

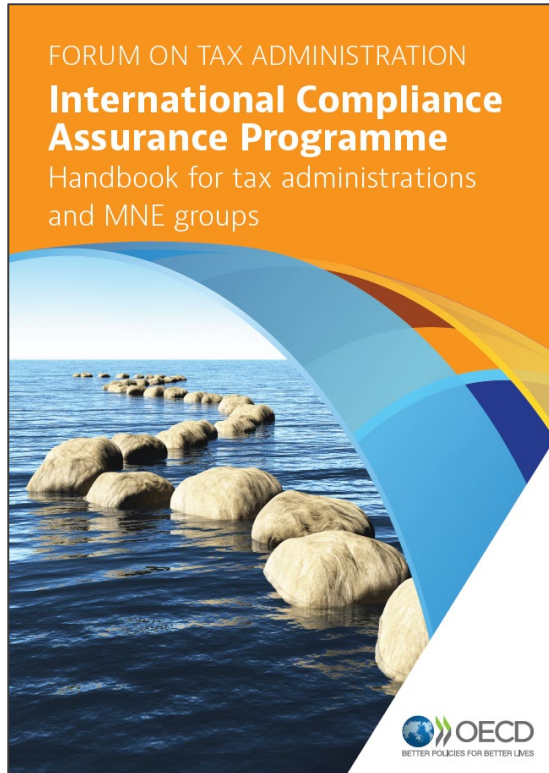


THE INTERNATIONAL COMPLIANCE ASSURANCE PROGRAMME (ICAP)

Introduction for MNE groups



The International Compliance Assurance Programme (ICAP)



- ICAP is an innovative voluntary programme, developed by the OECD Forum on Tax Administration, to provide greater certainty to MNE groups over key international tax risks
- ICAP involves a co-ordinated risk assessment of an MNE group's transfer pricing and PE risks using standardised documentation and agreed timelines
- A roll-out of ICAP was announced in December 2020, following two pilots, which commenced in 2018 and 2019



The ICAP process: An overview

4-6 weeks
twice a year (March
and September)

Stage I: Selection



20-36 weeks
from the start date
agreed with each
MNE group

Stage II: Risk assessment ...

