



# Bergquist & Rossi

## Trusted Corporate Tax and Transfer Pricing Advisors

### Country-by-Country Reporting for US Multinationals

In 2016 Treasury and the Internal Revenue Service (IRS) released final regulations (the “Final Regulations”) requiring U.S. persons that are the ultimate parent entity of a multinational enterprise (“MNE”), with revenue of \$850 million or more in the preceding accounting year, to prepare and file an annual country -by-country report (CbCR) stating their worldwide profits, taxes, capital, employees, assets and other information, by jurisdiction.

The Final Regulations are applicable to taxable years of multinational enterprises with an ultimate US parent (“US MNE groups”) beginning on or after June 30, 2016. This effective date creates potential issues for calendar year taxpayers with affiliates in foreign jurisdictions requiring CbCRs for tax years beginning between January 1 and June 29, 2016.

To mitigate this issue, the IRS released Revenue Procedure 2017-23 to allow ultimate parent entities of US MNE groups to voluntarily file CbCRs for tax years beginning between January 1 and June 29, 2016. The annual IRS tax form for filing is Form 8975, Country-by-Country Report, and accompanying Schedule A, Tax Jurisdiction and Constituent Entity Information (collectively as, Form 8975), used by ultimate parent entities of U.S. MNE groups for reporting periods beginning on or after January 1, 2016.

IRS Form 8975 is an informational report, requiring taxpayers to complete Part I (Identification of Filer) and Part II (Additional Information). Form 8975 which is accompanied by Form Schedule A, must be completed for each tax jurisdiction of the MNE group, and provide the following:

- Part I (Country Tax Jurisdiction Information) – revenues; profit/loss before income tax; income tax paid; income tax accrued in the current year; stated capital; accumulated earnings; number of employees; and tangible assets other than cash and cash equivalents.
- Part II (Constituent Entity Information) – list of entities resident in the tax jurisdiction; tax identification numbers; tax jurisdiction of organization or incorporation if different from tax jurisdiction of residence; and main business activities codes.
- Part III (Additional Information) – if needed, additional information related to Parts I and II.

If you need assistance with Form 8975 and Schedule A, such as capturing, mapping and aggregating all of the information. We can help you with practical solutions, we have developed tools and software and assisted other U.S. MNEs to meet this filing requirement.

**Bergquist & Rossi** is a value alternative firm, providing quality service at a reasonable price. For more information, please contact us at [pbergquist@brtaxlaw.com](mailto:pbergquist@brtaxlaw.com) or [gkyroudis@brtaxlaw.com](mailto:gkyroudis@brtaxlaw.com) at:

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