

Irish Country-by-Country reporting

Notification requirements

As part of the Base Erosion and Profit Shifting (BEPS) programme, Ireland has introduced domestic legislation to adopt the Country-by-Country (CbC) reporting requirements into Irish law in Finance Act 2015, with further amendments in the recently published Finance Bill 2016. The requirements apply for accounting periods beginning on or after 1 January 2016.

All Irish companies of multinational groups are now required to consider their obligations under the domestic legislation. Whilst an Irish entity may not have a reporting requirement, it may still be required to provide certain notifications to the Irish Revenue Commissioners.

Notifications must be provided to the Irish Revenue Commissioners by the last day of a company's financial year. Therefore a company with an accounting period beginning **1 January 2016** must notify the Irish Revenue Commissioners by **31 December 2016**.

The new CbC reporting requirements have been implemented for fiscal years beginning on or after 1 January 2016 and apply to Multinational Enterprises (MNEs) with annual consolidated group revenue equal to or exceeding €750 million.

MNEs will be required to provide all relevant governments with the information on their global allocation of the income, economic activity and taxes paid among countries according to a common template.

CbC reports should be filed in the jurisdiction of tax residence of the ultimate parent entity and are shared between jurisdictions through automatic exchange of information, pursuant to government-to-government mechanisms such as the multilateral convention on mutual administrative assistance in tax matters, bilateral tax treaties or tax information exchange agreements. In limited circumstances, secondary mechanisms, including local filing can be used as a backup.

It is expected that reporting obligations will be met by the ultimate parent of the group, be it Irish headquartered or foreign – although Irish legislation allows an Irish tax resident surrogate parent entity, of an MNE group, to be nominated by the ultimate parent to file a CbC report on behalf of the group. In addition, the legislation sets down a secondary reporting mechanism which places an obligation on an Irish tax resident subsidiary/constituent entity of an MNE group, to file an “equivalent CbC report” or make certain notifications to the Irish Revenue Commissioners.

Under the Irish domestic provisions, in respect of the secondary filing mechanism, a multinational group can designate an Irish resident constituent entity of the group as a surrogate parent entity and file a CbC report (known as an ‘equivalent CbC report’) with the Irish Revenue Commissioners on behalf of the group.

The secondary filing mechanism may also require an Irish resident constituent entity, which has not been appointed as a surrogate parent entity, to file a CbC report with the Irish Revenue Commissioners on behalf of the group. This applies where no surrogate parent entity has been appointed and one or more of the following circumstances apply:

- where a CbC report is not required to be filed by the ultimate parent entity in its jurisdiction of tax residence;
- where a qualifying competent authority agreement that provides for the exchange of CbC report is not in place with Ireland in the jurisdiction that the ultimate parent entity is resident for tax purposes; or

- there has been a systemic failure by the jurisdiction of tax residence, of the ultimate parent entity of that MNE group, to file a CbC report and the Irish Revenue Commissioners have notified the Irish tax resident constituent entity that such a failure has occurred.

Notification obligations

All Irish companies (be it Irish headquartered MNEs, Irish surrogate parent entities or Irish subsidiaries of foreign MNEs), where the annualised revenue of the group is €750m or more, must notify the Irish Revenue Commissioners on or before the last day of the accounting period to which the CbC report relates, of the chosen group entity to file the CbC report and its jurisdiction of tax residence.

In summary, the CbC reporting notification obligations in Ireland are as follows:

- where the ultimate parent entity of the MNE group is tax resident in Ireland, then the ultimate parent entity must notify the Irish Revenue Commissioners that it is the reporting entity;
- where a surrogate parent entity has been appointed and that surrogate parent entity is tax resident in Ireland, then that surrogate parent entity must notify the Irish Revenue Commissioners that it is the reporting entity; and
- all domestic MNE constituent entities must notify the Irish Revenue Commissioners of the name and jurisdiction of tax residence of the reporting entity.

As a result – an Irish member of a MNE group with no reporting obligations is required to make a notification to the Irish Revenue Commissioners. This should detail which group company will be submitting the CbC report on behalf of the group, of which it is a member. To reduce the administrative burden of this notification requirement, the Irish Revenue Commissioners have provided the option for one Irish member of the group to make an election (for the purposes of this notification only) to submit the notification on behalf of all Irish resident group companies.

Notification deadline

Such notifications must be made to the Irish Revenue Commissioners by the last day of the relevant accounting period. Therefore for any company with an accounting period beginning 1 January 2016, it must notify the Irish Revenue Commissioners by 31 December 2016.

How Grant Thornton can help your business

We can help your business to comply with the legislation by reviewing CbC requirements across the group, preparing or reviewing reporting and notification requirements and advising on the preparation and presentation of the CbC report.

Contact

For a further discussion of how the CbC reporting obligations might affect your business, please contact a member of our team.

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