

Country by Country Reporting: Greece transposes EU Directive on Automatic Exchange of CbC Reports

Pursuant to Law 4484/2017, Greece transposed Council Directive (EU) 2016/881 introducing the automatic exchange of Country-by-Country (CbC) reports within the EU. CbC reporting was initially set forth in the context of Action 13 of the OECD BEPS initiative, as part of a standardised three-tiered approach to transfer pricing documentation (along with a global master file and a local file). CbC reporting is aimed at providing tax administrations with relevant information to perform high-level transfer pricing risk assessment analysis, as well as an assessment of other tax areas of potential concern.

Multinational (MNE) Groups headed in the EU or operating in the EU through EU tax resident subsidiaries or PEs, realizing total annual consolidated revenues exceeding EUR 750,000,000 shall submit a CbC report on an annual basis, in order to provide EU tax authorities with information on revenue, profit before income tax, income tax paid and other details regarding the allocation of the MNE group profits in different jurisdictions. MNE Groups should also identify each entity within the group doing business in a particular tax jurisdiction and provide an indication of the business activities in which each entity engages.

A Greek tax resident entity may be designated to file a CbC report for the group in Greece under certain conditions and in any case if it is the ultimate parent entity of the qualifying MNE group. If acting as the reporting entity, the Greek entity should file the report before Greek authorities within 12 months from the end of the reporting fiscal year, i.e. for fiscal year 2016 filing is due by the end of 2017. Provided that a Greek entity is required to file a CbC report in Greece, a penalty of EUR 20,000 shall be imposed in case of non-filing, whereas a penalty of EUR 10,000 shall be imposed in case of inaccurate or late filing.

A group entity which is tax resident in Greece yet not obliged to file the CbC report for the group, should still notify the Greek tax authorities of the identity of the group reporting entity and its tax jurisdiction by the end of the reporting fiscal year. Exceptionally for fiscal year 2016, such notification shall be submitted by the end of year 2017.

CbC reports will be automatically exchanged among EU tax authorities, where members of the MNE group are located. The communication of CbC reports filed before the Greek tax authorities will take place within 15 months from the end of the reporting period. Exceptionally for year 2016, the deadline is extended to 18 months from the end of the reporting period.

Article 8 of the new law transposes the Appendix of the Directive to provide definitions, a template of the CbC report and guidelines for its completion.

The automatic exchange of CbC reports among tax authorities is provided also by the “Multilateral Competent Authority Agreement on the Exchange of CbC Reports”, which has been signed by Greece and many other OECD states, including non-EU member states. The latter agreement, however, has not yet been ratified by the Greek Parliament.

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