



# Country by Country Reporting in Malta: Have you filed your Notification?

September 2019



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# What is Country by Country Reporting?

Country by Country Reporting (CbC) was introduced to Malta by L.N. 400 of 2016 and subsequently revised by L.N. 344 of 2017. 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. The report must therefore present a complete tax-picture of the group, showing the relevant tax information of every entity forming part of the multinational group. This creates significant tax obligations at group and entity level.

Where the CbC report for the group is being filed outside of Malta, every member entity of the group that is tax resident in Malta still has an obligation to file a Notification with the Maltese tax authorities, providing details of the entity which will be filing the report for the group on a yearly basis. This Notification requirement is a statutory obligation which Maltese Constituent Entities must satisfy separately. Essentially, the filing of the CbC report by the group outside of Malta does not dispense with the Notification obligation which remains in Malta.

## 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". Therefore, Maltese Constituent Entities belonging to a multinational group that meets the threshold are affected by the Regulations.

## What Entity Within the Group Files the Notification?

The duty to file a Notification rests on each Maltese Constituent Entity which has not filed the report. Paper based submissions are to be made at the Inland Revenue Department (IRD) in Malta.

## When Should this Notification be Filed?

The Regulations took effect from fiscal years commencing on or after 1 January 2016. The Notification must be filed no later than the last day for filing of a tax return of each Maltese Constituent Entity.

## 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 nonfinancial 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.

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Printed in Malta