

A background image showing a group of business professionals in a meeting, with one person's hands visible typing on a laptop keyboard. The image is overlaid with a semi-transparent teal color.

addedo.BEPS

Transfer Pricing Documentation and
Country-by-Country Reporting solution based
on Cognos Controller.

addedo.BEPS is a web application installed in the same environment as an IBM Cognos Controller installation.

It enables Transfer Pricing Documentation and Country-by-Country (CbC) reporting in accordance with the recent adopted legislation regarding sending the information to tax authorities annually.

Background

External reporting requirements increases along with the rise of worldwide business corporations. To strength economic and social conditions and contradict tax and profit erosion, OECD and G20 through the BEPS project (Base Erosion Profit Shifting) has developed a new reporting requirement – BEPS action 13 – Transfer Pricing Documentation and Country-by-Country Reporting.

The aim with the BEPS project is to ensure that taxation takes place where value-creating work is performed.

All companies included in an MNE (multinational enterprise) with a group net sales exceeding 7 billion SEK (750 million EUR) are required to prepare a transfer pricing documentation and a Country-by-Country (CbC) report of economic activities such as income and taxes paid. The company has to submit the report to the domestic tax office by the end of the year.

Descriptions

The transfer pricing documentation and CbC-report has to include:

- 8 key figures based on data from the income statement and balance sheet:
 1. Income tax (paid and accrued) (country) / profit before tax (country)
 2. Income tax (paid and accrued) (country) / total tax paid and accrued (group)
 3. Profit before tax (country) / revenue total (country)
 4. Profit before tax (group) / revenue total (group)
 5. Revenue total (country) / number of employees (country)
 6. Revenue total (group) / number of employees (group)
 7. Profit total (country) / number of employees (country)
 8. Profit total (group) / number of employees (group).
- Number of employees.
- Information regarding the MNE group operation.
- Identification of the MNE group (Organization number, Tax
- Identification Number (TIN), Address).

Why addedo.BEBS?

The Addeddo solution for creating transfer pricing and CbC-reports in accordance with the specifications published by OECD, is a web application installed in the same environment as an IBM Cognos Controller installation. Some configuration is required in IBM Cognos Controller. Based on this configuration, the web application can read relevant data, display it to the user, and then export the information in the correct XML format.

The following components are included in the solution in addition to the existing IBM Cognos Controller installation:

- A web application installed on the same server as IBM Cognos Controller.
- An application database created on the same database server as the IBM Cognos Controller application database(s).

Technical Requirements

Specification:

- ASP.NET/.NET Framework 4.5 or newer.
- IBM Cognos Controller 10.2.1 or newer.
- In addition to the NET Framework version mentioned above, the technical requirements correspond to the requirements of the above mentioned version of IBM Cognos Controller.

To ensure only authorized users can retrieve Country-by-Country data from IBM Cognos Controller, the web application is secured with Windows login.

