

Country-By-Country Reporting Frequently Asked Questions (FAQs)

The purpose of this document is to address frequently asked questions (“FAQs”) in connection with the interpretation of legislation and regulations which implement Country-by-Country (“CbC”) Reporting in Cyprus

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1 . What is CbC Reporting and who does it apply to?

CbC Reporting is part of Action 13 of the OECD/G20 Base Erosion and Profit Shifting (“BEPS”) Action Plan.

In October 2015, the OECD/G20 published the Transfer Pricing Documentation and Country-by-Country Reporting Action 13 Final Report¹ (the “**BEPS Action 13 Final Report**”). The BEPS Action 13 Final Report recognised that enhancing transparency for tax administrations, by providing them with adequate information to conduct transfer pricing risk assessments, is an essential part of tackling the BEPS problem.

CbC Reporting requires large multinational enterprises (“**MNE**”) to file a CbC Report that will provide a breakdown of the amount of revenue, profits, taxes and other indicators of economic activities for each tax jurisdiction in which the MNE group does business. CbC Reporting only applies to MNE groups with annual consolidated group revenue of €750 million² or more in the preceding fiscal year (“**MNE Groups**”).

For the first time, CbC Reporting will give tax administrations a global picture of the operations of MNE Groups. Tax authorities can then use this information to perform high-level transfer pricing risk assessments and to evaluate other BEPS-related risks.

2. What is the OECD/G20 guidance on CbC Reporting?

The BEPS Action 13 Final Report is the primary OECD/G20 guidance on CbC Reporting.
[Beps action 13](#)

3. What is the Cypriot legislation governing CbC Reporting?

The legislation that implements CbC Reporting in Cyprus is contained in The Assessment and Collection of Taxes Law (Exchange of Information in the context of the Multilateral Competent Authority Agreement for the exchange of Country-by-Country reports) Decree of 2017.
[The Assessment and Collection of Taxes Law](#)

4. Can the OECD guidance on CbC Reporting be used to interpret the Cypriot CbC Reporting legislation?

The OECD guidance on the implementation of CbC Reporting, issued from time to time, can be used to interpret the Cypriot CbC Reporting legislation to ensure a consistent and standard approach to CbC Reporting across all implementing countries.

It should be noted that there are some differences between the OECD Model legislation and the Cypriot CbC Reporting legislation. Where there is a conflict, the Cypriot CbC Reporting legislation takes precedence.

5. How should terms contained in the Cypriot CbC Reporting legislation and these FAQs be interpreted?

A number of terms used in these FAQs are defined in the Cypriot CbC Reporting legislation, including “country-by-country report” and “equivalent country-by-country report”. Whilst these FAQs provide further information to assist with the interpretation of some of these terms, the reader is referred to the Cypriot CbC Reporting legislation for a full definition of all relevant terms.

6. When do the CbC Reporting requirements come into effect in Cyprus?

CbC Reporting requirements apply in Cyprus for fiscal years beginning on or after 1 January 2016.

7. Who will be required to file a CbC Report in Cyprus?

CbC Reporting requirements apply to MNE Groups with consolidated group revenue of €750 million or more in the immediately preceding fiscal year.

The following constituent entities will be required to file CbC Reports in Cyprus with respect to fiscal years beginning on or after 1 January 2016:

- A Cyprus tax resident ultimate parent entity of an MNE Group; and
- A Cyprus tax resident surrogate parent entity of an MNE Group (a surrogate parent entity can only be appointed in specific circumstances – refer to [surrogate](#)).

A Cyprus tax resident constituent entity of an MNE Group may be required to file under the secondary reporting mechanism with respect to fiscal years beginning on or after 1 January 2017.

8. When can a surrogate parent entity be appointed?

A surrogate parent entity can be appointed by an MNE Group to file the CbC Report instead of the ultimate parent entity where both A and B below are satisfied:

