

MARKET BULLETIN

REF: Y4987

Title	Country-by-Country Reporting
Purpose	To set out Lloyd's proposals regarding information that it will report to assist impacted members (i.e. those with group revenue over €750m) with their country-by-country reporting obligations.
Type	Event
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Date	15 April 2016
Deadline	Notify Lloyd's by 30 June 2016 if you want CbCR details
Related links	http://www.legislation.gov.uk/ukxi/2016/237/pdfs/ukxi_20160237_en.pdf

Overview

This Market Bulletin sets out an overview of the UK requirements in respect of Country-By-Country Reporting ("CbCR"). For the benefit of those Members subject to these rules, this bulletin sets out what information we will provide and when. If a Member anticipates that they will need additional information they should contact Laurence Peck, Lloyd's Tax Department as soon as possible to discuss the matter further.

Background to CbCR

Regulations (SI 2016 No 237) came into force on 18 March 2016, bringing into law the UK requirements for CbCR. CbCR minimum standards were produced as part of the OECD Base Erosion and Profit Shifting ("BEPS") project (Action 13). The final report for Action 13 was published in October 2015 and the UK issued draft regulations shortly afterwards. The purpose of CbCR is to provide a risk assessment tool for tax authorities. Separately, the European Commission issued proposals for publicly available CbCR on 11 April 2016.

Applicable date

The regulations apply for accounting periods beginning on or after 1 January 2016 and the CbCR information needs to be provided to HMRC by the tax return filing date i.e. 12 months

following the end of an accounting period. For a company with a calendar year end the first report, for the year ended 31 December 2016, will need to be filed by 31 December 2017.

Threshold

The turnover threshold for reporting is total consolidated group revenue of €750m which is to be translated into sterling using the average rate for the prior accounting period (approximately £545m for the year ended 31 December 2015). The threshold is reduced for accounting periods of fewer than 12 months.

UK Sub-Group

In addition to UK parented groups, UK sub-groups may also be required to file a report in the UK e.g. in situations where the ultimate parent is not required to file a report in its home jurisdiction. This could be because the ultimate parent has not adopted CbCR or because the introduction of CbCR has been deferred (as in the US, where the rules apply from 2017).

What Lloyd's proposes to do and when

Lloyd's issues a Double Taxation Relief (DTR) report to members with the Consolidated Taxation Advice (CTA1) usually in March / April each year. This shows the foreign taxes potentially creditable against UK tax for Australia, Belgium, Canada, Dominica, France, French Polynesia, Hong Kong, Israel, Japan, Malta, New Zealand, Saint Lucia, Saint Vincent and The Grenadines, Singapore and United States. Differences between the timing of payment of tax and the period for which it is creditable will mean this report is of limited use to members in preparing their CbCR.

We intend therefore to produce a separate CbCR report showing taxes paid by the member in the calendar year for those countries including payments made on account on behalf of the member and amounts of tax paid that are not creditable, such as United States Advance Payment Tax. The report will be produced annually, during June, and the first report should be available in June 2017 reporting taxes paid in calendar year 2016.

This report will only be produced where Lloyd's have received a request from the member (see below).

Information that Lloyd's will not provide

We are aware that syndicates will suffer other withholding taxes in other overseas jurisdictions which are not held centrally e.g. Chile. Members will need to use their own records to obtain this information to complete their CbCR as Lloyd's does not collect this information centrally.

Requesting CbCR information

If you require a CbC report from Lloyd's please e-mail Lloyds-tax-operations@lloyds.com for the attention of Philip Waghorne by 30 June 2016. Once notice has been given we will assume you want reports for future years unless you inform us otherwise.

It should be noted that any costs incurred by Lloyd's in order to produce this report will be recovered from the members requesting the report by way of an annual charge, estimated to be £500-£1,000.

Further detail

Full text of the regulations is available at:

http://www.legislation.gov.uk/uksi/2016/237/pdfs/uksi_20160237_en.pdf

The European Commission proposal for publicly available CbCT is available at:

http://ec.europa.eu/finance/company-reporting/docs/country-by-country-reporting/160412-proposal_en.pdf

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