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FEEDBACK SUMMARY
PUBLIC CONSULTATION ON THE REVIEW OF COUNTRY-BY-COUNTRY REPORTING
(BEPS ACTION 13)
[12-13 May 2020]

GENERAL

SAICA attends various discussions and meetings on behalf of members with various stakeholders (internal and external). These meetings represent an opportunity for them to obtain further information on any tax matter from the public and discussions and views expressed do not represent policy or decisions. Furthermore, these discussions do not represent an undertaking by the stakeholders, but merely statements of their understanding or how they perceive or anticipate a particular matter to be addressed.

The below Feedback Summary should be seen in the above context as merely attempts to inform SAICA members of the discussions and of any proposals that were made during such discussions.

FEEDBACK SUMMARY

As part of the ongoing work of the OECD/G20 Inclusive Framework on BEPS (Inclusive Framework), on 6 February 2020, a public consultation document was released on the review of Country-by-Country Reporting (BEPS Action 13) and interested parties were invited to send written comments.

A public consultation meeting on 16 March 2020 was planned, which had to be cancelled due to the current circumstances with respect to the coronavirus (Covid-19). However, the Inclusive Framework wanted to continue to progress this work and ensure input from all interested parties. For this reasons, the public consultation meeting was re-scheduled as a virtual meeting using Zoom, held over 12-13 May 2020, 12:00 – 16:00 CET. All groups and associations that submitted comments were invited to participate in the virtual meeting.

SAICA submitted [comments](#) on the [public consultation document](#) and the chairperson of the SAICA Tax Committee (Christian Wiesener) and another member of the SAICA Tax Committee (Janine Jonker) attended the meetings on 12 and 13 May 2020.

The [agenda](#) did not strictly follow the order of topics in the public consultation document. This is because on Day 1 topics where there were substantial written comments from civil society were included; with Day 2 focussing on topics where the input from civil society was more limited (compared to input received from business commentators). This also allowed the topics that were of most interest to civil society to be included in a single coherent discussion on Day 1. Civil society commentators were, however, able to attend the meeting on both days.

Below is a summary of the discussions held at the meeting:

- The consultation meeting was held via Zoom. Approximately 200 attendees, over 100 from revenue authorities including SARS.
- **Format:** certain items from the consultation document were grouped together and a panel of approximately 4 specialists discussed the items and presented their views. Thereafter, time was given to the broader group to provide their views/comments/suggestions. The meeting was held over two days with 4 hours each day.
- **Purpose:** The purpose of the meeting was to obtain input and for the OECD to form a view and come up with specific suggestions regarding how CbCR/BEPS Action 13 should be further developed.
- The agenda including items discussed and delegate speakers is [attached](#).
- Themes that came out of the discussions:
 - Public CbC Reporting is likely to be introduced. Some suggested that this should not be rushed. This links to the GRI standard – see below.
 - The purpose of the CbCR was reiterated – that is, it is a high level risk assessment tool.
 - CbCR is still new and already new changes are proposed. There will be costs involved, and it was suggested that the OECD wait for BEPS 2.0 to settle down.
 - A consistent format for the Master File should be implemented broadly (many Asian countries have specific requirements).
 - Notification requirement should be dropped or at least simplified, eg included in annual income tax filings.
 - There is not sufficient detail available yet regarding how MNEs report and how Tax Authorities evaluate CbCRs.
 - Many developing countries have not yet received CbCR information. In Africa only South Africa, the Seychelles and Mauritius have received this information.
 - Rules regarding when a Permanent Establishment is a constituent entity should be based on taxable presence.
 - 75% of MNEs use the GRI standards for sustainability purposes, so this should be used globally (this was motivated a lot). See comparison below between CbCR and the GRI standard.
 - Rebalancing/rebasing of threshold should be done due to currency fluctuations. Others thought this should only be done after 5-10 years.
 - A request for a lower threshold was made - one example was to follow the EU, based on assets/turnover/employees. Others argued that 90% of MNEs are already included.
 - Reporting should be done on a consolidated basis, not using aggregation. Alternative: Elimination of third party vs connected party info. Rather provide stated capital and unrelated party information.
 - New data point should be employee cost rather than number only.

- Tax Authorities should only ask for information that they really need, not just because they can ask for it. How many of the tax authorities have actually analysed the information received up to now?
- It has been suggested that a SIC (Standard Industrialisation Code) system be included in the CbCR for stakeholders to be able to compare comparable companies' performance. It was submitted by a number of delegates that this will likely lead to incorrect results, because often companies performing very different activities (and businesses) are classified under the same SIC, or conversely, comparable companies are classified under different codes, eg following business restructurings etc. The main business activity already provides detail.

Comparison below between CbCR and the GRI standard

GRI STANDARDS Summary comparison with OECD BEPS CbCR Template Part 2/2

Item	GRI 207: Tax 2019	OECD BEPS (Action 13)
Total revenues	✗	✓
Revenue from third parties	✓	✓
Revenue from related parties	Between jurisdictions only	✓
Profit/loss before tax	✓	✓
Tax paid (on cash basis)	✓ flexibility to report withholding tax separately	✓
Tax accrued – current year	✓	✓
Tangible assets or other than cash and cash equivalents	✓	✓
Number of employees	✓	✓ FTE basis
Reasons for the difference between corporate tax accrued on profit/loss and the tax due	✓	✗

Note: this is for illustrative purposes only and should not be relied upon for reporting purposes.