- A. One or more of the following circumstances applies:
- the ultimate parent entity of an MNE Group is not required to file a CbC Report in its jurisdiction of tax residence;
 - the jurisdiction in which the ultimate parent entity of that MNE Group is resident for tax purposes does not have a qualifying competent authority agreement in effect with Cyprus (by the due date for filing the CbC Report) that provides for the exchange of CbC Reports; or
 - there has been a systemic failure by the jurisdiction of tax residence of the ultimate parent entity of that MNE Group to exchange the CbC Reports in its possession and the Cyprus Tax Department has notified the Cyprus tax resident constituent entity that such a failure has occurred; and
- B. The jurisdiction in which the surrogate parent entity is resident for tax purposes:
- i. requires the filing of CbC reports;
 - ii. has a qualifying competent authority agreement in effect with Cyprus (by the due date for filing the CbC Report) that provides for the exchange of CbC Reports;
 - iii. has not notified the Cyprus Tax Department of an event of systemic failure;
 - iv. has been notified of the identity of the surrogate parent entity; and
 - v. A notification has been provided to the Cyprus Tax Department setting out the name and jurisdiction of tax residence of the surrogate parent entity and its tax identification number (refer to [question](#) regarding notifications).

9. What are the obligations of a Cyprus tax resident constituent entity which has been appointed as a surrogate parent entity?

Where a Cyprus tax resident constituent entity is appointed as a surrogate parent entity, the Cypriot CbC Reporting legislation applies as if that entity were an ultimate parent entity.

Therefore a Cyprus tax resident constituent entity which has been appointed as a surrogate parent entity must file a CbC report to the Cyprus Tax Department on behalf of the entire MNE Group.

10. What information should a CbC Report contain?

A CbC report for an MNE Group must contain the following information in respect of each jurisdiction in which the MNE Group operates:

- (a) on an aggregate basis, —
 - (i) amount of unrelated party revenue, related party revenue and total revenue;
 - (ii) amount of profit or loss before income tax;
 - (iii) amount of income tax paid;
 - (iv) amount of income tax accrued;
 - (v) amount of stated capital,
 - (vi) amount of accumulated earnings,
 - (vii) number of employees, and
 - (viii) value of tangible assets other than cash or cash equivalents; and

(b) identification of each constituent entity carrying on a business or tax resident in each jurisdiction and, where different from such jurisdiction of tax residence, the jurisdiction under the laws of which such constituent entity is organised, and the nature of the main business activity or activities of each constituent entity.

In accordance with the [CbC Reporting XML Schema: User Guide for Tax Administrations and Taxpayers](#) published by the OECD (“the XML Schema”) the CbC report must also contain the following information:

- (i) the tax identification code (“TIC”) of each constituent entity,
- (ii) country of issuer of the TIC for each constituent entity; and
- (iii) the address of each constituent entity.

The XML Schema explains in more detail the specific information to be included on the CbC Report relating to addresses.

Refer to question regarding [XML](#) Schema below.

11. What is the secondary reporting mechanism?

Paragraph 5(a) of the Decree deals with the secondary reporting mechanism. In accordance with the BEPS Action 13 Final Report, the secondary reporting mechanism requires a constituent entity of an MNE Group, which is neither the ultimate parent entity nor the surrogate parent entity of the MNE group, to file a CbC Report in certain circumstances.

12. When does the secondary reporting mechanism apply in Cyprus?

The secondary reporting mechanism applies where no surrogate parent entity has been appointed and one or more of the following circumstances apply:

- A. the ultimate parent entity of an MNE Group is not required to provide a CbC Report in its jurisdiction of tax residence;
- B. the jurisdiction in which the ultimate parent entity of that MNE Group is resident for tax purposes does not have a qualifying competent authority agreement in effect with Cyprus (by the due date for filing the CbC Report) that provides for the exchange of CbC Reports; or
- C. there has been a systemic failure by the jurisdiction of tax residence of the ultimate parent entity of that MNE Group to provide the CbC Reports in its possession and the Cyprus Tax Department has notified the Cypriot tax resident constituent entity that such a failure has occurred.

The secondary reporting mechanism applies for fiscal years beginning on or after 1 January 2017.

13. What are the requirements under the secondary reporting mechanism in Cyprus?

The secondary reporting mechanism represents the primary difference between Action 13 and the Cypriot CbC Reporting legislation. In accordance with Action 13, where the secondary reporting mechanism applies, a constituent entity, which is neither the ultimate parent entity nor the surrogate parent entity, must file a full CbC Report for the whole MNE Group.

The Cypriot CbC Reporting legislation recognises that a Cyprus tax resident constituent entity of an MNE Group, which is neither the ultimate parent entity nor the surrogate parent entity, may be limited in its capacity to file a full CbC Report with information for the whole MNE Group.

Therefore, where the secondary reporting mechanism is invoked, a Cyprus tax resident constituent entity is required to file an “Equivalent CbC Report” – refer to [Equivalent](#) Report below .

