



Global TP Alert 2015-018

France takes steps toward implementation of country-by-country reporting

The French National Assembly on November 12 approved an amendment to the draft Finance Bill for 2016 implementing the country-by-country reporting requirement in France, with the government's full support. The measure must be approved by the full assembly before it can enter into force. That vote is expected in December.

The precise list of data to be included in the French country-by-country report would be defined by an administrative decree, but should include information about a multinational enterprise's turnover, before-tax profits, and number of employees in the countries where the group is located. The administrative decree is expected to implement the recommendations of the OECD's final report on Action 13 of the base erosion and profit shifting (BEPS) project.

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According to this amendment, the companies within the scope of the country-by-country reporting requirement would include:

- Companies with consolidated accounts;
- Companies that control, directly or indirectly, subsidiaries located abroad, or that have branches located abroad;
- Companies with annual consolidated group revenue equal to or in excess of EUR 750 million; and
- Companies not owned by another French entity already within the scope of this measure, or by a foreign entity within the scope of a similar provision under its local legislation.

The annual country- by-country report would have to be filed with the French tax authorities within 12 months after the fiscal year-end.

The country-by-country report would be exchanged automatically between concerned tax administrations in accordance with applicable tax treaties and/or EU regulations under the condition of reciprocity, but should remain confidential, because two amendments that called for public release of the information were rejected. The French finance minister indicated that he would like to implement “all BEPS but only BEPS.”

Failure to comply with this measure would trigger penalties that would not exceed €100,000.

The new rule would be applicable for fiscal years that start on or after January 1, 2016.

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