, and where value is created. OECD and G20 countries approved a 15-point BEPS package in 2015 to help them curb tax planning strategies that exploit gaps and mismatches in tax rules to artificially shift profits.

"The peer review outcomes and the launch of the global exchange of CbC reports in June shows that the BEPS measures are being implemented rapidly, consistently and globally," said Pascal Saint-Amans, director of the OECD Centre for Tax Policy and Administration.

The first annual peer review focuses mainly on the domestic legal and administrative framework, and reflects implementation as of January 2018. It is part of a phased approach which gradually monitors the domestic legal and administrative framework, the exchange of information framework, and the confidentiality and appropriate use conditions over three annual reviews (starting in 2017, 2018 and 2019). Highlights include:

- a comprehensive examination of 95 jurisdictions that are members of the Inclusive Framework. A few jurisdictions that were recent joiners of the Inclusive Framework or that faced capacity constraints were not yet included in the process, but will be reviewed as soon as possible*.
- 60 jurisdictions have already introduced legislation to impose a filing obligation on MNE Groups, thus covering almost all MNE Groups expected to be in scope. The remaining jurisdictions are working towards finalising their domestic legal framework with the support of the OECD (see www.oecd.org/tax/international-tax-co-operation-map.htm).
- where legislation is in place, the implementation of CbC Reporting has been found largely consistent with the Action 13 minimum standard. Some jurisdictions have received recommendations for improvement on certain specific aspects of their legislation and work has already begun to bring the provisions concerned in line with the standard.

The second annual peer review, covering all members of the Inclusive Framework, was launched in April 2018. It will focus on the exchange of information aspects, as well as the confidentiality and appropriate use conditions.

Next steps

Following the first exchanges of CbC reports, work will begin on analysing how CbC reports are used by tax administrations in assessing Transfer Pricing and other BEPS-related risks. Building on the *Country-by-Country Reporting: Handbook on Effective Tax Risk Assessment*, released by the OECD in September 2017, this work will support jurisdictions in the effective use of CbC reports, enabling them to identify areas where the tax risk posed by an MNE Group is low and to instead focus resources on those issues where risk is greatest. Used together with other information including Transfer Pricing documentation, CbC reports will boost the tax administrations' risk-assessment capacities.

Background

CbC reporting provides an unprecedented level of transparency to tax administrations all around the world. Often for the first time, tax administrations will receive detailed information on all large MNEs doing business in their country. As CbC Reporting is one of the four minimum standards of the BEPS Project, all members of the Inclusive Framework on BEPS have committed to implement these requirements, and to have their compliance with the standard reviewed and monitored by their peers. This is to ensure a timely and consistent implementation across the world which is key to the success of CbC reporting.

➤ [More information on CbC reporting](#)

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**As of January 2018, the number of Inclusive Framework members was 111. The Inclusive Framework now brings together 116 members: www.oecd.org/tax/beps/inclusive-framework-on-beps-composition.pdf.*