



Draft Regulations for Country by Country Reporting

One of the most far-reaching items that came out of the G20/Organisation for Economic Co-operation and Development (OECD)'s Base Erosion and Profit Shifting (BEPS) initiative is the so-called Country-by-Country (CbC) Reporting Template. According to the OECD BEPS initiative CbC reporting is considered to be a minimum standard coming out of the Action Plan (as against best practice). Thus, as a participant in the OECD BEPS Action Plan process South Africa is expected to adopt the proposals.

The CbC Reporting Template is designed to provide tax authorities with summary data for a global group, by jurisdiction, including revenue, income, taxes, and indicators of economic activity, e.g. number of employees etc. Once completed for the entire group the holding company will submit the document to the tax authorities in its jurisdiction and the relevant tax authority will automatically provide it to all participating countries mentioned on the completed document.

Each tax authority may then use the document as a risk assessment tool, to determine whether the group entities in its country need more detailed investigation.

Thus, following South Africa's signing of the Multilateral Competent Authority Agreement on the Exchange of CbC Reports in January 2016, SARS has, on 11 April 2016, published draft regulations regarding a South African CbC standard for Multinational Enterprises.

The draft regulations broadly appear to be in line with the OECD recommendations and set out guidance on:

- Application;
- Filing obligation;

- A taxpayer's duty to notify SARS;
- Information required for reporting;
- Timing; and
- Rules regarding the use and confidentiality.

The draft regulations state that they will apply to years of assessment commencing on or after 1 January 2016, i.e. for some taxpayers, the reporting year will already have commenced.

KPMG is preparing comments on the draft regulations, which are due by **3 May 2016**.

Please contact us if you have any questions:

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