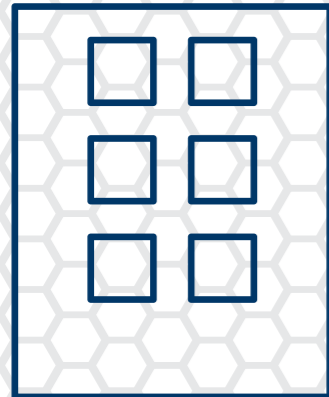


CbCR filing guide for South Africa

Guide for multinationals with an ultimate parent entity (UPE) in South Africa

STEP 1: Evaluation of the obligation to file

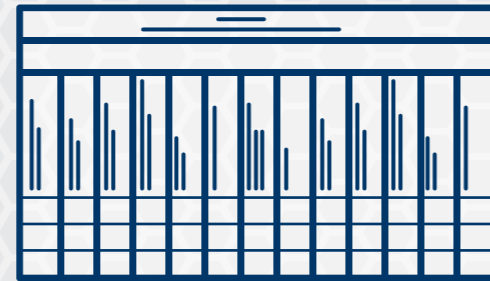


South African
MNE Group

CbCR needs to be filed if:

1. The group is required to prepare consolidated financial statements for financial reporting purposes under applicable accounting principles or would be so required if equity interests in any of the enterprises were traded on a public securities exchange; and
2. It has two or more enterprises in different tax jurisdictions; and
3. Consolidated turnover equalled, or was above, **ZAR 10 billion** during the preceding financial year.

STEP 2: Preparation of the CbC Report



Form

The Report needs to be completed using the CbC01 Form designed by SARS. The form contains all the defined fields to compliment the CbC Report required as per the OECD's CbC XML Schema.

Practical considerations:

- Availability and collection of data;
- Correct application of regulations to your particular business;
- Investigation / addressing of outliers.

STEP 3: Submission of the CbC Report



Submission process

1. Registration on the Financial Data Reporting (FDR) website is necessary for the first submission (hosted via the SARS eFiling platform).
2. Once the CbC01 Form is complete, the user is required to formally declare that the information captured on the CbC01 form is true and correct.
3. Upon submission of the form, the report is immediately validated (i.e. either accepted or rejected).

STEP 4: Automatic exchange of CbC Reports



Exchange process

The CbC Report will be exchanged by SARS with other foreign tax administrations where the South African MNE Group has a presence via the following exchange of information mechanisms:

- a. Multilateral Competent Authority Agreement (automatic exchange relationship must be activated by the time of filing CbC Report); or
- b. International tax agreements entered into by South Africa with another jurisdiction, which allows for an automatic exchange of CbC Report.

Possibility of secondary filing

Some of the subsidiaries of a South African MNE Group might be required to do a secondary filing, if one of the following applies:

- a. Automatic exchange relationship of MCAA between South Africa and the relevant country is not activated by the time of filing the CbC Report;
- b. There is no MCAA with the relevant jurisdiction and no international tax agreement (or it is not in force by the time of filing the CbC Report) allowing for automatic exchange of CbC Reports;
- c. there has been a systemic failure by SARS to automatically exchange the information, and the relevant subsidiary has been informed by the tax administration.

For more information please contact us

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For details of the source material, please visit our website: <https://grapheneconomics.com>

CbCR filing guide for South Africa

Guide for multinationals with an ultimate parent entity (UPE) outside South Africa

STEP 1: Evaluation of the obligation to file / notify

Evaluation tree:

Determine whether the MNE Group's turnover for the preceding year exceeds EUR 750 million.

NO No CbC reporting required

YES Determine the tax residence of the Reporting Entity (ultimate parent entity or surrogate parent entity);

Is the automatic exchange of CbC Reports between the Reporting entity and South Africa activated?

YES

NO

STEP 2: CbC reporting notification



Notification to include:

1. Identification of the Reporting Entity;
2. Tax residence of the Reporting Entity.

Filing

The CbC notification needs to be submitted not later than 12 months after the financial year end. For periods, starting on 1 January 2016, the submission deadline will be 31 December 2017.

Step 2: Secondary filing



Local secondary filing is required when:

1. Automatic exchange of the MCAA between South Africa and the relevant country is not activated by the time of filing the CbC Report; or
2. There is no MCAA with the relevant jurisdiction and no international tax agreement (or it is not in force by the time of filing the CbC Report) allowing for automatic exchange of CbC Reports;
3. There has been a systemic failure, and the South African subsidiary has been informed by the tax administration of its need to submit.

Refer to infographics on CbCR for MNEs with an UPE in South Africa for details of the submission process

STEP 3: Automatic exchange of CbC Reports



Exchange process

The CbC Report will be obtained by SARS from other foreign tax administrations (if secondary filing applies, refer to secondary filing) via the following exchange of information mechanisms:

- a. Multilateral Competent Authority Agreement (automatic exchange relationship must be activated by the time of filing CbC Report); or
- b. International tax agreements entered into by South Africa with another jurisdiction, which allows for an automatic exchange of CbC Report.

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