Country-by-Country Reporting

Manage all your Country-by-Country Reporting needs.

The background

Tax compliance is moving at a rapid pace, with almost constant new schemas being released – changing existing legislation and, on occasion, creating completely new reporting requirements. An example of this is HMRC and the Irish Revenue initiatives which follow BEPS (Base Erosion and Profit Shifting) action 13. This has led to the requirement of large multinational companies with a group revenue in excess of 750 million Euros which have a presence in the UK or Ireland, to submit a Country-by-Country Report (CbCR).

These developments within HMRC and the Irish Revenue around the initial schema aim to improve transparency. This means that multinational corporations need to deliver accurate reports.

The challenge(s)

With this emphasis on transparency and accuracy, you need confidence in the quality and completeness of your report. HMRC has penalties ranging from £300 for failing to file a Country-by-Country report on time, and up to £3,000 for providing inaccurate information. The Irish equivalent is €19,045 for late submission or inaccuracies. However, other tax authorities have more significant fines, e.g. Luxembourg is proposing fines of up to €250,000 for similar failures.

Aside from the straight fines, the cost could be associated in the time spent responding to enquiries related to the figures reported and possibly further tax liabilities should a tax authority successfully challenge your business based on the new information provided.

Then there's the risk of reputational damage. For the time being, information is only reported to the tax authorities and is intended for their eyes only, so late or incorrect information could impact on your relationship with HMRC, the Irish Revenue or other tax authorities, but not public reputation. However, there is the looming threat of Public Country-by-Country Reporting. The EU Commission has proposed public reporting and, interestingly, their proposals cover a reduced set of the OECD Country-by-Country Reporting data. Should this proceed, the practices you put in place now may leave you well placed for future public reporting.

Implications of CbCR

- Risk: can you identify your areas of risk? How will you address these? What will they look like to the Tax Authority?
- Resourcing: Manage the increase in compliance management duties while saving as much time as possible and making the best use of your skilled staff.
- Integrated systems: the report contents bring together data from multiple sources. How well are your ERP systems integrated to export the data required?
- New schema: In the majority of cases, data currently resides in an in-house designed Excel template, modelled on the tables published by the OECD. This needs to be converted into the XML format that the tax authorities are asking for: How will you perform this conversion?
- Data accuracy and transparency: you need to be sure your data is relevant and correct, that it's validated and monitored through the process.

Country-by-Country reporting from Tax Systems

Our solutions allow you to prepare and submit accurate XML Country-by-Country reports to the relevant tax authorities. They provide a clear audit trail of where all data was sourced from and a PDF containing a human-readable summary of what has been included in the final XML submission.

KEY BENEFITS

- Centralises all processes for CbCR reporting to save time and cost around internal resourcing and allow for the redeployment of tax professionals to focus on value add tasks
- Validates against latest rules, checks data for completeness to ensure quality in order to reduce the risk around submission
- Feeds into Business reporting to add value to the business and contribute to strategic planning
- Mitigates risks associated with creating a group report
- Intuitive and user-friendly interface which adjusts to any screen size for anytime, anywhere, any device access

Option 1: software solution

Tax System's automated Country-by-Country Reporting software delivers a secure cloud-based solution which manages the collection and aggregation of relevant data across each country within a global business.

The intuitive dashboard delivers live updates which provide the examination of data management, workloads and a real-time analysis of the global business situation, allowing the business to understand any areas of risk which may appear, bringing all relevant tax and compliance information into a single location. It supports the global implementation of HRMC and the Irish Revenue Country-by-Country Reporting schema, to deliver an accurate report for your required jurisdiction.

The solution has been developed specifically for Tax and Compliance departments to replace spreadsheets and to automate processes previously based on information consolidation by email or phone call.

- **Efficient Accumulation** – Automated collection of all the relevant information from each jurisdiction is compiled into the required OECD format in a chosen base currency.
- **Risk Analysis** – Comprehensive checks are carried out so you can effectively identify any areas of risk and action these before submission.
- **Event Tracking** – More than just an audit trail, CbCR can identify who, what and when information has been amended, constantly monitoring changes throughout the entire process, giving you the maximum amount of visibility on the data.
- **Real-time Updates** – Information is updated across the whole system instantly so all users can see live updates on progress.
- **Single Repository** – CbCR is designed to hold all relevant information in one place. This is especially useful for global teams to input and review data without the need to send anything via email.
- **Personalisation** – Each user can have a personalised dashboard to show only the relevant information snapshots to their particular role.
- **Automatic updates** – Any update to legislation is reviewed and built into the CbCR product and released to you accordingly, ensuring you always have the most up-to-date software platform.

Option 2: Outsourced XML conversion solution

Where you have already aggregated your data, we can convert it to XML for you. Our Professional Services team provides you with our Excel template, which has been designed to capture all information required to be reported by the group.
Our tax experts provide a fresh pair of eyes, familiar with what should be included in your CbCR XML, to check the Excel template for any obvious errors or missing information.
We then import your data into our CbCR engine, which will validate the data against the latest tax authority rules, such as whether all key information is included and whether it is formatted correctly.
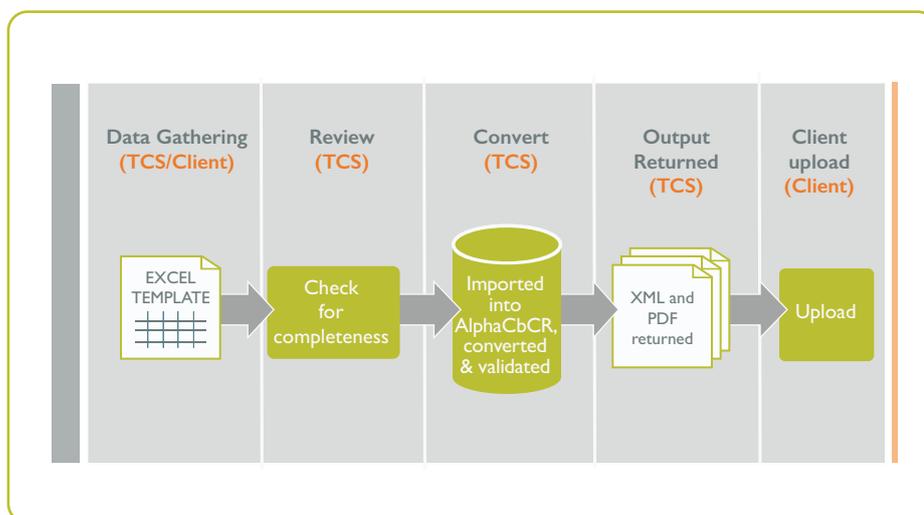
All we need from you is a complete set of data to be provided in the template as a means of confirming what you want to be reported to your relevant tax authority, and confirmation of which tax authority you will be submitting your report to.

Whichever solution works for you, you will benefit from time and cost savings around internal resourcing as you will be able to redeploy your tax professionals to focus on value add tasks. In addition, quality is assured and takes away risks around submission because validation is made against latest rules and data is checked for completeness.

Data Gathering (TCS/Client)	Review (TCS)	Convert (TCS)	Output Returned (TCS)	Client upload (Client)
EXCEL TEMPLATE	Check for completeness	Imported into AlphaCbCR, converted & validated	XML and PDF returned	Upload