

## United Kingdom

### Summary of CbC Reporting and Transfer Pricing Documentation Rules

#### Country-by-Country Report

- Effective Date: Accounting periods beginning on or after January 1, 2016.
- Filing Threshold: UK MNEs with consolidated group revenue of at least €750 million in the previous year.
- Local Filing: The top UK entity of an MNE group must file a CbC report if certain conditions are met.
- Information Reported: Consistent with OECD guidance.
- Forms/Filing Instructions (see HMRC Internal Manual - [IEIM300121 Directions relating to how CbC reports will be filed](#) and [IEIM 300140 Guidance on the completion of the CbC report](#)):
  - CbC Reporting Notification of Reporting Entity: filed via e-mail or regular mail. From July 26, 2023, the annual notification of reporting entity is no longer required to be filed by UK UPEs or constituent entities.
  - CbC Report: filed online through a secure HMRC portal.
- Deadline for Filing Notification of Reporting Entity: By the last day of the period covered. From July 26, 2023, the annual notification of reporting entity is no longer required to be filed by UK UPEs or constituent entities (pursuant to [S.I. 2023/752](#)).
- Deadline for Filing CbC Report: Within 12 months of the end of the relevant accounting period.
- Penalties: Penalties range from £300 to £3,000 may apply.
- Exchange of CbC Reports:
  - MCAA CbC: signed
  - EU Directive 2016/881: enacted.
  - U.S. CAA CbC: signed
  - Other CAA CbC: Bermuda, British Virgin Islands, Guernsey, Isle of Man, Jersey.

#### Master File [Transfer Pricing Records Regulations 2023, [SI 2023/818](#) and HMRC International Manual, [INTM450000 – Transfer Pricing Records: Contents](#)]

- Effective Date: Accounting periods beginning on or after April 1, 2023.
- Filing Threshold: A UK entity (i) that is a member of an MNE group with consolidated group revenue of at least €750 million (i.e., meets the CbC reporting threshold) and (ii) with at least one material controlled transaction (see Local File - Materiality Exclusion discussion below). A relevant person not required to maintain a Local File is not required to maintain a Master File.
- Information Reported: Consistent with OECD guidance.
- Deadline for Submission: Contemporaneous documentation must be submitted within a reasonable period of an HMRC request (normally 30 days).
- Penalties: A penalty up to £3000 may apply for each failure to keep or preserve adequate transfer pricing records. Failure to comply with an information notice may result in an initial penalty of £300 and daily penalties up to £60 a day.

**Local File** [Transfer Pricing Records Regulations 2023, [SI 2023/818](#) and HMRC International Manual, [INTM450000 – Transfer Pricing Records: Contents](#)]

- **Effective Date:** Accounting periods beginning on or after April 1, 2023.
- **Filing Threshold:** A UK entity that is a member of an MNE group with consolidated group revenue of at least €750 million (i.e., meets the CbC reporting threshold).
- **Materiality Exclusion** ([INTM450104 – Materiality of a Category of Controlled Transactions](#)): Certain transactions can be excluded from the Local File requirement if the aggregate arm's length value of transactions (for the UK entity) within a category does not exceed £1 million (de minimis rule) or the category of transactions is deemed to not be material based on other relevant facts and circumstances. These excluded transactions must still be priced in accordance with the arm's length principle.

The materiality exclusion does not apply to certain categories of transactions due to their nature and complexity. These include transactions using a profit split methodology; transactions concerning the transfer or license of intangibles; transactions concerning a cost sharing agreement; transactions concerning a business reorganization, etc. These transactions should always be included in the Local File, regardless of value. In addition, the approach chosen with regard to materiality should be described in the Local File.

- **UK to UK Exemption and APA Exemption:** Information with respect to (i) controlled transactions in which all parties are resident in the UK (subject to certain exceptions) or (ii) controlled transactions that are the subject of an advance pricing agreement (APA) made on or before March 31, 2023 are excluded from the Local File requirement.
- **Information Reported:** Generally consistent with OECD guidance.  
Supplementary information relating to the preparation of the Local File (i.e., the Summary Audit Trail) may be specified in a notice published by the Commissioners for HMRC.
- **Deadline for Submission:** Contemporaneous documentation must be submitted within a reasonable period of an HMRC request (normally 30 days).
- **Penalties:** A penalty up to £3000 may apply for each failure to keep or preserve adequate transfer pricing records. Failure to comply with an information notice may result in an initial penalty of £300 and daily penalties up to £60 a day.

**Transfer Pricing Documentation** [HMRC International Manual, [INTM483030](#)]

For accounting periods beginning after April 1, 2023, UK entities (required to file a return) that are not required to maintain a Master File and Local File, are still required to retain reasonable documentation to demonstrate that their transfer pricing meets the arm's length standard. Documentation in line with the OECD transfer pricing guidelines will be regarded as meeting this requirement.

For accounting periods beginning before April 1, 2023, the U.K. required that transfer pricing documentation that supported the arm's-length pricing be maintained. The documentation should be proportionate to the size and complexity of the transactions or business involved. Documentation in line with the OECD transfer pricing guidelines was regarded as meeting the U.K. transfer pricing documentation requirements.

For more detailed guidance, please see the Transfer Pricing Portfolio: [United Kingdom, Chapter 175: VII.B.2](#) (Documentation and Reporting Requirements – Specific Reporting Requirements – Other Transfer Pricing Documentation).

## **Transfer Pricing Disclosure**

The U.K. does not have specific transfer pricing disclosure requirements; however, in March 2021, HMRC indicated it was considering whether to require certain businesses to file with their annual tax return details regarding material cross-border transactions with associated enterprises (i.e., International Dealings Schedule).