




Grant Thornton

EU Public Country by Country Reporting Summary



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Introduction

Purpose

This document provides background and a summary of legislative developments in the EU relating to the implementation of the EU Directive Public Country by Country Reporting ('CbCR') Directive, referred to as the CbCR Directive.

It is important to note that the information provided in this document is subject to change. Although it is updated on a periodic basis to include the latest developments, it does not represent, and should not be viewed as representing, an exhaustive listing of the relevant news and developments with respect to the implementation of the EU CbCR.

This material has been prepared for general informational purposes only and is not intended to be relied upon as accounting, tax, legal or other professional advice.

To check for new developments or if you have questions regarding the specific items contained herein, please contact your Grant Thornton engagement team or the Grant Thornton professionals listed on page 15 of this document.



Overview

Background

- Requirement for multinationals to file a report on tax and other information and publicly publish the report
- The EU Directive Public Country by Country Reporting ('CbCR') Directive ('the CbCR Directive') applies from the start of the first financial year starting on or after 22 June 2024 [Directive - 2021/2101 - EN - EUR-Lex \(europa.eu\)](#)

What should be reported?

- Data needs to be relevant for the whole group
- Separately for each Member State
- Separately for non-cooperative/ 'grey list' jurisdictions
- Aggregated for the rest of the world
- Discrepancies need an explanatory narrative
- Safeguard clause to omit sensitive information for up to 5 years
- Some Member States have deviated from the reporting guidance outlined in the Directive, so it is important to check the implementation of the CbCR Directive in each jurisdiction



Am I caught?

- Consolidated net turnover >€750m in each of the last two consecutive financial years
- Ultimate parent or member of the group is governed by the law of a Member State
- If non-EU headquartered, your EU presence needs to include a medium or large sized subsidiary/ branch

Who has to report and when?

- EU parent if EU headquartered, otherwise through a qualifying subsidiary or branch
- Must publish and make the report accessible to the extent that information is available
- Annual requirement
- Some Member States have introduced different reporting deadlines and varied requirements so again it is important to check the implementation of the CbCR Directive in each jurisdiction

*with a few notable exceptions. See later in the deck.

Challenges



Data



Groups should not assume that they will be able to simply make public the same data disclosed under the non-EU CbCR requirements.

There are different aggregation requirements in comparison to the non-EU CbCR requirements and the concept of 'stateless' is not recognised by the CbCR Directive. These differences can exacerbate issues with extracting the right data.

Compliance



The CbCR Directive is a minimum standard, Member States may therefore expand the scope of the rules by, for example, requiring additional data points or tighten the rules by legislating for shorter reporting deadlines.

These different options and potential scope extensions will be difficult to track since non-EU Headquartered groups may have reporting obligations in each EU country where they have a qualifying presence.

