

European Union

Summary of CbC Reporting and Transfer Pricing Documentation Rules

Country-by-Country Report [\[EU Directive 2016/881 of 25 May 2016\]](#)

- **Effective Date:** Fiscal year of the MNE Group beginning on or after January 1, 2016.
- **Filing Threshold:** MNEs with consolidated group revenue equal to or exceeding €750 million (or an approximate equivalent amount in local currency) in the preceding year.
- **Local Filing:** If the group's parent company is not an EU tax resident and does not file a CbC report, it will do so through its EU subsidiaries (this secondary reporting was optional for 2016 and mandatory from the 2017).
- **Information Reported:** Generally consistent with OECD guidance.
- **Forms/Filing Instructions:** A CbC report template is provided in the directive.
- **Deadline for Filing Notification of Reporting Entity:** No later than the last day of the Reporting Fiscal Year of the MNE Group. Member states may extend the deadline to the last day for filing the tax return of the Constituent Entity for the preceding fiscal year.
- **Deadline for Filing CbC Report:** Within 12 months after the fiscal year-end.
- **Penalties (optional provision):** Member states should consider penalties for non-compliance.
- **Exchange of Information:** The mandatory automatic exchange of information between member states is provided for in EU Directive 2011/16.

Public Country-by-Country Report [\[EU Directive 2021/2101 of 24 November 2021\]](#)

- **Transposition Deadline:** June 22, 2023.
- **Effective Date:** Financial years beginning on or after June 22, 2024 (or earlier).
- **Scope:**
 - EU Headquartered MNE: consolidated group revenue of at least €750 million in each of the last two consecutive financial years.
 - Non-EU Headquartered MNE: (i) consolidated group revenue of at least €750 million in each of the last two consecutive financial years and (ii) medium or large-sized subsidiaries in the EU (or EU branches of a comparable size).¹

Certain financial institutions established in the EU are exempt from the reporting obligation if they are already subject to separate reporting under EU Directive 2013/36.

The reporting obligation also applies to subsidiaries or branches established for the sole purpose of circumventing the EU public CbC reporting requirements.

- **Information Reported:** Includes the name of the ultimate parent company, financial year in question and currency used; a brief description of the nature of the business activities; number of full-time employees; net revenue; profit or loss before income tax; income tax accrued; income tax paid; and accumulated earnings.

¹Generally, a medium-sized company in the EU exceeds at least two of the following three thresholds in two consecutive years: (i) balance sheet total of €4 million; (ii) net turnover of €8 million; (iii) average number of employees during the financial year of 50. Member states can define thresholds exceeding the amounts in (i) or (ii); however, the thresholds cannot be more than €6 million for the balance sheet total and €12 million for net turnover. The rules apply to branches that exceed the net turnover threshold above for each of the last two consecutive financial years (pursuant to Article 4 of EU Directive 2013/24).

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- Presentation of Information: The data is disclosed (i) separately for each EU member state; (ii) separately for each country listed on the EU list of non-cooperative jurisdictions (the “blacklist”) or listed for two consecutive years on the “grey list” (i.e., Annex I and Annex II of the EU Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes, respectively); (iii) aggregated for the rest of the world.
- Forms: A common template and electronic reporting formats will be provided.
- Publication and Accessibility: Either (i) the EU ultimate parent entity or (ii) each of the EU subsidiaries and EU branches (for non-EU parented groups) is required to publish the report in an EU Member State business registry and on the company website, free of charge, for a minimum of 5 consecutive years.

If the non-EU parent publishes the report on their website and one of the EU subsidiaries or branches files the report with their national business registry, the other EU subsidiaries and branches are exempt from their obligation to publish.

- Publication Deadline: Report must be published annually within 12 months of the balance sheet date of the relevant financial year.
- Statement by Statutory Auditor: When financial statements are required to be audited, the audit report should state whether the entity is required to publish a CbC report and whether the report was published in accordance with the rules.
- Deferral (optional provision): Disclosure of certain data may be temporarily deferred (for a maximum period of 5 years) if the disclosure would be “seriously prejudicial to the commercial position” of the company. Taxpayers must disclose the existence of the deferral; provide a reasoned explanation for it in the report; and document the basis for the reasoning. The omitted information should be disclosed in a later report. The deferral does not apply to information related to tax jurisdictions included in Annex I or Annex II of the EU Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes.
- Penalties (optional provision): Member states should consider penalties for non-compliance.

Transfer Pricing Documentation [\[EU Code of Conduct on Transfer Pricing Documentation \(2006\)\]](#)

The EU Code of Conduct on Transfer Pricing Documentation (EU TPD) sets out standardized and partially centralized transfer pricing documentation that represents a basic set of information for the assessment of an MNE’s transfer prices.

In general, the EU TPD consists of two main parts: (i) one uniform set of documentation containing common standardized information relevant for all EU group members (the ‘masterfile’) and (ii) several sets of standardized documentation, each containing country-specific information (‘country-specific documentation’).

The use of the EU TPD is optional. Member states may decide not to have transfer pricing documentation rules or to require less documentation than that referred to in the EU TPD.