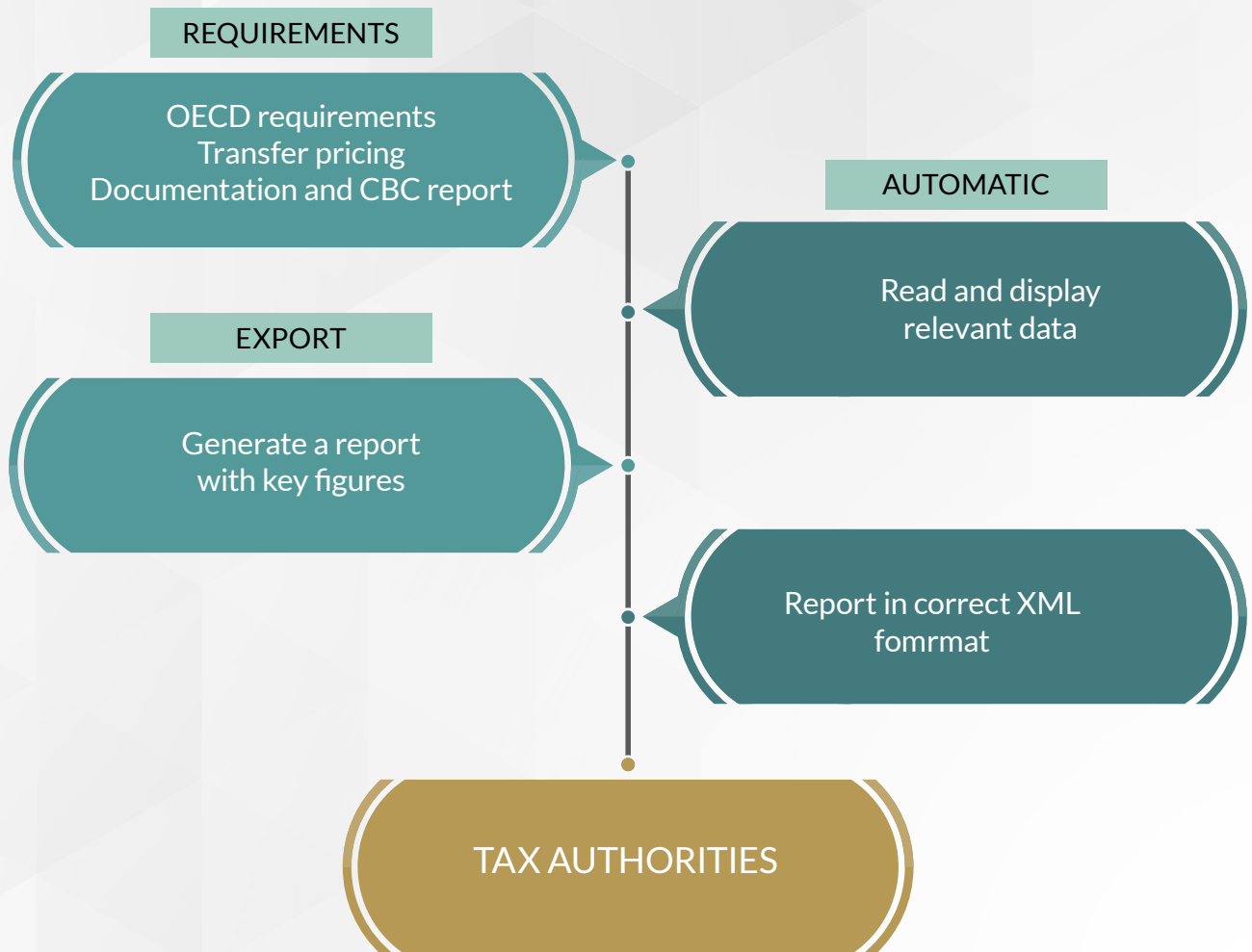
The web application does not manipulate data in IBM Cognos Controller, it only reads data. All configuration required in IBM Cognos Controller are made in the IBM Cognos Controller client.

The following steps needed are:

- Installation and configuration of the web application. (Made by Addeddo and IT at the customer).
- Configuration of IBM Cognos Controller - Set of New Accounts, Complementation of Company Information, etc. (This most likely has to be done regardless of the selected solution).
- Reconciliation of data. (The estimated time is a day. It is difficult to say depending on the group and complexity. However, a data reconciliation probably takes a few hours, max one day. This includes data sharing between the IBM Cognos Controller and the XML report. The estimate included time to build an Excel Link report but excludes time to investigate differences.) *

*) BEPS data is REPO/BASE, reported values completely without the consolidated details that usually interfere with storage etc. You probably want to make an Excel Link report containing the companies you have in the structure and extract the 10-15 BEPS key indicators (sums of different accounts) per company (possibly with the IBM Cognos Controller's basic accounts that sums up to the BEPS accounts). Sort this report by country and check this with what is in the XML-report.

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addedo.BEPS provides the necessary tools to automatically generate a report in correct XML format that fulfill the OECD requirements and based on Cognos Controller data.