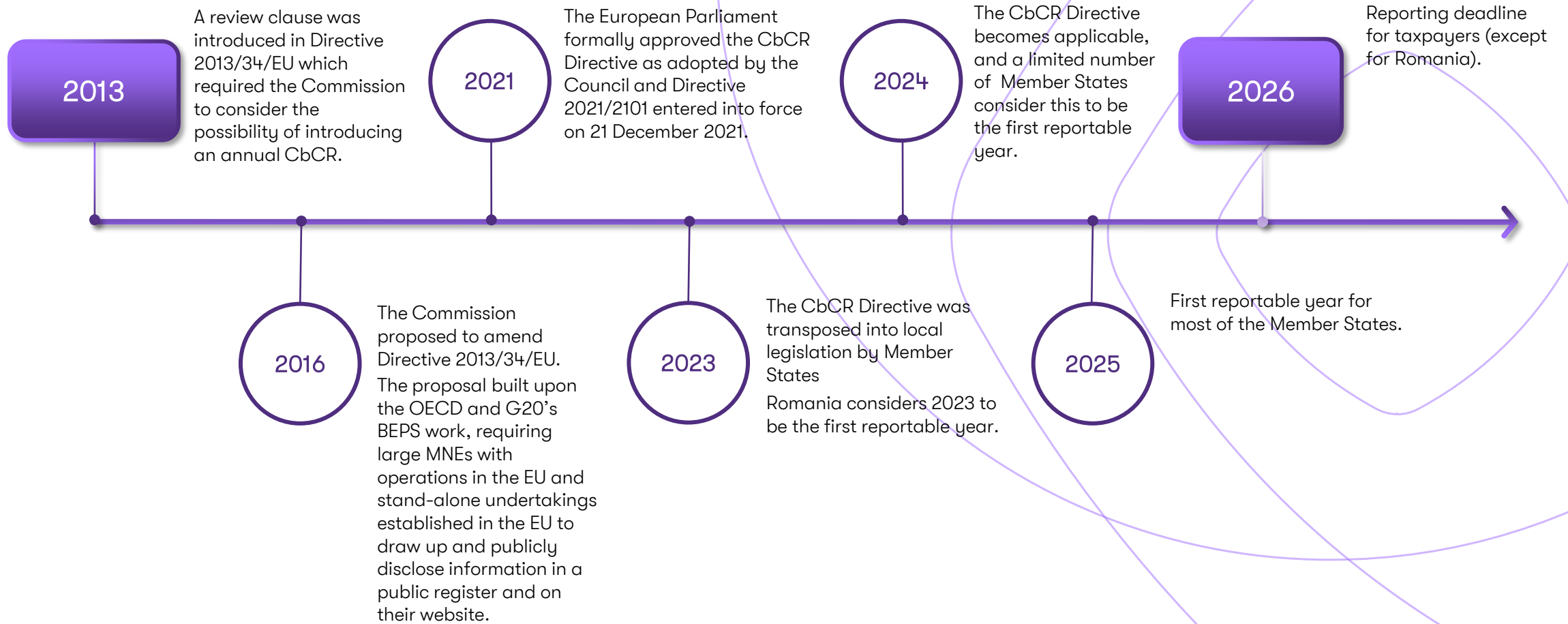
Disclosure



This CbCR Directive is a step towards greater tax transparency. The intention being to increase scrutiny on groups' income tax positions and strategies.

There are no limitations on how the data published under the CbCR Directive can be used. As such the information may be used in conjunction with other data that may paint the group in an unfavourable light, as a wider audience attempts to understand the affairs of the group. Data may also be used to benchmark against a group's peers.

Timeline



Background

On 22 May 2013 a review clause was introduced in Directive 2013/34/EU which required the European Commission (the Commission) to consider the possibility of introducing an obligation on large undertakings of additional industry sectors to produce, on an annual basis, a CbCR, considering the developments in the Organization for Economic Cooperation and Development ('OECD') and the results of related European initiatives.

Public CbCR had already been established in the EU for the banking sector by Directive 2013/36/EU, as well as for the extractive and logging industry by Directive 2013/34/EU.

On 1 December 2021, the Official Journal of the European Union published the public Country-by-Country Reporting Directive ([EUR-Lex - L:2021:429:TOC - EN - EUR-Lex \(europa.eu\)](#)). Directive 2021/2101 ('CbCR Directive') entered into force on December 21, 2021, the 20th day after it was published.

Member States were mandated to incorporate the CbCR Directive into their domestic legislation for financial years commencing on or after June 22, 2024, with the initial disclosures expected a year following the conclusion of the respective reporting period. However, Member States retained the option to adopt these rules pre-emptively. Detail regarding the implementation by Member States is included later in this report.

Exemptions

Companies subject to Directive 2013/36/EU which already provide public CbCR may be exempt from the new requirements. This is because EU-headquartered banking groups are already within the scope of CRD IV and would be exempted from the EU public CbCR rules provided their existing disclosure covers all the entities included in their consolidated financial statements. However, non-EU headquartered banks operating in the EU will not benefit from the exemption. Non-EU headquartered companies are brought in the scope of the rules by Article 48 b), paragraphs (5) and (6), which do not prescribe any exception for the banking sector.

The CbCR Directive does not provide for an exemption for entities that are subject to the reporting requirements under Chapter 10 of the EU Accounting Directive (extractive industry).

