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# Global Tax Alert

News from Transfer Pricing

## Finnish Government submits CbC reporting proposal

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On 21 December 2015, the Finnish Ministry of Finance sent a draft bill for introduction of Country-by-Country (CbC) reporting rules for public consultation. The proposal reflects the recommendations issued by Organisation for Economic Co-operation and Development's Base Erosion and Profit Shifting report on Action 13.

According to the draft bill, all multinational groups with annual consolidated group revenue equal to or exceeding €750 million will be obliged to prepare and file a CbC report. The CbC report contains detailed information of the activities of the group, such as certain key financial figures of the group entities in different countries. The CbC report shall be submitted in the jurisdiction where the group's ultimate parent company is tax resident and shall be exchanged with the jurisdictions where the group operates (i.e., through a subsidiary or permanent establishment) by using exchange of information agreements between the competent authorities.

If the ultimate parent company is a resident in a country that does not require CbC reporting, or if the Finnish tax administration is not able to receive the information through its information exchange network, the Finnish subsidiary would be responsible for submitting the information to the Finnish tax administration. If a multinational group fails to comply with the CbC reporting rules, it would be subject to penalties in the maximum amount of €25,000.

In addition to the CbC report, the draft bill suggests amendments regarding the general transfer pricing documentation requirements (in relation to both Masterfile and Local file), which would increase the level of information required in transfer pricing documentation. Thus, the contemplated amendments would impact all taxpayers that are required to prepare the transfer pricing documentation, even though they would not have to prepare the CbC report.

Public comments to the proposal are requested by 25 January 2016. The Government intends for the provisions to be enacted and effective by the beginning of 2017.

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