

Data Collection and Analysis  
Monitoring Reporting  
Key performance indicators

wts

# WTS CbCRmanager

Generate business opportunities from legal obligations  
through early identification of tax audit risks

## SITUATION

Since 1 January 2016, Base Erosion and Profit Shifting (BEPS) Action Plan requires additional reporting obligations for transfer pricing documentation of Multinational Enterprises (MNEs). In addition to the documentation components of Master- and Local File, the Country-by-Country Reporting (CbCR) is a further component (BEPS Action Point 13).

Therefore, transfer pricing documentation is increased to a three tiered approach. The CbCR includes an allocation overview of e.g. revenue, income and taxes by tax jurisdiction (Table 1). Additionally a list of all the constituent entities of the MNE – including all main business activities per tax jurisdiction (Table 2) and additional information for further explanation (Table 3).

This means that large MNEs are required to file a CbCR that will provide annually and for each tax jurisdiction in which they do business. It also contains the amounts of revenue, profit before income tax and income tax paid and accrued. Furthermore, it requires MNEs to report their number of employees, stated capital, retained earnings and tangible assets in each tax jurisdiction. Finally, it requires MNEs to identify each entity within the group doing business in a particular tax jurisdiction and to provide an indication of the business activities each entity engages in.

The CbC-report must be filed no later than 12 months after the fiscal year ends (per fiscal year).

## INTERFACES & SOURCES

1. **Generic** and **customizable** CSV-interface structure
2. **Fully integrated ELMA5** transmission interface
3. **Direct interfaces** to **SAP, DATEV** or **other ERP systems** (individual project)
4. **Manual** or **automated Import** of data by CSV-files is possible
5. **Integration** of existing document management (e.g. Microsoft Sharepoint)

## OUR TOOL-SOLUTION

Our WTS CbCRmanager provides documentation of the necessary data for Table 1, 2, and 3 of the CbCR, creating the XML-file which is required for submission to the responsible authority.

### Collecting the required CbCR data

- › **Alternative 1:**  
The required data is entered into WTS CbCRmanager via CSV-file upload.
- › **Alternative 2:**  
The relevant data is entered manually into WTS CbCRmanager.

### Identification of tax risks

Based on the suggested data from the OECD, the WTS CbCRmanager generates different KPIs for internal risk management. Our tool is focused on proactively identifying false conclusions and misinterpretations within the KPIs and taking into account their effect on the Local File documentation.

### Analysis of profitability

The presented KPIs enable an analysis of profitability as a basis for a control system throughout the MNEs. The comprehensive approach of WTS CbCRmanager creates additional transparency through the integrated KPI-dashboard. Legal reporting requirements can be transformed into opportunities for internal reporting and analysis. Combining WTS CbCRmanager with WTS TPmanager is an optimal way of supporting the overall process of transfer pricing documentation.

### Creation of the OECD XML-file

The entered CbCR-data of tables 1–3 can be converted into the XML-structure in accordance with the OECD and German BZSt requirements. Finally the converted file can be transmitted via the fully integrated ELMA5 interface to the German tax authority BZSt. WTS CbCRmanager also covers the requirements for countries that require conversion in accordance with the OECD standard (OECD pure).

## PROJECT PROCESS

**Before starting the project a scope-workshop will take place to identify your individual requirements.**

In this workshop we will demonstrate the individualization options within the WTS CbCRmanager and document your specific demands and the existing processes. In case no defined processes exist yet or there is a need for optimization, we also offer analysis and process consultation upon request.

The precise functional and technical requirements will then be identified and, if necessary or favored, a concept for the individual adaptations will be worked out. The results will be integrated in an individual project plan and a corresponding project start will be agreed. Afterwards, finalization and implementation tests and on-site training sessions will take place. Following go-live, our follow-up support will help you with any questions that may arise.

Through this report, the legal obligations of country-by-country reporting are transformed into an additional benefit. The risk report created by WTS (based on the WTS CbCRmanager) interprets graphically displayed key performance indicators of your corporate group. The associated information retrieval represents significant added value and enables you to identify errors in the data basis or potential risks.

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