Reporting obligations

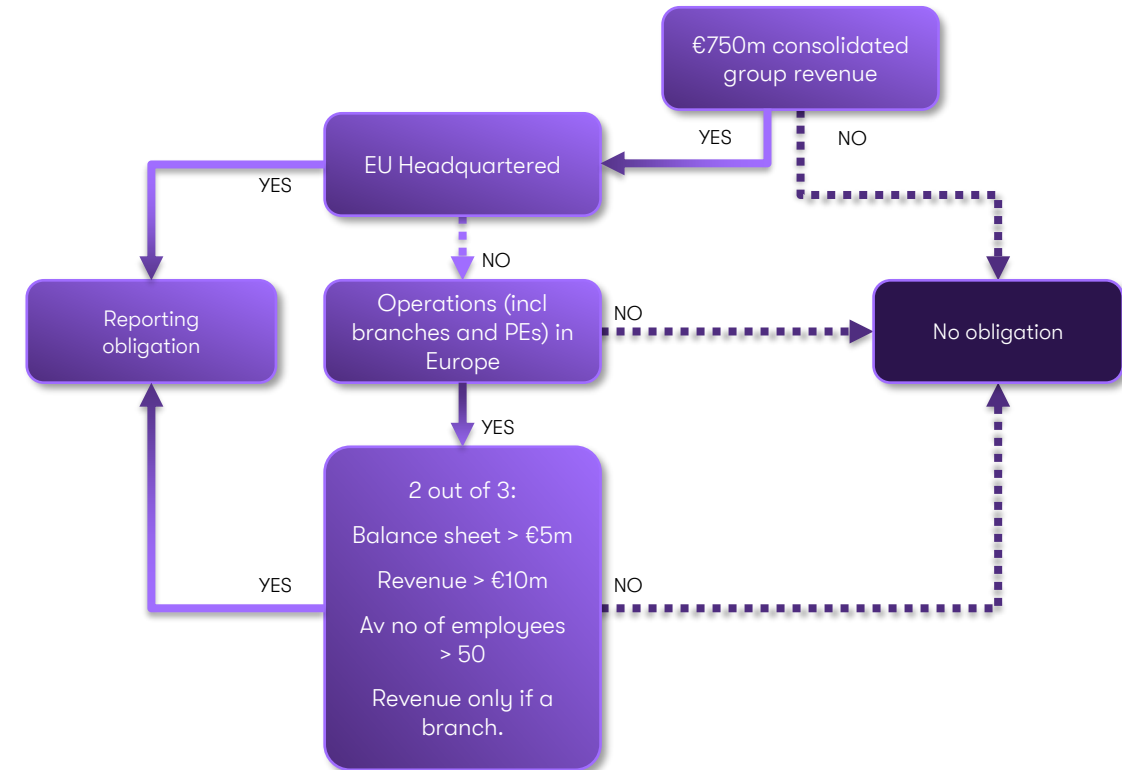
The rules require affected multinationals to file a report on tax and related information concerning the whole group, i.e., including data concerning non-EU-related operations, in one or multiple EU commercial registers, and also to publish the report on their corporate website.

A reporting obligation arises when there is a multinational group or stand-alone undertaking with a (consolidated) net turnover of at least €750 million in each of the last two consecutive financial years, and either the ultimate parent or a member of the group is an undertaking (subsidiary or branch) governed by the law of a Member State or has a branch in a Member State.

For EU-headquartered groups, the CbCR Directive prescribes that Member States that have not adopted the euro as national currency may convert the threshold of €750 million in local currency using the exchange rate published in the Official Journal of the EU as at December 21, 2021. Member States are also allowed to increase or decrease the threshold by up to 5 percent for rounding purposes. For non-EU headquartered groups, Member States are required to convert the threshold from their local currency to the currency of their headquartered jurisdiction in order to ascertain whether the threshold is breached. The exchange rate as at December 21, 2021, rounded off to the nearest thousand should also be used.

For non-EU headquartered companies, the legislation is relevant if the consolidated group threshold is exceeded, and the group's EU presence includes either medium-sized or large subsidiaries.

The flow chart depicts the process required to consider whether there are any reporting obligations.



