Common errors made by MNEs in preparing Country-by-Country reports

Country-by-Country (CbC) reports contain valuable information on the global allocation of the income, taxes paid and the location of economic activity among tax jurisdictions in which an MNE group operates, for use in a high level transfer pricing risk assessment, assessment of other BEPS-related risks, and economic and statistical analysis, if appropriate. However, this information can only be used effectively for these purposes if the data contained in CbC reports prepared by MNEs is robust and accurate.

Tax administrations have encountered a number of concerns with the data in CbC reports filed to date, and the most common of these are described in the table below. MNEs within the scope of CbC reporting should review these descriptions and ensure that these errors are not repeated in CbC reports they are preparing. Where a tax administration identifies that a CbC report filed with it contains errors (including but not limited to those described below) it should require these errors to be corrected by the Reporting MNE.

Reported error	Correct treatment	Basis for correct treatment
NOTIN is reported in Table 2 for Constituent Entities in jurisdictions where a Tax Identification Number is required	Tax Identification Number information is required in the CbCR XML schema. NOTIN should only be entered in cases where a Constituent Entity has not been issued a Tax Identification Number by the tax administration in its jurisdiction of residence or operation.	Country-by-Country Reporting XML Schema: User Guide for Tax Administrations, page 12.
The Tax Identification Number field is blank or includes only spaces	Tax Identification Number information is required in the CbCR XML schema. In no circumstances should this field be left blank or completed using spaces, such that it appears to be blank.	Country-by-Country Reporting XML Schema: User Guide for Tax Administrations, page 12.
The same Tax Identification Number is repeated for multiple Constituent Entities	The CbCR XML schema should include the specific Tax Identification Number for each Constituent Entity, or NOTIN where no such number has been issued. Tax Identification Numbers should not be repeated, except where the same number is issued to more than one Constituent Entity by the jurisdiction of tax residence.	Country-by-Country Reporting XML Schema: User Guide for Tax Administrations, page 12.

Multiple currencies are used in Table 1	An MNE's CbC report should be completed in the functional currency of the Ultimate Parent Entity. Information on all Constituent Entities must be converted into this currency when completing the CbC report. A CbC report should never contain information in more than one currency.	[Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report](#), page 32; [Country-by-Country Reporting XML Schema: User Guide for Tax Administrations](#), page 24.
Shortened numbers are included in Table 1	Full numbers must be used in completing Table 1, without decimals. The use of shortened numbers (for example, by deleting the final three or final six digits, as may be done in completing consolidated final statements in thousands or millions of currency units) is not permitted.	[Guidance on the Implementation of CbC Reporting](#), Part II, Question 8.1.
Excessive rounding of amounts in Table 1	Other than with respect to the number of employees, the rounding of amounts in Table 1 is not specifically provided for in the BEPS Action 13 report. Jurisdictions may permit reasonable rounding of amounts, so long as this does is not distortive.	[Guidance on the Implementation of CbC Reporting](#), Part II, Question 8.2.
Lengthened numbers are included in Table 1	Full numbers must be used in completing Table 1, without decimals. Some MNEs have prepared CbC reports including data in Table 1 that included fractions of a currency unit (i.e. those occurring after a decimal point). This is not permitted and can have the effect of multiplying every financial figure by a factor of 100 if the decimal point is subsequently deleted (e.g. upon conversion of the CbC report into XML).	[Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report](#), Template for the CbC Report – Specific Instructions, pages 33-35.
Amounts appear to have been included in the wrong column	There have been cases where the amounts included in columns in Table 1 appear to have been transposed. For example if an MNE reports that it has millions of employees in one or more jurisdictions, but only has tangible fixed assets in the hundreds or thousands of currency units in these jurisdictions.	[Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report](#), Template for the CbC Report – Specific Instructions, pages 33-35.
Total Revenues is either higher or lower than the total of Unrelated Party Revenues and Related Party Revenues	Table 1 includes three columns containing information on an MNE's aggregated revenues in a jurisdiction: Unrelated Party Revenues, Related Party Revenues and Total Revenues. Total Revenues should always equal the sum of Unrelated Party Revenues and Related Party Revenues.	[Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report](#), Template for the CbC Report – Specific Instructions, pages 33-35.

Dividends from Constituent Entities are included in Profit (Loss) Before Tax in jurisdictions where this is not permitted	To date, jurisdictions have applied different requirements on this issue. Going forward, interpretative guidance makes clear that Profit (Loss) Before Tax does not include dividends from Constituent Entities.	Guidance on the Implementation of CbC Reporting, Part II, Question 7.1.
Information on sources of data is not included, where this is required	To date, jurisdictions have applied different requirements on this issue. Going forward, interpretative guidance makes clear the information that must be included in Table 3 with respect to the sources of data used.	Guidance on the Implementation of CbC Reporting, Part IV, Question 4.1.
Incorrect jurisdiction codes are used	All jurisdictions included in an MNE's CbC report should be identified using a standard two-digit ISO code. Alternative ways of identifying jurisdictions should not be used.	Country-by-Country Reporting XML Schema: User Guide for Tax Administrations, page 12.
Different jurisdictions are listed in Table 1 and Table 2	The same tax residence jurisdictions should be included in Table 1 and in Table 2. MNEs have submitted CbC reports which include residence jurisdictions in Table 1 that are not included in Table 2, or vice versa. This should never be the case.	Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report, Template for the CbC Report – Specific Instructions, pages 33-35.
Non-consolidated Constituent Entities left out of Table 1 and/or Table 2	An MNE's Constituent Entities include, among others, separate business units that are not included in its consolidated financial statements on size or materiality grounds, as well as permanent establishments of Constituent Entities for which separate financial statements are prepared for financial reporting, regulatory, tax reporting, or internal management control purposes. CbC reports have been filed that do not include these "non-consolidated" Constituent Entities, which is not permitted.	Transfer Pricing Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report, Template for the CbC Report – General Instructions, pages 31-32.