

your Legal Lab

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The Greek Ministry of Finance signs the Multilateral Competent Authority Agreement for the automatic exchange of information through country-by-country reporting

On January 27th 2016 the new General Secretary of Public Revenue, acting on behalf of the Greek Government, signed a multilateral agreement which aims to boost international co-operation on tax issues. The “Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports” (MCCA) was signed by 31 countries as part of the Action 13 of the OECD/G20 BEPS Project. The aforementioned action urges for implementation of new transfer pricing reporting standards so as to enhance transparency in international tax matters.

The OECD Secretary-General Angel Gurría said that *“Country-by-country reporting will have an immediate impact in boosting international co-operation on tax issues, by enhancing the transparency of multinational enterprises’ operations”*.

Multinationals (“MNEs”) shall provide information to their competent tax authorities regarding the global allocation of income, the location of their economic activity among tax jurisdictions in which they operate and the taxes

paid. In this manner, tax administrations will be able to estimate transfer pricing risks and thus target MNEs for audit. In particular, under the automatic exchange of information tax authorities shall exchange annually information regarding MNEs-tax residents with other tax authorities, whose jurisdictions apply the agreement at issue, and in which other members of these MNEs are either resident for tax purposes or have a PE. The information would be collected by the country of residence (i.e. Greek subsidiary/head office), and will then be exchanged through the exchange of information channels. The first exchange would start in 2017 on 2016 information.

From the above it is clear that all multinationals operating in Greece should prepare contemporaneous transfer pricing documentation and include their country-by-country report.