... and issue resolution

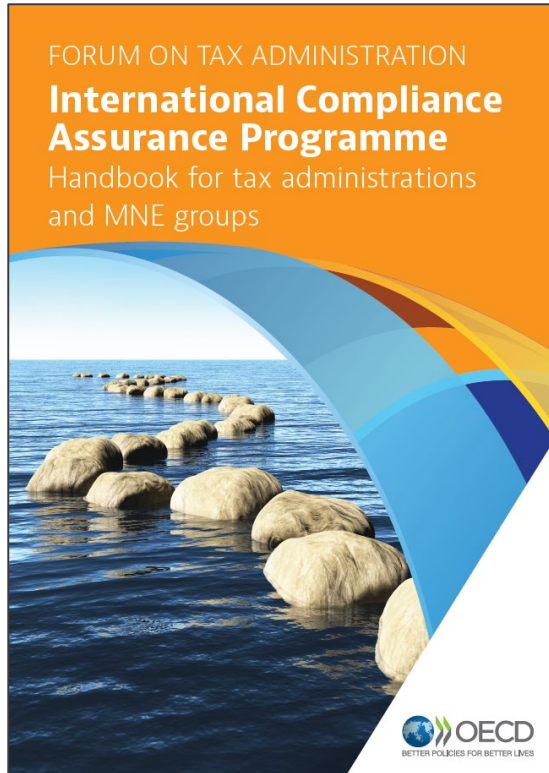


4-8 weeks
following the end of
the risk assessment

Stage III: Outcomes



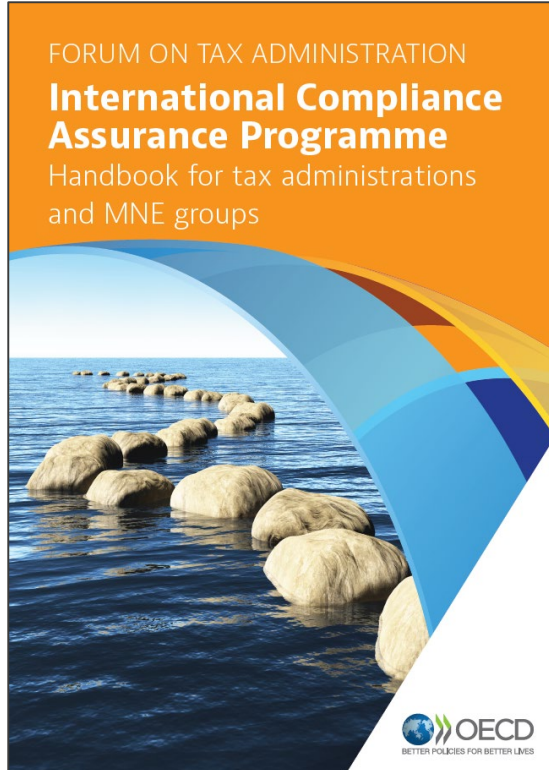
The ICAP process: Selection



- ICAP commences with a request from an MNE group to its lead tax administration, accompanied by basic information, by one of the two application deadlines each year
- This information is shared with relevant participating tax administrations, each of which determines whether it will join the MNE group's ICAP risk assessment
- Specific transactions may be excluded from scope by a tax administration (e.g. if an APA is already in place)
- The planned scope of an ICAP risk assessment is discussed with the MNE group



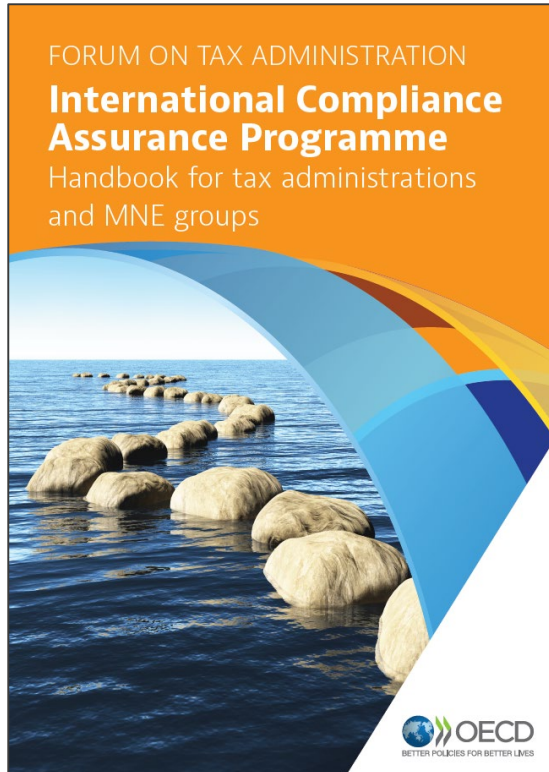
The ICAP process: Risk assessment



- The start date for an ICAP risk assessment is agreed with the MNE group
- A risk assessment begins with delivery of a standard package of documentation, usually via a secure data room managed by the MNE group
- Typically there will be at least one face-to-face meeting with the MNE group and all tax administrations, physically or online
- Each tax administration conducts its own risk assessment, but benefits from greater information and engagement with the MNE and other tax administrations, co-ordinated by the lead tax administration



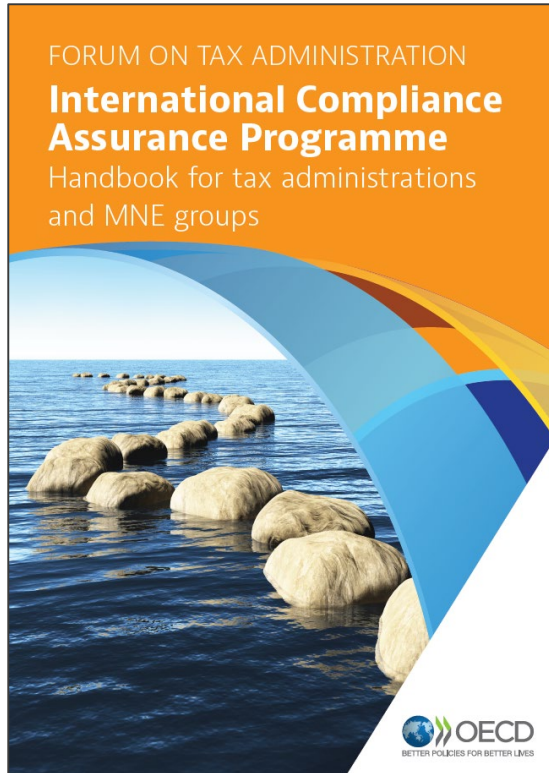
The ICAP process: Issue resolution



- Tax administrations may request additional information and clarification for the purposes of risk assessment
- Requests are co-ordinated by the lead tax administration, ensuring a single point of contact for enquiries
- Where possible, issues identified as part of a risk assessment will be addressed within the programme, avoiding the need for further time-consuming compliance activity such as audit (followed by MAP)



