

# Japan Tax Bulletin

## The automatic exchange of Country by Country Reports (CbCR)

**December 2018**

The 2016 Tax Reform introduced requirements for a Specified Multinational Enterprise Group to prepare a Country by Country Report (CbCR) and Master File. The documents need to be filed electronically with the NTA within one year of the end of the ultimate parent company's fiscal year beginning after March 31, 2016. The NTA has to provide foreign competent authorities with the information within 6 months of the filing deadline (reduced to three months for the second reporting year onwards) and so has started providing the CbCRs they received to foreign competent authorities.

### 1. *Automatic Exchange Mechanism*

In order to facilitate automatic exchange, there are the following three types of competent authority agreements.

- the Multilateral Competent Authority Agreement on the Exchange of CbC Reports (MCAA);

The purpose of the CbC MCAA is to set forth rules and procedures as may be necessary for Competent Authorities of jurisdictions implementing BEPS Action 13 to automatically exchange CbC Reports prepared by the Reporting Entity of an MNE Group and filed on an annual basis with the tax authorities of the jurisdiction of tax residence of that entity with the tax authorities of all jurisdictions in which the MNE Group operates. Currently, 74 competent authorities including NTA have signed the MAAC.

- Bilateral tax conventions; and
- Tax Information Exchange Agreements (TIEAs).

### 2. *Countries with which Japan has an automatic exchange mechanism*

Countries that the NTA provides a CbCR to:

Country	Type of Competent Authority Arrangement (CAA)	Notes
Argentina	CbC MCAA in effect	
Australia	CbC MCAA in effect	
Austria	CbC MCAA in effect	
Belgium	CbC MCAA in effect	
Brazil	CbC MCAA in effect	
Bulgaria	CbC MCAA in effect	
Canada	CbC MCAA in effect	
Chile	CbC MCAA in effect	Effective for taxable periods starting on or after 01 January 2017
China	CbC MCAA in effect	Effective for taxable periods starting on or after 01 January 2017
Colombia	CbC MCAA in effect	
Czech Republic	CbC MCAA in effect	
Denmark	CbC MCAA in effect	
Estonia	CbC MCAA in effect	
Finland	CbC MCAA in effect	
France	CbC MCAA in effect	



Country	Type of Competent Authority Arrangement (CAA)	Notes
Germany	CbC MCAA in effect	
Greece	CbC MCAA in effect	
Guernsey	CbC MCAA in effect	
Hungary	CbC MCAA in effect	
Iceland	CbC MCAA in effect	
India	CbC MCAA in effect	
Indonesia	CbC MCAA in effect	
Ireland	CbC MCAA in effect	
Isle of Man	CbC MCAA in effect	
Italy	CbC MCAA in effect	
Jersey	CbC MCAA in effect	
Korea	CbC MCAA in effect	
Latvia	CbC MCAA in effect	
Liechtenstein	CbC MCAA in effect	
Lithuania	CbC MCAA in effect	
Luxembourg	CbC MCAA in effect	
Malaysia	CbC MCAA in effect	
Malta	CbC MCAA in effect	
Mauritius	CbC MCAA in effect	
Mexico	CbC MCAA in effect	
Netherlands	CbC MCAA in effect	
New Zealand	CbC MCAA in effect	
Nigeria	CbC MCAA in effect	Effective for taxable periods starting on or after 01 January 2016
Norway	CbC MCAA in effect	
Poland	CbC MCAA in effect	
Portugal	CbC MCAA in effect	
Russia	CbC MCAA in effect	
Singapore	CbC MCAA in effect	
Slovak Republic	CbC MCAA in effect	
Slovenia	CbC MCAA in effect	
South Africa	CbC MCAA in effect	
Spain	CbC MCAA in effect	
Sweden	CbC MCAA in effect	
Switzerland	CbC MCAA in effect	
United Kingdom	CbC MCAA in effect	
United States	Double Tax Convention (DTC) CAA	Signed on 12 October 2018
Uruguay	CbC MCAA in effect	



Countries that the NTA receives a CbCR from but does not provide one to:

Country	Type of CAA	Notes
Bermuda	CbC MCAA in effect	
Croatia	CbC MCAA in effect	Provision from Japan is currently suspended
Costa Rica	CbC MCAA in effect	
Curacao	CbC MCAA in effect	
Cayman Islands	CbC MCAA in effect	
Cyprus	CbC MCAA in effect	
Pakistan	CbC MCAA in effect	Provision from Japan is currently suspended
Romania	CbC MCAA in effect	

(Source: Report released by the NTA and ACTIVATED EXCHANGE RELATIONSHIPS FOR COUNTRY-BY-COUNTRY REPORTING on the OECD website)

### 3. CAA with United States

According to the IRS website, a bilateral CAA was signed and became effective on October 12, 2018.

<https://www.irs.gov/businesses/country-by-country-reporting-jurisdiction-status-table>

According to Section 3 of the CAA the timeline for exchanging CbCRs is as follows:

“A CbC Report is intended to be first exchanged with respect to Fiscal Years of MNE Groups commencing on or after June 30, 2016. Such CbC Report is intended to be exchanged as soon as possible and no later than 18 months after the last day of the Fiscal Year of the MNE Group to which the CbC Report relates. CbC Reports with respect to Fiscal Years of MNE Groups commencing on or after June 30, 2017 are intended to be exchanged as soon as possible and no later than 15 months after the last day of the Fiscal Year of the MNE Group to which the CbC Report relates. Notwithstanding the foregoing, the exchange of CbC Reports is intended to commence only once this Arrangement becomes operative, and a Competent Authority is intended to have until the expiration of the time periods set out in this paragraph or three months after this Arrangement becomes operative, whichever is later, to exchange the CbC Reports.”

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