

AUTOMATIC EXCHANGE OF COUNTRY-BY-COUNTRY REPORTS

On 27 January 2016, the representatives of thirty one countries, including Poland, signed Multilateral Competent Authority Agreement for the exchange of Country-by-Country Reporting (CbC-R). The MCAA gives tax administrations a new and even more effective tool to identify targets for their transfer pricing audits.

The MCAA was signed not only by Poland, but also by Australia, Austria, Belgium, Chile, Costa Rica, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Japan, Lichtenstein, Luxembourg, Malaysia, Mexico, Netherlands, Nigeria, Norway, Portugal, Slovakia, Slovenia, South Africa, Spain, Sweden, Switzerland, and the United Kingdom.

In Poland, Country-by-Country Reporting requirements have been introduced recently by amended income tax legislation (PIT and CIT Acts). CbC-R will be required of each ultimate parent which: (i) is a parent company while not being a subsidiary for the purposes of Polish accounting regulations, (ii) forms the level at which the group accounts are consolidated, (iii) has at least one permanent establishment or one subsidiary outside Poland, and (iv) in prior tax year generated a consolidated accounting revenue of more than the equivalent of EUR 750 million.

The Country-by-Country Report is designed to disclose the allocation of income, taxes and business activities of a corporate group by tax jurisdiction. To this end, the CbC-R form must be used to provide information about each group entity, such as its business profile, its revenue, the tax it paid in its jurisdiction, its headcount, and its share capital.

The CbC-R form must be filed to the tax authorities within 12 months of the end of the tax year as it applies to the given taxpayer. Polish taxpayers will be required to file their CbC-R forms for tax years commencing on or after 1 January 2016. In practice, taxpayers whose tax years coincide with the calendar year must make their first CbC-R filings on 31 December 2017 at the latest.

The MCAA exchange of CbC-R information will give the Polish tax administration access to information on multinationals which have relevant presence in Poland.

If this issue pertains to your business and you are interested in our assistance, please contact your WTS&SAJA consultant or our office.

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