14. What is an “Equivalent CbC Report” and what information should it contain?

An Equivalent CbC Report is defined in Paragraph 3 of the Decree as “*containing all information that a constituent entity that is tax resident in the Republic has in its possession which was acquired or received.*”.

A Cypriot tax resident constituent entity obliged to file a CbC report under the secondary reporting mechanism is expected to include in the CbC Report (i) all information that is within its custody or possession and (ii) all information, in respect of which it has an enforceable legal right to obtain or acquire from other group entities (with the exception of legally privileged information). It is the Cyprus Tax Department’s expectation that, where the secondary reporting mechanism applies, the Equivalent CbC Report will include *inter alia* information relating to the Cypriot tax resident constituent entity and its subsidiaries. The Cypriot tax resident constituent entity obliged to file under the secondary reporting mechanism should summarise in Table 3 (Additional Information) of the Equivalent CbC Report the approach which it has taken for the completion of the Equivalent CbC Report and to provide an explanation as to the data which it could not obtain and the reasons for this.

It is the Cyprus Tax Department's view that a Cyprus tax resident constituent entity is best placed to determine what information it can provide in the Equivalent CbC Report having regard to the specific facts and circumstances of the Cypriot tax resident constituent entity. The Cyprus Tax Department expects the domestic constituent entity to take a reasonable, practical and consistent approach. The onus is on the domestic constituent entity to ensure that the Equivalent CbC Report is complete and accurate.

The filing of an Equivalent CbC report by a Cypriot tax resident constituent entity which includes information on other Cypriot tax resident constituent entities of the same MNE Group does not discharge the latter entities from the obligation to file an Equivalent CbC report themselves.

15. Will the secondary reporting mechanism apply if an ultimate parent entity of an MNE group files a CbC Report on a voluntary basis in its country of residence?

It is acknowledged that some jurisdictions do not have a legal framework in place to require an ultimate parent entity resident in that country to file a CbC Report for a fiscal year commencing on or after 1 January 2016. Following OECD guidance published in April 2017, the Cyprus Tax Department accepts that where an ultimate parent entity of an MNE Group files a CbC Report for a fiscal year on a voluntary basis in its country of residence (i.e. parent surrogate filing), and provided a number of conditions are met, constituent entities resident in Cyprus will not be required to file an Equivalent CbC Report under the secondary reporting mechanism for that year. Since the secondary reporting mechanism does not apply for fiscal year 2016, the voluntary filing in another jurisdiction does not have an impact on constituent entities of the MNE Group tax resident in Cyprus for fiscal year 2016. The conditions that must be satisfied are:

1. the ultimate parent entity of the MNE Group makes available a CbC Report conforming to the requirements of the BEPS Action 13 Final Report to the tax authority of its jurisdiction of tax residence by the filing deadline, i.e. 12 months after the last day of the fiscal year of the MNE Group; and
2. by the filing deadline of the CbC Report, the jurisdiction of tax residence of the ultimate parent entity must have its laws in place to require CbC Reporting (even if the filing of a CbC Report for that fiscal year is not required under those laws); and
3. by the filing deadline of the CbC Report for that fiscal year, a qualifying competent authority agreement must be in effect between the jurisdiction of tax residence of the ultimate parent entity and Cyprus; and
4. the jurisdiction of tax residence of the ultimate parent entity has not notified the Cyprus Tax Department of a systemic failure; and
5. a Cypriot tax resident constituent entity of the MNE Group must, by the last day of the fiscal year, notify the Cyprus Tax Department of the name and jurisdiction of tax residence of the reporting entity. Refer to question below for further detail on CbC Reporting [notification](#).

16. Is there any specific guidance on how to complete the CbC Report / Equivalent CbC Report?

It should be borne in mind that the CBC Report is intended to apply for a multitude of entity types across a broad range of industries. Therefore, it is not practical to draft guidance on the completion of CbC Reports / Equivalent CbC Reports that provides a definitive answer for every type of entity / industry.

The Decree includes detailed instructions and guidance on how to complete CbC Reports, which are in line with BEPS Action 13 Final Report (page 31), and should be reviewed in full in advance of completing CbC Reports / Equivalent CbC Reports. In addition, these FAQs address some specific questions which may arise when completing CbC Reports / Equivalent CbC Reports.