Reporting obligations

In the case of groups where the ultimate parent company is based in the EU, the disclosure obligation lies with the EU parent. For non-EU parented groups that operate in the EU through qualifying subsidiaries or branches, the main rule is that each of the EU subsidiaries and EU branches is required to publish and make accessible the report on income tax information of their ultimate parent, to the extent that the information is available to them.

If the information is not available to the EU entities, they will have to publish a statement indicating that their parent has not made the necessary information available (the “comply or explain” clause). There is one exception to this rule, whereby the EU subsidiaries and branches are typically exempt from their obligations if the non-EU parent has published the report on their website and has assigned one of the EU subsidiaries or branches to file the report with their national trade registry. This has not however been implemented consistently by all Member States.

This aligns with a broader (potential, because not all Member States have introduced it) exemption for publishing a full report on the corporate website of the ultimate parent entity or standalone undertaking if the report is simultaneously made accessible to the public in an electronic reporting format which is machine-readable, on the website of the relevant register and free of charge to any third party located within the EU. The corporate website must contain information on that exemption and a reference to the website of the relevant register.



Report content

The report should cover specified data (see highlighted box) for the whole group. The data should be provided on the following basis:

- separately for each Member State
- separately for each jurisdiction included on the EU list of non-cooperative jurisdictions or on the “Grey List” (for two consecutive years)
- aggregated for the rest of the world

Discrepancies between accrued and paid taxes can be accompanied by an explanatory narrative.

Under a “safeguard clause” EU Member States may allow companies, under certain commercially sensitive conditions, to defer disclosure of certain elements for a maximum of five years. This clause is up to each Member State to define and so differences have arisen upon implementation of the Directive. If the data related non-cooperative jurisdictions, then this clause is not able to be used.

Most Member States require that the reports are drawn up and published annually within 12 months after the balance sheet date for the financial year of the group. Online versions of the report should remain accessible for at least five years.

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- The name of the ultimate parent undertaking or the standalone undertaking, the financial year concerned, the currency used, and where applicable, a list of all its subsidiary undertakings consolidated in the financial statement of the ultimate parent undertaking established in the EU or in tax jurisdictions included in Annex I or Annex II of the EU list of non-cooperative jurisdictions for tax purposes.
 - A brief description of the nature of their activities.
 - The number of employees on a full-time equivalent basis.
 - The amount of revenues (including from transactions with related parties but excluding dividends received from affiliated undertakings).
 - The amount of pre-tax profit or loss.
 - The amount of income tax accrued during the relevant financial year which is the current tax expense recognised on taxable profits or losses of the financial year by undertakings and branches in the relevant tax jurisdiction (deferred tax or provisions for uncertain tax liabilities to be excluded).
 - The amount of income tax paid on a cash basis which is the amount of income tax paid during the relevant financial year by undertakings and branches in the relevant tax jurisdiction (including withholding taxes paid by other undertakings with respect to payments to undertakings and branches within a group).
 - The amount of accumulated earnings at the end of the relevant financial year (with regard to branches, accumulated earnings shall be those of the undertaking which opened the branch).
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Implementation snapshot

Member States have either passed legislation implementing the CbCR Directive, drafted legislation or have legislation pending. Certain Member States have also deviated from the general terms of the CbCR Directive, which is the minimum standard. For example, from a timeline perspective, extension of the data required, or type of data required. The information in the below tables is subject to change.

	Reporting starting on or after	Publication date	Website exemption	Safeguard clause	Language	Notes
CbCR Directive	22 June 2024	12 mths	Yes	Yes	Official EU	-
Austria	22 June 2024	12 mnths	Yes	Yes	German for UPE	Financial auditors must assess whether the group has fulfilled its obligations
Belgium	22 June 2024	12 mths	Yes	No	Official EU	Extended the scope of the disaggregated data disclosures to cover all jurisdictions names on the Belgian tax haven list
Bulgaria	1 Jan 2025	12 mths	Yes	Yes	Bulgarian when submitting	-
Croatia	1 Jan 2024	12 mths	Yes	Yes	Official EU	-
Czech Republic	22 June 2024	12 mths	Yes	Yes	Czech or English	-

