

Bloomberg BNA Quotes Peter Barnes: Country-by-Country Confusion: Narrow BEPS Queries Abound

11.03.2016

Bloomberg BNA

Global governments battling tax avoidance increasingly are pushing multinational corporations for a bigger picture of how and where they pay taxes, leading to increasingly narrow questions from company tax officers. “Footnotes,” was the advice from panelist Peter A. Barnes, of counsel in the international tax group at Caplin & Drysdale, Chartered in Washington, D.C. “I think you're going to have to flag it on the form.” For the complete article, please visit *Bloomberg BNA's* website (subscription required).

The U.S. and 18 other countries have adopted country-by-country reporting, and 14 more are in draft stages of adopting it, Barnes said. BEPS country-by-country reporting requirements apply to multinational enterprises with aggregate annual income of 750 million euros (\$833 million), meaning that about 4,000 companies globally—including 2,000 U.S. companies—would be affected.

Expect Follow up Questions

While many countries are being lenient now about how companies should fill out their country-by-country report, the expectation is that many will follow up with requests later about how to reconcile the country-by-country reports with local tax information, Barnes said.

Lincoln Terzian, an international tax practice partner at Grant Thornton's Manhattan office, agreed that many countries will likely seek clarification after the country-by-country form is filed.

“Recognize there's going to be further questions and reconciliation effort” from many of the countries, he said.

Taxpayers have many complicated questions around country-by-country reporting that have yet to be answered, said panelist Serge Huysmans, an international tax partner for Ernst & Young LLP in New York. For example, how are hybrid entities treated? How are branches treated? “Countries are taking a different view to this, and since we don't have the rules yet, we can't answer these questions,” he said.

Excerpt taken from the article “Country-by-Country Confusion: Narrow BEPS Queries Abound” by Leslie A. Pappas for BNA.

Attorneys

Peter A. Barnes

Related Practices/Industries

International Tax