

Country by Country Reporting

We would like to inform you that following the signing of the Multilateral Competent Authority Agreement on the exchange of Country by Country (CbC) Reports on 01/11/2016, the Ministry of Finance issued a Decree defining the requirements of the entities of Multinational Enterprises (MNE) Groups with consolidated group revenue of Euro 750 million and above regarding the information to be provided to the Cyprus Tax Department under the CbC Reporting.

CbC Report Filing Obligation

Under the Decree, each Ultimate Parent Entity of an MNE Group with consolidated revenue exceeding Euro 750 million that is resident for tax purposes in Cyprus must file a CbC Report with respect to its reporting fiscal year. The first reporting fiscal year will be the year 01/01/2016 - 31/12/2016 and the CbC Report must be submitted within 18 months from the end of the year i.e. **by 30/06/2018**. For each year thereafter the deadline for submission of the CbC Report is 15 months from the end of the reporting year.

A Surrogate Parent Entity can be appointed by the MNE Group as a substitute of the Ultimate Parent Entity to file the CbC Report, on behalf of the MNE Group, when one of the below conditions is satisfied:

- (i) The Ultimate Parent Entity of the MNE Group is not obligated to file a CbC Report in its jurisdiction of tax residence
- (ii) The Ultimate Parent Entity is tax resident in another Member State or third country that has signed a current international agreement to which Cyprus is a contracting party,

but has not signed a qualifying competent authority agreement in effect to which Cyprus is a party by the time specified for filing the CbC Report for the reporting fiscal year

(iii) There has been a systemic failure of the jurisdiction of tax residence of the Ultimate Parent Entity that has been notified by the Cyprus Tax Department to the Constituent Entity resident for tax purposes in Cyprus

CbC Report

The CbC Report with respect to an MNE Group should contain the below information:

(a) Aggregate information relating to the amount of revenue, profit (loss) before income tax, income tax paid, income tax accrued, stated capital, accumulated earnings, number of employees, and tangible assets other than cash or cash equivalents with regard to each jurisdiction in which the MNE Group operates

(b) An identification of each Constituent Entity of the MNE Group setting out the jurisdiction of tax residence of such Constituent Entity, 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 such Constituent Entity

CbC Notification

It is further noted that a notification must be submitted to the Cyprus Tax Department in relation to the obligation to submit a CbC Report as follows:

(a) A Constituent Entity of an MNE Group that has its tax residence in Cyprus should inform the Cyprus Tax Department if it constitutes the Ultimate Parent Entity or the Surrogate Parent Entity, no later than the last day of the reporting fiscal year of the MNE Group. It is noted that the first notification must be submitted no later than **20/10/2017**.

(b) Where a Constituent Entity of an MNE Group that is resident for tax purposes in Cyprus but is not the Ultimate Parent Entity nor the Surrogate Parent Entity, it must notify the Cyprus Tax Department of the identity and tax residence of the Reporting Entity no later than the last day of the reporting fiscal year of the MNE Group. It is noted that the first notification must be submitted no later than **20/10/2017**.

It is also noted that the Cyprus Tax Department is currently examining the set up of a portal through which the CbC notifications and the CbC reports will be submitted.