Implementation snapshot

	Reporting starting on or after	Publication date	Website exemption	Safeguard clause	Language	Notes
Denmark	22 June 2024	12 mths	No	Yes	Danish or English	Extended the disclosure to all EEA countries (not just EU Member States). Required to be submitted to the Danish commercial registry (no exemption for group reporting: non-EU HQ).
Estonia	22 July 2024	12 mths	Yes	No	Estonian or English	The tax authorities can retrospectively publish private CbC reports received
Finland	22 June 2024	12 mths	No	Yes	Official EU	-
France	22 June 2024	12 mths	No	Yes	French	Extended the disclosure to all EEA countries (not just EU Member States)
Germany	22 June 2024	12 mths	Yes	4 yrs only	German	-
Greece	22 June 2024	12 mths	Yes	No	Greek or English	-
Hungary	22 June 2024	5 mths if Hungarian UPE / 12 mths	Yes	No	Hungarian	Mandatory explanation of differences between income taxes accrued and taxes paid.

Implementation snapshot

	Reporting starting on or after	Publication date	Website exemption	Safeguard clause	Language	Notes
Ireland	22 June 2024	12 mths	Yes	Yes	Official EU	If Irish UPE the report must be filed within 56 days of the company's Annual Return Date
Italy	22 July 2024	12 mths	Yes	No	Italian or Official EU	-
Latvia	22 June 2024	12 mths	Yes	Yes	Latvian	-
Lithuania	22 June 2024	12 mths	Yes	Yes	Official EU	-
Luxembourg	22 June 2024	12 mths	Yes	Yes	Official EU	-
Malta	22 June 2024	12 mths	No	Yes	Official EU	-
Netherlands	22 June 2024	12 mths	No	Yes	Official EU	Extended the disclosure to all EEA countries (not just EU Member States)
Poland	22 June 2024	12 mths	No	Yes	Polish	-
Portugal	22 June 2024	12 mths	No	Yes	Official EU	-

Implementation snapshot

	Reporting starting on or after	Publication date	Website exemption	Safeguard clause	Language	Notes
Romania	1 Jan 2023	12 mths	Yes	Yes	Official EU or Romanian	Extended the disclosure to all EEA countries (not just EU Member States)
Slovakia	22 June 2024	12 mths	Yes	Yes	Official EU or Slovakian	-
Slovenia	22 June 2024	12 mths	Yes	Yes	Slovene	-
Spain	22 June 2024	6 mths	No	Yes	Official EU	Report needs to be filed 6 months after the balance sheet date
Sweden	31 May 2024	12 mths	No	Yes	Official EU	-

How we can help

There are several different ways that we can assist you, from collaboratively working through a gap analysis comparing the non-EU CbCR requirements to those included in the CbCR Directive to thinking about how to craft the free form narrative.

01 Scoping assessment

We can help you work through the requirements in the jurisdictions in which you operate to assess whether you fall within the scope of the CbCR Directive and define your reporting obligations and timeline. We can also advise as to using the free form boxes and exemptions if applicable.

02 Audit requirement

Under the CbCR Directive there is a mandatory requirement for auditors to check and state whether a company falls within scope and whether the public CbCR was published. This does not however include a requirement to provide assurance on the content of the report. We could help to provide additional assurance before you release the report to the public as part of your internal governance and control processes.

03 Data extraction and reporting

Consistency in meeting the requirements across the Member States is key, so tracking what you are reporting and where is important. Similarly, it would be advantageous to align the information compiled and data extraction for non-EU CbCR with the information required to be reported for public CbCR.

You need to ensure you have confidence in the data that will be made available to the public and that the information published is an accurate representation of your tax footprint.

04 ESG and transparency

The latter point above leads into ESG and transparency support. A broad audience will be able to access the data reported and will have a different level of understanding and how the information 'knits' together and what picture it paints of your group. Consideration should therefore be given as to whether additional facts and data should be reported or publicly published so as to present the information in a more commercial and accessible manner. We can help you assess this and take a step back to reflect on what your data is telling us about you in conjunction with other publicly available information about your group.

