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News Flash United Kingdom

Latest news on law, tax and business in the United Kingdom

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UK Country by Country reporting requirements

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The Taxes (Base Erosion and Profit Shifting) (Country-by-Country Reporting) Regulations 2016 were published on 26 February and came into force on 18 March 2016. They introduce the requirement for any UK resident ultimate parent entity of a multi-national enterprise, with a consolidated group turnover of EUR 750 million, to make an annual country-by country report to HMRC. The new regulations affect accounting periods commencing on or after 1 January 2016.

There are several amendments to the draft regulations which were originally published in October 2015. The most significant change is that UK subsidiaries of foreign-parented groups will be required to file a country by country (CbC) report for the UK sub-group if the foreign parent is not required to file in its own territory (or HMRC does not expect to receive the report from that tax authority). This brings the UK into line with other G20 and OECD countries that have a secondary filing requirement where the foreign parent is not subject to CbC reporting.

The CbC reports for the global group must be submitted to HMRC within 12 months of the year end. The report will need to show revenue, profit before tax, tax paid and accrued, employment information, capital, retained earnings and tangible assets for each entity in each tax jurisdiction where the MNE does business. The information will then be shared by HMRC with other tax jurisdictions. HMRC have indicated that they will use the information in the CbC reports as part of their risk assessment when instigating transfer pricing enquiries. There is a penalty regime for late and incorrect reporting.

For UK companies with a foreign parent in a country which does not introduce CbC reporting or does not have an effective information exchange provisions with the UK, a UK CbC report must be submitted for the sub-group of the highest UK entity in the group. There are exceptions where a group company has filed a global CbC report either in a territory with an effective exchange agreement with HMRC or in the UK under the voluntary reporting mechanism.

Multi-national enterprises (MNEs) should not underestimate the practical difficulty of gathering the necessary data and they need adequate processes in place to generate the report.

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Adding value

„We strive to create a clear value added for our clients through all our services – be it legal advisory, tax audits or resolving business management issues.“

Rödl & Partner

„The work of every single person contributes to adding value to the whole group and ultimately the joint success of the team.“

Castellers de Barcelona

„Each and every person counts“ – to the Castellers and to us.

Human towers symbolise in a unique way the Rödl & Partner corporate culture. They personify our philosophy of solidarity, balance, courage and team spirit. They stand for the growth that is based on own resources, the growth which has made Rödl & Partner the company we are today. „Força, Equilibri, Valor i Seny“ (strength, equilibrium, valour and common sense) is the Catalan motto of all Castellers, describing their fundamental values very accurately. It is to our liking and also reflects our mentality. Therefore Rödl & Partner embarked on a collaborative journey with the representatives of this long-standing tradition of human towers – Castellers de Barcelona – in May 2011. The association from Barcelona stands, among many other things, for this intangible cultural heritage.

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