

BEPS Actions implementation by country

Action 3 – Controlled Foreign Companies

On 5 October 2015, the G20/OECD published 13 final reports and an explanatory statement outlining consensus actions under the base erosion and profit shifting (BEPS) project. The output under each of the BEPS actions is intended to form a complete and cohesive approach covering domestic law recommendations and international principles under the OECD model tax treaty and transfer pricing guidelines.

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It is now for governments to digest and introduce the necessary legislation. The table below sets out a summary of the expected implementation and timing of the proposals under Action 3 by territory.

Country	Notes on implementation	Expected timing	Last reviewed by Deloitte
Argentina	Not yet known.	Not yet known	April 2017
Australia	The Australian CFC rules are considered to be stronger than the OECD standards, so no action is expected.	N/A	July 2017
Austria	Austria currently does not have CFC rules, although they likely will be introduced once the EU ATAD is transposed into domestic law.	31 December 2018	March 2017

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Belgium	As an EU member state, Belgium is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.	1 January 2019	May 2017
Brazil	Brazil's CFC rules have been modified to address the adoption of IFRS, as well as separate treatment for profits earned abroad by controlled entities and non-controlled affiliates. No further changes are expected in the near future.	1 January 2015 (with an early adoption election allowed for 1 January 2014) N/A	July 2017
Canada	There are no specific legislative changes to date as a result of the BEPS project.	N/A – no specific actions	July 2017
China	China already has CFC rules, which are being reviewed as part of planned changes to existing guidance (i.e. Circular 2).	Expected during 2017	July 2017
Czech Republic	As an EU member state, the Czech Republic is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.	1 January 2019	April 2017
Denmark	No changes are expected because existing domestic tax law already addresses the proposals.	N/A	April 2017
Estonia	As an EU member state, Estonia is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule. Under Estonia's current corporate income tax system, whereby profits are taxable on a remittance basis, Estonia applies special rules that are similar to CFC rules. It is not yet known whether there will be any additional actions/changes..	1 January 2019 Not yet known	July 2017

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Finland	<p>As an EU member state, Finland is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.</p> <p>The timing of any amendments required to comply with ATAD is not yet known.</p>	1 January 2019	May 2017
France	<p>The existing CFC rules are not expected to be amended.</p>	N/A	May 2017
Germany	<p>As an EU member state, Germany must adapt its national law to the ATAD I, which contains minimum standard provisions for CFC rules. The provision of the ATAD I must be implemented into domestic law by 31 December 2018.</p> <p>Germany already has a comprehensive CFC regime and it is not yet known what changes may be made.</p>	1 January 2020	July 2017
Greece	<p>As an EU member state, Greece is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.</p> <p>Greece introduced a CFC regime in 2014. It is not yet known whether the rules need to be strengthened as a result of the Action 3 conclusions and the ATAD.</p>	Not yet known	May 2017
Hong Kong	<p>Hong Kong has a source-based taxation system and does not tax dividend income, so no specific rules in relation to Action 3 are expected.</p>	N/A	July 2017
Hungary	<p>As an EU member state, Hungary is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.</p> <p>Hungary's CFC rules have been amended (in line with the relevant provisions of ATAD) to reflect the recommendations in Action 3.</p>	January 2017	April 2017

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Iceland	CFC rules were first introduced in 2010. On 13 December 2016, the parliament approved a bill that extended the statute of limitations regarding transactions with CFC entities to 10 years.	Not yet known	June 2017
India	Not yet known. India does not currently have CFC regulations.	Not yet known	May 2017
Indonesia	Indonesia already has CFC provisions. It is not yet known whether the rules will be amended.	Not yet known	July 2017
Ireland	Ireland currently does not have CFC rules. However, CFC rules are included in the EU ATAD. As an EU member state, Ireland is required to adopt laws and regulations necessary to comply with the rules by 31 December 2018 at the latest.	1 January 2019	March 2017
Israel	The existing CFC regime was revised and expanded in 2014. It is not yet known if further changes will be made.	Not yet known	April 2017
Italy	Italy already has CFC rules, which were amended by the 2016 Finance Bill.	N/A	May 2017
Japan	This issue will be addressed in the 2017 tax reform and certain non-active companies (e.g. cash box) will be subject to stricter rules.	1 April 2018	May 2017
Luxembourg	As an EU member state, Luxembourg is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.	1 January 2019	March 2017
Mexico	CFC provisions already exist in Mexican tax law and these were updated in 2014. It is not yet known whether there will be further changes to the rules.	Not yet known	March 2017

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In 2016, a miscellaneous tax rule was abolished that allowed taxpayers not to report investments in CFCs when Mexico had an adequate information exchange agreement in place with the CFC country. The first information return must be filed by May 2017.

Netherlands	<p>No unilateral action is expected in relation to Action 3. The government supports a coordinated international approach to further development of the rules.</p> <p>As an EU member state, the Netherlands is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.</p>	1 January 2019	May 2017
New Zealand	New Zealand already has a comprehensive CFC regime. No further reform is expected in light of the G20/OECD recommendations.	N/A	June 2017
Norway	The Ministry of Finance has announced that the CFC rules will be reviewed and proposed changes will be subject to public consultation.	Not yet known	March 2017
Poland	Poland has existing CFC rules and currently does not have plans to change these rules.	Already implemented	May 2017
Portugal	Portugal already has CFC legislation and this was recently strengthened.	N/A	July 2017
Russia	<p>Legislation aimed at ensuring the “de-offshorisation” of the Russian economy already applies and is being updated with respect to the taxation of CFCs.</p> <p>The list of states and territories that do not exchange tax information with Russia has been updated.</p>	1 January 2015	July 2017

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Saudi Arabia	Not yet known.	Not yet known	May 2017
Singapore	Not yet known, but it is unlikely that Singapore will introduce a CFC regime.	Not yet known	March 2017
Slovakia	As an EU member state, Slovakia is subject to the ATAD, which must be implemented into its domestic law by 31 December 2018. The ATAD includes a CFC rule.	1 January 2019	March 2017
Slovenia	Not yet known.	Not yet known	December 2016
South Africa	South Africa's CFC rules are complex and, in some respects unclear, so the application of the recommendations in the report on Action 3 may be welcome in helping to overhaul the legislation. However, it is unclear whether South Africa will make any changes to the current rules.	Not yet known	June 2017
South Korea	Korea already has CFC rules. It is unknown whether these rules will be further revised.	N/A	April 2017
Spain	Existing CFC rules have already been amended.	1 January 2015	May 2017
Sweden	Sweden already has CFC rules. It is not yet known if these will be amended.	Not yet known	July 2017

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Switzerland	Switzerland does not have CFC legislation and there are no plans to introduce a CFC regime.	N/A	February 2017
Turkey	The existing CFC rules are not expected to be amended.	N/A	June 2017
United Kingdom	The UK considers that its existing CFC law is compliant with BEPS Action 3.	N/A	May 2017
United States	The existing CFC regime already incorporates many of the recommendations from Action 3. No legislative proposals on changes to the CFC regime are currently active.	N/A	March 2017



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