Contacts

We can help your business develop to its full potential and navigate the turbulent international environment for transfer pricing. Guidance and regulations are constantly emerging, and the fluctuating macro-economic climate is forcing businesses to re-evaluate their transfer pricing response to their changing supply chains and working practices. At Grant Thornton we understand that transfer pricing risk is a real risk to business and requires management.

Our transfer pricing team includes specialists who have worked in a number of geographies, and that combined with our global footprint enables us to provide practical, pragmatic and high-quality transfer pricing advice for any jurisdiction.

Every group is unique and faces its own transfer pricing challenges. How we can help you will vary enormously depending on where your organisation is positioned in its business life cycle, your industry and how you have structured your commercial operations. Transfer pricing might be a relatively new requirement, or maybe you simply need reassurance and validation that your policies are compliant and support positive commercial behaviour.

We offer a full range of transfer pricing services, helping clients at all stages of business maturity. These services include; designing, developing, documenting and defending transfer pricing policies through rigorous analysis and well-established principles.

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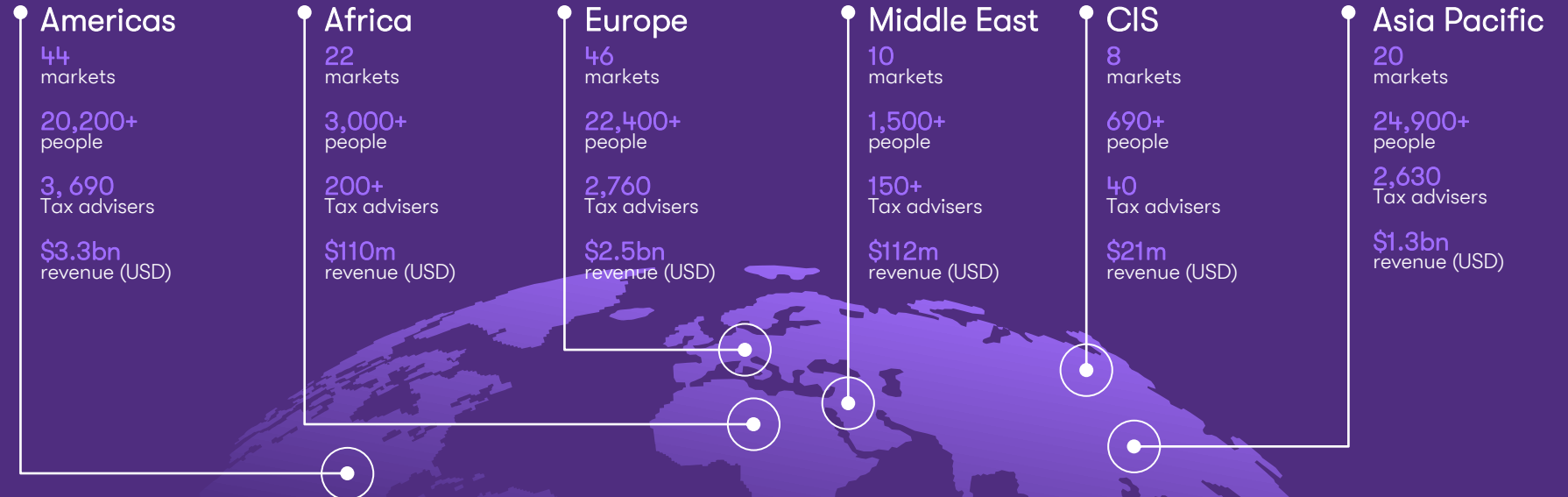
- With our global reach, we are well-positioned to support you anytime and anywhere.
- Our deep understanding of local cultures, regulations, and market dynamics, combined with a cohesive global strategy, allows us to deliver comprehensive and customised solutions that transcend borders

We are the UK member firm of a global network that employs 73,000 people in over 150 countries. We combine global scale with local insight and understanding to give you the assurance, tax, and advisory services you need to realise your ambitions.

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Grant Thornton International Limited



USD\$7.5bn
global revenues in USD



150
markets



73,000+
people



700+
offices



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