

EU Public Country-by-Country Reporting Directive

Why it matters

- The Directive was adopted by the European Union in December 2021 with the aim of enhancing transparency in corporate taxation, promoting accountability and public trust.
- Non-compliance can lead to reputational damage and financial penalties.

What is required

- MNEs must prepare and publish a Public CbC report based on the CbCR, disclosing specified income tax information for the whole group.
- The report must be published on the group's website—whether that of the UPE, a subsidiary, or a branch—and filed with commercial register(s), with specific requirements depending on whether the MNE is headquartered within or outside the EU.

What should be reported

The report must include:

- Name of the entity;
- Description of activities;
- Number of full-time equivalent employees;
- Total Revenues;
- Profit or loss before income tax
- Income tax accrued during the financial year
- Income tax paid on a cash basis
- Accumulated earnings

Data must be reported on an disaggregated basis per Member State and for jurisdictions on the EU's non-cooperative list (Annex I – the 'Black List' and II – the 'Grey List'). Data for other jurisdictions may be reported on an aggregated basis, depending on national implementation rules.



Who it affects

- EU MNEs with consolidated revenues of at least €750 million over the last two financial years.
- EU standalone entities with consolidated revenues of at least €750 million over the last two financial years and having a taxable presence in at least two Member States. Non-EU standalone entities may also be included if they have a taxable presence in the EU, such as through permanent establishments or branches.
- EU Medium/large subsidiaries or qualified branch of non-EU MNEs with revenue of at least €750 million over the last two financial years.



Publication Requirements

For EU MNEs, all entities that meet certain thresholds are required to publish the report on their website and file it with the commercial registry. The UPE must ensure compliance with these obligations.

For Non-EU MNEs, the UPE must report on the UPE website, while, in principle, the nominated medium-sized or large subsidiary or branch in the EU is required to file the report in the respective commercial registry.



Key Actions

- **Understand requirements:** Gain a clear understanding of the Directive's obligations to ensure timely and effective compliance, and to proactively manage potential challenges.
- **Review Tax Strategies:** Conduct a comprehensive evaluation of current tax strategies to make necessary adjustments aligned with the new reporting obligations.
- **Assess EU Impact:** Analyze how the Directive may affect your EU presence, with a focus on differing compliance obligations for EU and non-EU MNEs.
- **Develop a Response Strategy:** Define steps for compliance and implement robust systems for accurate data collection and disclosure. Ensure information is clearly explained and consistent with other initiatives to support understanding, minimize misinterpretation, and manage reputational impact.

When it applies

- Transposition deadline for Member States: 22 June 2023.
- Reporting starts from financial years beginning on or after 22 June 2024; for calendar year taxpayers, the first reportable year is 2025, with reports due by end of 2026.
- It is important to note that some jurisdictions have implemented PCbCR Directive earlier, which may affect reporting timelines.

Deloitte's offerings:

1. Public CbCR strategy development (advisory):
 - Create country matrix with insights.
 - Identify entities and branches in scope.
 - Explain disclosure policies to stakeholders.
 - Support for EU, Australian and other (public) CbCR disclosure requirements.
2. Tax policy development:
 - Design and implement tax policies, including narrative.
 - Tax control and risk management.
 - Align with GRI 207 Tax 2019 Reporting standard.
 - Frame tax practices with business strategy.
3. Compliance assurance:
 - Ensure alignment with Regulatory Standards (e.g., OECD BEPS Action 13 and Pillar Two).
4. Data management optimization:
 - Enable quality data collection.
 - Provide data analysis and visualization.
 - Implement automated reporting and filing.

Deloitte's approach

Comprehensive and Strategic Guidance

