

**GUIDANCE NOTE
PPG No. 004/2022**

Income Tax Act (Country-by-Country Reporting) Act, 2021-27

Impact of Currency Fluctuations on the agreed EUR 750 Million Filing Threshold

PREFACE

The Barbados Competent Authority in an effort to ensure the effective implementation of the Country-by-Country (“CbC”) Reporting regime imposed under the Income Tax (Country-by-Country Reporting) Act, 2021-27 (“the Act”) has developed guidance on the impact of currency fluctuations on the agreed EUR 750 million filing threshold.

INTRODUCTION

In October 2015, the Organisation for Economic Co-operation and Development (“OECD”) issued reports on the Base Erosion and Profit Shifting (“BEPS”) 15 actions items. One of these reports deals with Transfer Pricing Documentation and Country by Country Reporting (The BEPS Action 13 Final Report). Under the BEPS Action 13 Final Report, all large multinational enterprises (“MNEs”) with annual total consolidated group revenue of EUR 750 million (USD\$850 million) or more are required to prepare a CbC report with aggregate data on the global allocation of income, profit, taxes paid and economic activity within tax jurisdictions in which they operate. The CbC report is shared with tax administrations in these jurisdictions, for use in high-level transfer pricing and BEPS risk assessments.

LEGAL BACKGROUND

This guideline is issued per Section 21 (1) of the Act for the purpose of aiding compliance with the Act.

CURRENCY FLUCTUATIONS

The definition of "excluded MNE group" under Section 2 of the Act will apply in a manner consistent with the OECD Guidance¹ on currency fluctuations in respect of an MNE Group whose Ultimate Parent Entity is located in a jurisdiction other than Barbados.

Per the OECD Guidance, where the jurisdiction of the Ultimate Parent Entity has implemented the agreed threshold of EUR 750 million or a near equivalent in the domestic

¹ BEPS Action 13 -OECD Guidance on the Implementation of Country-by-Country Reporting - <https://www.oecd.org/ctp/guidance-on-the-implementation-of-country-by-country-reporting-beps-action-13.pdf>

currency as it was at January 2015, an MNE Group that complies with this local threshold should not be exposed to a local filing in any other jurisdiction that is using a threshold denominated in a different currency. At present, there is no requirement for a jurisdiction using a threshold denominated in a currency other than Euros to periodically revise this threshold in order to reflect currency fluctuations.

In light of the above, where the jurisdiction (*Jurisdiction other than Barbados*) of the Ultimate Parent Entity has implemented a reporting threshold described above, an MNE Group that complies with the local threshold in that jurisdiction is **not** required to file a CbC Report with the Barbados Competent Authority.

All correspondence and queries regarding the contents of this document should be sent to the Global Relations Unit of the Barbados Revenue Authority via email at compauth@bra.gov.bb.

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