

Are you ready for Country-by-Country Reporting?

OVERVIEW

On 22 February 2018, Mauritius proclaimed the Income Tax (Country-by-Country Reporting) Regulations 2018 (the Regulations).

The Regulations takes effect from accounting years beginning on or after 1 July 2018. It applies to Multinational Enterprise (MNE) Groups with an annual consolidated turnover of at least EUR 750 million, and having two or more enterprises, the tax residence of which is in different jurisdictions.

Country-by-Country Reporting (CbCR) was introduced by the OECD as part of BEPS Actions 13. CbCR is intended as a tool for tax authorities to risk assess an MNE's transfer pricing and assess other base erosion and profit shifting related risks.

ENTITIES THAT HAVE TO COMPLY WITH CBCR OBLIGATIONS

The following entity of an MNE Group (with consolidated annual turnover of at least EUR 750 million) has to submit a CbC Report to the Mauritius Revenue Authority (MRA):

- ◆ The Ultimate Parent Entity (UPE) of an MNE Group that is resident in Mauritius for tax purposes ; or
- ◆ The MNE Group's appointed Surrogate Parent Entity (SPE), resident for tax purposes in Mauritius.

INFORMATION TO BE INCLUDED IN THE CBC REPORT

The information must be provided in the form of the following three different tables. The required information is similar to that provided for by the OECD in its implementation guidance on CbCR :

- ◆ Table 1 – Overview of allocation of income, taxes and business activities by tax jurisdiction.
- ◆ Table 2 – List of all the constituent entities of the MNE Group together with details of their core business activities in each jurisdiction.
- ◆ Table 3 – any other details deemed necessary to facilitate the understanding of mandatory information required under the CbC Report.

NOTIFICATION REQUIREMENTS

A Mauritius tax resident entity forming part of an MNE Group should within 12 months of the last day of the accounting year-end of the MNE Group give written notice to the MRA of the following :

- ◆ Whether or not the Mauritius tax resident company is the UPE or SPE of the MNE Group ; or

- ◆ The identity and tax residence of the UPE or the SPE if the Mauritius tax resident company is not the UPE or SPE of the MNE Group.

CBCR FILING DEADLINES

The CbC Report should be submitted to the MRA within 12 months from the last day of the accounting year-end of the MNE Group.

PENALTIES

Non-compliance with the Regulations entails a fine not exceeding MUR 5,000 (c. EUR 125) and imprisonment for a term not exceeding 6 months.

NEXT STEPS

- ◆ Mauritius corporates and entities should identify if they have notification and reporting obligations based on the requirements of the Regulations.
- ◆ As applicable, a CbCR readiness assessment should also be conducted by reviewing existing data, systems and resources availability and capabilities.
- ◆ Plan the necessary changes requirements for the implementation of CbC reporting, taking into account that CbC Reporting will be an annual exercise.
- ◆ Ensure that the CbC Reporting is in line with the MNE Group's overall transfer pricing position, and that there is robust transfer pricing documentation to support the transfer pricing position.

HOW WE CAN ASSIST

We can assist with following :

- ◆ Identify the relevance of CbCR for your Group.
- ◆ Assist with the CbCR readiness assessment and implementation of required changes.
- ◆ Assist with the reporting requirements.

Disclaimer :

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