

Peter Barnes Comments on Country-By-Country Reporting

09.21.2015

Bloomberg BNA's Transfer Pricing Report

Bloomberg BNA's Transfer Pricing Report quotes Caplin & Drysdale's Peter A. Barnes concerning Rep. Kevin Brady's (R-Texas) comments that the Treasury Department doesn't have the authority to require country-by-country reporting for U.S. multinationals to share employee, revenue and tax data with foreign countries, and that Congress would challenge an IRS decision to require country-by-country reporting. For the full article, please visit *Bloomberg BNA's* website (subscription required).

Excerpt taken from the article.

Pretty Please

"We want the U.S. to require country-by-country reporting," said Peter Barnes, international tax counsel at Caplin & Drysdale, Chartered. "If we don't have it, then all of us will still be filing directly with the foreign governments. Please, please, please, IRS, exercise your authority."

Barnes said a post-BEPS world requires more transparency from multinationals, but also gives them the opportunity to frame the conversation with tax authorities about how and why decisions regarding intangibles and transfer pricing are made. Companies would also have government protection for the information exchanged, he said.

It isn't yet certain if the U.S. will require the other items, the master file and local file, under Action 13. Most practitioners presumed the Internal Revenue Service wouldn't require the documentation that outlines the company's transfer pricing position and details transactions with affiliated group.

Information Sharing

...

Barnes said the master file, while an ambitious documentation project, puts companies in an advantageous position to explain how the business operates and outline reasoning for transfer pricing decisions and intangible valuation before a tax authority comes to do an audit.

The master file is our "opportunity to make lemonade," Barnes said. "This is your chance to put together a story about what your company does. I view it as an opportunity, not a penalty."

Attorneys

Peter A. Barnes

Related Practices/Industries

International Tax

