



## **IRS issues national security modification to country-by-country reporting rules**

**Global Transfer Pricing Alert 2018-007**

The Internal Revenue Service on 30 March issued Notice 2018-31, which states that the IRS and Treasury intend to amend Treas. Reg. §1.6038-4 to incorporate guidance to US multinational enterprise (MNE) groups that are specified national security contractors, so that those contractors may file their country-by-country (CbC) reports in the modified manner described in the guidance.

The term “specified national security contractor” is defined as a US MNE group 50 percent of whose annual revenue, as determined in accordance with US generally accepted accounting principles, in the preceding reporting period is attributable to contracts with the Department of Defense or other US government intelligence or security agencies.

Based on consultations with the Department of Defense subsequent to the promulgation of the final CbC regulations, the Treasury Department and the IRS have determined that CbC reports do require modifications for information related to national security.

To ensure that originally filed CbC reports are not automatically exchanged, specified national security contractors that are filing an amended Form 8975 and Schedules A (Form 8975) to supersede an already filed Form 8975 and Schedules A (Form 8975) should do so by April 20, 2018, if filing an amended federal income tax return on paper, or by May 25, 2018, if filing electronically.

The [notice](#) will apply to CbC reports and amended CbC reports filed after March 30, 2018.

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