



# Malta: Country by Country Reporting (CbC Reporting)



March 2018

---

[kpmg.com.mt](http://kpmg.com.mt)

# What is CbC Reporting?

Country by Country reporting was introduced to Malta by L.N 400 of 2016. It amended the Cooperation with Other Jurisdictions on Tax Matters Regulations S.L 123.127 ("The Regulations").

It is a recent tax compliance obligation that requires multinational enterprises to annually file a comprehensive group tax report to cover every jurisdiction where they have a tax residence. The report is designed to show global tax information of the multinational group and of its constituent member entities. A Constituent Entity that is tax resident in Malta may file the Country-by-Country report showing the relevant information of every other Constituent Entity within the multinational group. This creates significant obligations at group and entity level. Where the Country-by-Country report for the group is filed outside of Malta, Maltese Constituent Entities are still required to file a Notification in Malta.

A multilateral convention setting out the framework for automatic exchange of information has been entered into with a current total of 117 countries being signatories. Within this framework, as at 19 December 2017, 68 countries had signed a multilateral agreement to exchange CbC reports within the "Country-by-Country" tax reporting standard. Apart from the extensive reporting obligation that this creates, the potential to trigger tax investigations across multiple jurisdictions is a concern well deserving of timely attention.

## Who is Affected by this Legislation?

The Regulations apply to groups with a consolidated group revenue of EUR 750,000,000 (Seven Hundred and Fifty Million Euros) and above (or the equivalent in local currency). A multinational group with a consolidated group revenue below the EUR 750,000,000 threshold is considered an "Excluded MNE".

## What Entity Within the Group Files the Report?

The primary duty to file the report rests on the Ultimate Parent Entity of the group in the jurisdiction where it is tax resident. In special circumstances specified in the Regulations, a Surrogate Parent Entity may be appointed to file the report on behalf of the group. A comprehensive appraisal of the group's activities would be required to determine what member entity is in the best position to file the report on behalf of the group. In certain circumstances, special rules apply for member entities that are tax resident within the EU.

# When Should this Report be Filed?

The Regulations took effect from fiscal years commencing on or after 1 January 2016. Therefore, every multinational group that meets the EUR 750,000,000 threshold and having a Malta tax resident member bears a responsibility to file the report as from January 2017.

# What are the Penalties for Non-Compliance?

Failure to comply with the Regulations attracts statutory penalties ranging from EUR 200 (Two Hundred Euros) to EUR 50,000 (Fifty Thousand Euros), depending on the nature and gravity of the default.

# How Can We Help?

KPMG Malta is here to help. We are among the leading service providers across the financial and non-financial industry arenas. Our team contains an experienced, multidisciplinary group of tax and advisory professionals that have worked on a range of global and national reporting projects for some of the world's largest organizations. Our network of professionals can help you meet your reporting obligations with limited disruption to your business. We recognize that you face a number of regulatory requirements. Our approach to CbC is consistent with our delivery of other regulatory consulting services, enabling you to achieve compliance synergies.



# Contact Us:

John Ellul Sullivan

**Partner**

**Tax**

**+356 2563 1154**

**[johnellulsullivan@kpmg.com.mt](mailto:johnellulsullivan@kpmg.com.mt)**

**Follow KPMG Malta:**