The reporting entity / Cyprus constituent entity should adopt a reasonable, practical and consistent approach to completion of CbC Reports / Equivalent CbC Reports. Furthermore, the reporting entity / Cyprus constituent entity should complete CbC Reports / Equivalent CbC Reports to the best of its ability, taking into account the guidance provided in the Decree and the BEPS Action 13 Final Report, having regard to the specific facts and circumstances of the MNE Group and the industry in which it operates. The onus is on the reporting entity / Cyprus constituent entity to ensure that the CbC Report / Equivalent CbC Report is complete and accurate.

A. What should be included in the “revenues” column on Table 1 of the CbC Report / Equivalent CbC Report?

In line with the BEPS Action 13 Final Report, “revenues” should include income from sales of inventory and properties, services, royalties, interest, premiums and any other amounts. Payments received from other constituent entities that are treated as dividends in the payor’s tax jurisdiction should be excluded.

The term “revenues” should be interpreted in the broadest possible sense to include all income (both revenue and capital in nature, but excluding payments that are treated as dividends in the payer’s tax jurisdiction).

The Cyprus Tax Department is of the view that a Cyprus resident constituent entity of an MNE group is best placed to interpret the definition of “revenues”, taking into account the guidance provided in the BEPS Action 13 Final Report as well as the Guidance on the Implementation of CbC Reporting issued by the OECD, having regard to the specific facts and circumstances of the MNE Group and the industry in which it operates. The Cyprus Tax Department expects the reporting entity / Cyprus constituent entity to take a reasonable, practical and consistent approach. The onus is on the reporting entity / Cyprus constituent entity to ensure that the CbC Report / Equivalent CbC Report is complete and accurate.

B. How should in-country intercompany transactions be reflected in Table 1 of the CbC Report / Equivalent CbC Report?

In accordance with the Decree all columns in Table 1 require the reporting entity / Cyprus constituent entity to include aggregated results on a country by country basis. In particular, for the purposes of completing Table 1, financial results of all intercompany dealings within the same country must be aggregated and not consolidated. Table 3

(Additional Information) of the CbC Report / Equivalent CbC Report can be utilised to explain levels of in-country intercompany dealings, if required.

C. *In what circumstances should contractors or employees on secondment be included as employees of a particular constituent entity?*

In line with the BEPS Action 13 Final Report, independent contractors participating in the ordinary operating activities of the constituent entity may be reported as employees. The Cyprus Tax Department is of the view that reporting entity / Cyprus constituent entity is best placed to decide whether contractors participate in the ordinary operating activities of the business and therefore should be included as employees on the CbC Report / Equivalent CbC Report.

Similarly with regard to employees that have been seconded within an MNE Group, from one group entity to another group entity, again the reporting entity/ Cyprus constituent entity is best placed to decide in which entity's headcount seconded employees should be included for the purposes of the CbC Report / Equivalent CbC Report.

As noted above, reporting entity / Cyprus constituent entity should adopt a reasonable, practical and consistent approach to completion of CbC Reports / Equivalent CbC Reports.

Furthermore, the reporting entity / Cyprus constituent entity should complete CbC Reports / Equivalent CbC Reports to the best of their ability, taking into account the guidance provided in the Decree, having regard to the individual facts and circumstances of the MNE Group and the industry in which it operates. The onus is on the reporting entity / Cyprus constituent entity to ensure that the CbC Report / Equivalent CbC Report is complete and accurate.

D. *What should be included in Table 3 (Additional Information) of the CbC Report / Equivalent CbC Report?*

The reporting entity/ Cyprus constituent entity may wish to include any further brief information or explanation which it considers necessary or that would facilitate the understanding of the compulsory information provided in the CbC Report.

E. *How should permanent establishment (including branch) data be reflected on Table 1 of the CbC Report / Equivalent CbC Report?*

In line with the BEPS Action 13 Final Report, permanent establishment data should be reported by reference to the tax jurisdiction in which the permanent establishment is situated and not by reference to the tax jurisdiction of residence of the business unit of which the permanent establishment is a part. Residence tax jurisdiction reporting for the business unit of which the permanent establishment is a part should exclude financial data related to the permanent establishment.

The Decree sets out specific rules with regard to the balance sheet items on Table 1, that is, Stated Capital, Accumulated Earnings and Tangible Assets other than Cash and Cash Equivalents. The specific rules with regard to permanent establishments are as follows:

- **Stated Capital:** The stated capital of the permanent establishment should be reported by the legal entity of which it is a permanent establishment unless there is a defined capital requirement in the permanent establishment tax jurisdiction for regulatory purposes.

