



Tax News

**Mandatory Information to be Disclosed
Through the Country-by-Country
("CBC") Reporting**

Transfer Pricing – BEPS



Normative Instruction 1.681/2016

Normative Instruction 1.681, issued on December 29th 2016 by Federal Tax Authorities ("NI 1.681"), instituted and detailed the mandatory annual filing of the Country-by-Country ("CBC") Reporting in Brazil.

Its filing will be mandatory for entities under the following requirements:

- ✓ Resident for tax purposes in Brazil, in the role of final parent of a multinational group. In case the final parent company is abroad, the entity resident in Brazil may be required to transmit the declaration if: i) the final controller is not obliged to present the CBC in its jurisdiction; ii) there is no international agreement of competent authorities between the foreign jurisdiction and Brazil, or iii) there has been a systemic failure.
- ✓ Earn total consolidated group revenue, in the fiscal year prior to the year of the declaration, in an amount greater than R\$ 2,260,000,000, if the controller is domiciled in Brazil, or € 750,000,000 or equivalent in local currency, if the controller is abroad.

The main information to be presented via CBC are divided in three groups:

- Aggregated information by jurisdiction that quantifies amounts of income, profit or loss, income tax paid and due, equity, retained earnings, number of employees, tangible assets other than cash and cash equivalents.
- Identification of entities within the group, indicating their jurisdiction and nature of

their main economic activities.

- Information to be voluntarily disclosed by the taxpayer.

According to the NI, the CBC will be presented annually, related to the immediately previous fiscal year, through the filling of the Corporate Income Tax Return ("ECF").

The first CBC must comprise data related to calendar year 2016.

Kind regards,

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