

What needs to be considered for a Country-by-Country-Reporting (CbCR)?

A parent company of a corporate group with a legal seat or management headquarters in Germany, which discloses consolidated financial statements, is to prepare a Country-by-Country Reporting (CbCR) of the corporate group after the close of the financial year being reported on and is to transmit this report electronically to the Federal Central Tax Office (BZSt).



What needs to be considered with respect to Germany?

In accordance with § 138a of the German Fiscal Code [Abgabenordnung (AO)], any multinational corporate group, which has at least one business unit in Germany, has the duty to issue a CbCR if

1. the corporate group disclosed at least EUR 750 million in revenues in its the prior year consolidated financial statements;
2. the consolidated financial statements include at least one entity with its legal seat abroad and the entity is managed abroad (a foreign company) or a permanent establishment located abroad.

Who has the duty to issue the CbCR?

In a timely manner the CbCR for the entire corporate group is generally to be submitted to the tax authorities in the country, where the ultimate parent company of the consolidated corporate group is headquartered or has its legal seat.

Based on an international agreement, the respective tax authorities share the CbCR with the other tax authorities in the countries, where the ultimate parent company of the corporate group has a business unit.

Should the ultimate parent company of the corporate group be located in Germany, then the German parent company is to submit the CbCR for the entire corporate group in a timely manner to the German Federal Central Tax Office.

Should the ultimate parent company of the corporate group be located abroad, the ultimate German parent company of the corporate group is to ensure that that a CbCR is submitted in a timely manner and by which foreign corporate group.

The German corporate group has the duty to report this in its corporate income tax return.

What needs to be done if a CbCR is not submitted?

In the case of a foreign ultimate parent company of the corporate group not submitting a CbCR in a timely matter, the German ultimate parent company of the corporate group is instead to submit a CbCR to the Federal Central Tax Office at the latest by the 31st of December of the subsequent year after the closing of the financial year being reported in order to avoid the risk of a penalty fee between EUR 10,000 to EUR 50,000.

Our recommendation

In order to minimise the risk of a penalty fee and/or potential tax audits, we recommend submitting a CbCR early right after the consolidated financial statements have been prepared and disclosed.

Do you have any questions on this topic?

Do you need support? Please contact our experts Henning Straeter or Levin Flascha. They will be pleased to explain our services to you.

Contact person

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