- **Accumulated Earnings:** Accumulated earnings of the permanent establishment should be reported by the legal entity of which it is a permanent establishment.
- **Tangible Assets other than Cash and Cash Equivalents:** Assets of the permanent establishment should be reported by reference to the tax jurisdiction in which the permanent establishment is situated.

F. What information should be included in the Income Tax Accrued column on Table 1 of the CbC Report/Equivalent CbC Report?

In accordance with the BEPS Action 13 Final Report this column should contain the sum of the accrued current tax expense recorded on taxable profits or losses. The current tax expense should reflect only operations in the current year and should not include deferred taxes or provisions for uncertain tax liabilities.

G. What factors should be used to classify the main business activity of group entities?

The reporting entity /Cyprus constituent entity should determine the nature of the main business activity / activities carried on by each of the constituent entities in the MNE Group and should tick one or more of the appropriate boxes on Table 2 of the CbC Report / Equivalent CbC Report. Where the “Other” business activity is selected for one or more constituent entities, the reporting entity/Cyprus constituent entity should specify the nature of the activity of such constituent entity / entities in Table 3 of the CbC Report / Equivalent CbC Report.

The Cyprus Tax Department is of the view that the reporting entity / Cyprus constituent entity is best placed to determine which combination of factors should be taken into account when determining the nature of the main business activity / activities carried on by each constituent entity, taking into account the guidance provided in the BEPS Action 13 Final Report, having regard to the specific facts and circumstances of the MNE Group and the industry in which it operates. The Cyprus Tax Department expects the reporting entity/ Cyprus constituent entity to take a reasonable, practical and consistent approach. The onus is on the reporting entity to ensure that the information provided in the CbC Report / Equivalent CbC Report is complete and accurate.

17. What sources of data should be used to complete the CbC Report / Equivalent CbC Report?

The reporting entity/ Cyprus constituent entity may choose to use data from its consolidation reporting packages, from separate entity statutory financial statements, regulatory financial statements, or internal management accounts.

The Cyprus Tax Department is of the view that the reporting entity/ Cyprus constituent entity is best placed to decide which approach works best for that particular MNE Group, taking into account the guidance provided in the BEPS Action 13 Final Report, having regard to the specific facts and circumstances of the MNE Group and the industry in which it operates. The Cyprus Tax Department expects the reporting entity / Cyprus constituent entity to take a reasonable, practical and consistent approach. In particular, the reporting entity / Cyprus constituent entity should consistently use the same sources of data from year to year in completing the CbC Report / Equivalent CbC Report. The onus is on the reporting entity / Cyprus constituent entity to ensure that the information provided in the CbC Report / Equivalent CbC Report is complete and accurate.

18. Will the Cyprus Tax Department seek to reconcile the CbC Report / Equivalent CbC Report to the consolidated financial statements of an MNE Group?

In accordance with the BEPS Action 13 Final Report, it is not necessary to reconcile the revenue, profit and tax reported in the CbC Report / Equivalent CbC Report to the consolidated financial statements.

The requirement to disclose aggregated figures, as opposed to consolidated numbers, means that, even where consolidated financial statements are the source of information used in the CbC Report / Equivalent CbC Report, the CbC Report / Equivalent CbC Report may not reconcile to the consolidated financial statements.

19. How should the CbC Reporting rules be applied to investment funds?

Guidance published by the OECD in April 2017 confirms that the application of CbC Reporting to investment funds will depend on the relevant accounting treatment. The governing principle is to follow the accounting consolidation rules.

If, applying accounting rules, an investment entity does not consolidate investee companies, then those investee companies should not form part of an MNE Group and should not be considered constituent entities. However, if the accounting rules require that the investment entity consolidates with an investee company, the investee company should be part of an MNE Group (where one exists) and should therefore be considered a constituent entity.

20. How should the CbC Report / Equivalent CbC Report be filed?

It is anticipated that filing of CbC Reports / Equivalent CbC Reports in Cyprus will be by electronic means. CbC Reports / Equivalent CbC Reports should be completed in XML format in accordance with the XML Schema .

The Cyprus Tax Department will issue further guidance on this in due course.