The ICAP process: Outcome letters



- Each tax administration will issue an outcome letter containing the outcomes of its risk assessment
- The form and content of these letters will vary, reflecting domestic rules on what they should contain
- For transactions found to be low risk, letters typically include a statement that a tax administration does not anticipate any additional enquiries to be needed for the periods covered by the risk assessment, plus the next two periods if there are no changes
- If a transaction is found not to be low risk, this will be stated in the outcome letter



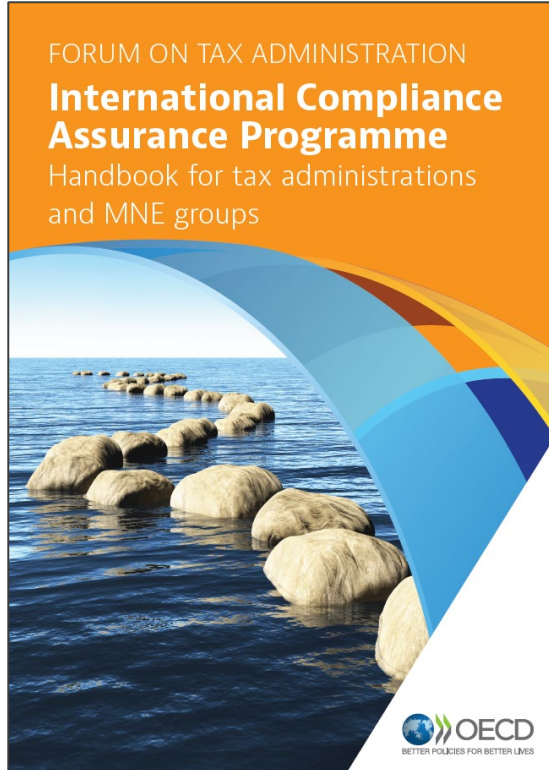
ICAP vs other routes to tax certainty

- The level of legal certainty an MNE group obtains from ICAP is less than from an APA, but:
 - the timeframe for an ICAP risk assessment is 6-12 months compared with 3-4 years for a bilateral APA
 - ICAP potentially provides comfort over all of an MNE group's TP and PE risk in covered jurisdictions, rather than only over specific transactions
 - under ICAP, comfort is typically provided by 6-8 tax administrations, rather than just 2 under a bilateral APA
- ICAP is not a replacement for a bilateral or multilateral APA, but may complement these tools by providing a straightforward route to greater comfort for certain transactions





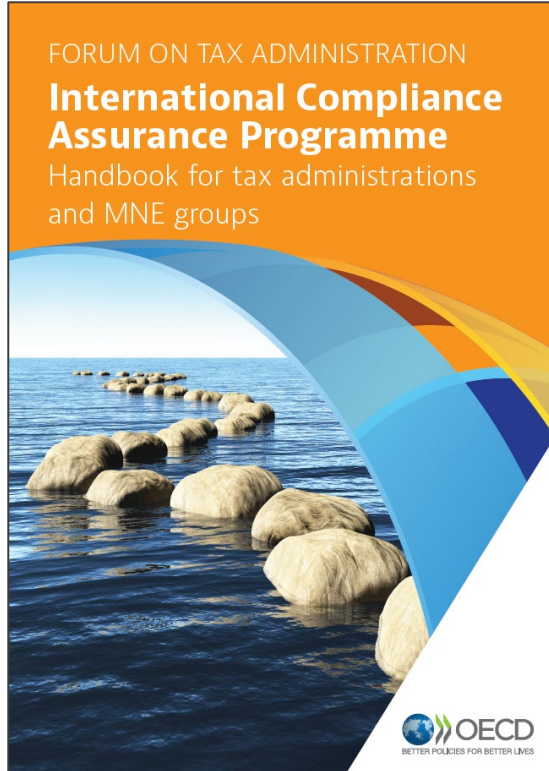
Tax administrations participating in ICAP



Australia	Austria	Belgium
Canada	Colombia	Denmark
Finland	France	Germany
Ireland	Italy	Japan
Luxembourg	Netherlands	Norway
Singapore	Poland	Russia
United States	Spain	United Kingdom
	More to be added.....	



Next steps



- Keep an eye on the OECD website for news of further tax administrations joining the programme
- Contact your lead tax administration or the OECD ICAP Secretariat if you have any questions
- Engage with your lead tax administration early to discuss possible participation in the programme
- The deadline for applications to participate in the next round of ICAP is **30 September 2021**
- Going forward, there will be two intakes of MNE groups into ICAP each year, **on 31 March and 30 September**



Where to find out more

www.oecd.org/tax/administration/international-compliance-assurance-programme

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