
EXPLANATORY NOTE

(This note is not part of the Regulations)

The Regulations amend the Taxes (Base Erosion and Profit Shifting) (Country-by-Country Reporting) Regulations 2015 (S.I. 2016/237) (“the principal Regulations”).

By regulation 4, regulations 3 and 4 of the principal Regulations are re-written as regulations 3 to 3D with some additional elements. Regulation 4 inserts regulation 3A into the principal Regulations to require partnerships in the United Kingdom which are parent entities of multi-national groups to file country-by-country reports with Her Majesty’s Revenue and Customs (“HMRC”) in addition to entities which are not partnerships.

Regulations 3A and 3C as inserted into the principal Regulations also require entities of multi-national groups to file notifications with HMRC which will include details about the other entities of the group in the United Kingdom. The method of notification will be set out in directions made by the Commissioners for HMRC.

Regulation 3B as inserted into the principal Regulations also requires entities of multi-national groups in the United Kingdom (“United Kingdom entities”) which have parent entities in other jurisdictions to request information about the whole group from the parent entity in certain circumstances. If the information is received the United Kingdom entities are required to file a country-by-country report in respect of the whole group. If the information is not received, the United Kingdom entities are required to file a United Kingdom country-by-country report.

Regulation 3(8) of the principal Regulations is re-written as regulation 3D.

By regulation 5, regulation 4 of the principal Regulations is revoked.

Regulation 6 amends regulation 6 of the principal Regulations to narrow one of the conditions in which United Kingdom entities must file United Kingdom country-by-country reports with HMRC.

Regulations 7 to 9 deal with, the form and method of filing reports with and providing notifications, to HMRC.

By regulations 11 and 12, regulations 12 and 16 of the principal Regulations are amended such that penalties apply in respect of failure to comply with the obligations in regulations 3A, 3B, 3C and 3D.

A Tax Information and Impact Note covering this instrument will be published on the website at <https://www.gov.uk/government/collections/tax-information-and-impact-notes-tiins>.