21. When must a CbC Report / Equivalent CbC Report be filed with the Cyprus Tax Department?

In accordance with the Decree, CbC Reports / Equivalent CbC Reports must be filed with the Cyprus Tax Department no later than 12 months after the last day of the fiscal year to which the CbC Report / Equivalent CbC Report relates. For example, a CbC Report / Equivalent CbC Report for the fiscal year ended 31 December 2016 must be filed with the Cyprus Tax Department no later than 31 December 2017.

22. Short accounting periods

Where the accounting period of an MNE Group is less than 12 months the threshold of €750 million should be prorated.

The filing deadline for the CbC Report / Equivalent CbC Report remains the same i.e. 12 months after the last day of the accounting period.

23. What happens if the ultimate parent entity of an MNE Group changes during a fiscal year?

The ultimate parent entity is always identified by reference to the last day of the fiscal year to which the CbC Report relates. Therefore, for an MNE Group with a fiscal year end of 31 December 2016, the ultimate parent entity is identified by reference to the date of 31 December 2016.

It should be noted that the ultimate parent entity of an MNE Group may change from one fiscal year to the next or part way through a fiscal year as a result of e.g. a takeover. An MNE Group should be cognisant of the impact changing ultimate parent entities may have on CbC Reporting obligations, in particular, where the jurisdiction of tax residence of the ultimate parent entity changes. Where a change in the ultimate parent entity of an MNE Group occurs, the MNE Group should carefully review its obligations with regard to making notifications and filing CbC Reports / Equivalent CbC Reports.

In particular, where an ultimate parent entity of an MNE Group changes part way through a fiscal year the Cyprus Tax Department expects the following to apply:

- The parent entity of the acquired MNE Group should file a CbC Report including data for that MNE Group up to the date of takeover.
- The parent entity of the acquirer MNE Group should file a CbC Report as normal for its fiscal year. That CbC Report will include data for the constituent entities of the acquired MNE Group from the date of acquisition until the end of the fiscal year.

24. What penalties apply for the non-filing of a CbC Report / Equivalent CbC Report or when the CbC Report / Equivalent CbC Report is incorrect or incomplete?

The penalties provided in Section 50(D) of the Assessment and Collection of Taxes Law, not exceeding ten thousand euros (€10.000), will apply in case of non-compliance with CbC Reporting obligations.

25. What notifications are required for CbC Reporting purposes in Cyprus?

Paragraph 6 of the Decree deals with notification obligations of Cyprus tax resident Constituent Entities.

A constituent entity of an MNE Group that is tax resident in Cyprus will need to notify the Cyprus Tax Department whether it is the ultimate parent entity or the surrogate parent entity (and thus will be filing a CbC Report in Cyprus), or a constituent entity performing local CbC Reporting in Cyprus due to the secondary filing mechanism.

If the Cyprus tax resident constituent entity is not acting in such a capacity, it shall file a notification with the Cyprus Tax Department containing the identity and tax residence of the ultimate parent entity and the Reporting Entity of the MNE Group.

[Sample Notification](#)

The penalties provided in Section 50(D) of the Assessment and Collection of Taxes Law, not exceeding five thousand euros (€5.000), will apply in case of non-filing of notification.

26. What is the deadline for making CbC Reporting notifications to the Cyprus Tax Department?

All notifications must be made no later than the last day of the fiscal year to which the CbC Report / Equivalent CbC Report relates. For example, for CbC Reports / Equivalent CbC Reports relating to the fiscal year ended 31 December 2017, notifications must be made to the Cyprus Tax Department no later than 31 December 2017.

For Fiscal Years beginning between 1 January 2016 and 20 October 2016, by exception, the first notification is made by 20 October 2017.

Where a Cyprus tax resident constituent entity, that is not the ultimate parent entity or surrogate parent entity, files a Report in Cyprus under the secondary mechanism, the notification obligation applies for Fiscal Years beginning on or after 1 January 2017.

27. How should CbC Reporting notifications be made to the Cyprus Tax Department?

Notifications must be submitted electronically via the Ariadne portal.

[Ariadne Portal](#)

28. Is it possible to amend a CbC Reporting notification after it has been submitted?

Where an ultimate parent entity/surrogate parent entity/Cyprus constituent entity detects an error in a notification submitted to the Cyprus Tax Department, that entity should submit a revised notification.

In such circumstances, the Cyprus Tax Department will disregard the first incorrect notification in its entirety. Therefore, the second complete notification will replace the original notification.

29. How will the Cyprus Tax Department obtain CbC Reports for Cyprus tax resident subsidiaries / permanent establishments of an MNE Group where the reporting entity is not tax resident in Cyprus?

Assuming the secondary reporting mechanism does not apply (refer to question regarding [secondary](#) mechanism), where the reporting entity is not tax resident in Cyprus, the Cyprus Tax Department will receive the CbC Report from the competent authority in the jurisdiction in which the reporting entity is tax resident under automatic exchange of information provisions.

30. Will the Cyprus Tax Department exchange CbC Reports filed in Cyprus with other tax authorities?

The Decree requires the Cyprus Tax Department to exchange CbC Reports with the Competent Authorities of other jurisdictions under automatic exchange of information provisions provided, on the basis of the information in the CbC Report, one or more constituent entities of the MNE Group are either resident for tax purposes, or are subject to tax with respect to the business carried out through a permanent establishment. Refer to [question](#) for information regarding exchange of Equivalent CbC Reports.

31. What conditions must be satisfied before the Cyprus Tax Department automatically exchanges CbC Reports with other tax jurisdictions?

There must be a qualifying competent authority agreement in effect by the due date for filing CbC Reports.

A qualifying competent authority agreement is defined in the Decree as an agreement that is between authorised representatives of those jurisdictions that are party to an International Agreement (i.e. a Double Tax Agreement, Tax Information Exchange Agreement or the Multilateral Convention for Mutual Administrative Assistance in Tax Matters) and (ii) that requires the automatic exchange of CbC Reports between the party jurisdictions.

In most cases, exchange of CbC Reports is expected to take place pursuant to the Multilateral Competent Authority Agreement (“MCAA”) for CbC Reporting. A list of the jurisdictions that have signed up to the MCAA can be found on the OECD website.

32. Will Equivalent CbC Reports be exchanged with other tax authorities?

Equivalent CbC Reports are a local filing requirement in Cyprus and the Cyprus Tax Department is not required to automatically exchange Equivalent CbC Reports with other tax authorities.

33. How will the Cyprus Tax Department safeguard the confidentiality of information provided on CbC Reports / Equivalent CbC Reports?

The Decree provides that all taxpayer information is confidential and may only be disclosed in accordance with the law. The information contained on CbC Reports / Equivalent CbC Reports will be treated in the same manner as all other taxpayer information provided to / received by the Cyprus Tax Department.

With regard to information provided to other tax authorities under automatic exchange of information provisions, although the MCAA is multilateral, the exchanges of actual CbC Reports will be bilateral and the MCAA includes a mechanism that allows each jurisdiction to retain control over which jurisdictions they undertake exchanges with.

In addition, the MCAA provides that all information exchanged is subject to the confidentiality rules and other safeguards provided for in the Convention on Mutual Administrative Assistance in Tax Matters.

34. What will the information provided on a CbC Report / Equivalent CbC Report be used for?

The BEPS Action 13 Final Report sets out three permitted uses for information contained in CbC Reports, namely:

- to assess high level transfer pricing risk;
- to assess other BEPS-related risks; and
- for economics and statistical analysis.

Cyprus is committed to using information provided on CbC Reports / Equivalent CbC Reports in accordance with the permitted uses. The Cyprus Tax Department will not use CbC Reporting data, by itself, to make adjustments to the income of a taxpayer.

35. What information should be kept by Reporting Entity?

In order to examine whether the information filed by a Reporting Entity is correct and complete, the competent authority may request the Reporting Entity to file to the competent authority, within a reasonable time period set out by the competent authority, the information, including copies of the relevant books, documents and other data, or any electronically stored information, at its disposal or under its control with respect to the information required to be filed to the competent authority for the purposes of this Decree.

Where information required to be reported or controlled by the competent authority, is outside the Republic in any way, the Reporting Entity filing information should take all the necessary measures to transmit information in the Republic within the time period set out by the competent authority in order for the Reporting Entity to be able to comply with the requirements of the competent authority on the basis of this Decree.

Each Reporting Entity should keep for a period of six years all books, documents and various files, including those stored electronically, which relate to the information required to be filed to the competent authority for the purposes of this Decree.

The penalties provided in Section 50(D) of the Assessment and Collection of Taxes Law, not exceeding one thousand five hundreds euros (€1.500), will apply in case of non-compliance with obligation to keep all the necessary books, documents and records.

36. Can a company submit its notification or CbCR reports via an agent?

Every Reporting Entity may appoint a representative to perform the duties and obligations imposed by this Decree.