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Implementation of Measures to Counter Base Erosion and Profit Shifting (BEPS)

Group Discussion 2

CbC Reporting / New Definition of Remote PE

Digital Meeting on 20 – 21 May 2026

Question 1

What makes it difficult to turn CbCR risk indicators into concrete compliance actions in practice? In a cross-border context, are there specific CbCR data points that you find particularly useful?

FEEDBACK FROM GROUP 1 (red)

OPERATIONAL LIMITS OF CBCR AND PATHWAYS TO AUDIT-READY CASES

Limitations of CbCR Data

CbCR data is highly aggregated, lacks transaction details, and suffers from timing and quality issues, limiting its standalone use.

Multi-step Risk Assessment

Risk assessment combines CbCR indicators with domestic data and disclosures to identify concrete transactional links and responsible entities.

Qualitative Enrichment Importance

Understanding business models, intangibles, and economic rationale is essential for prioritising audit cases effectively.

Operational Workflow Design

Designing workflows that acknowledge CbCR limitations ensures effective use of data for audit case selection and risk management.

Question 2

Are you beginning to use CbC reports to estimate the population of MNE groups that may be in scope of GMT in your jurisdiction? What do you see as the main limitations or challenges? Are you also using CbCR data for early GMT risk analysis, for example to spot low tax jurisdictions or profit and substance misalignments?

FEEDBACK FROM GROUP 1 (red)

USING CBCR FOR SCREENING WHILE MAINTAINING CLEAR REGIME BOUNDARIES

Distinct Roles of CbCR and Pillar Two

CbCR serves as a high-level BEPS risk assessment tool, while Pillar Two requires detailed and specific calculations.

Pragmatic Use of CbCR Data

Administrations use CbCR data to estimate in-scope MNE groups and support early compliance outreach effectively.

Risks of Merging Regimes

Merging CbCR with Pillar Two reporting risks false positives and misinterpretation, leading to operational challenges.

Importance of Governance Boundaries

Maintaining clear governance boundaries with internal guidance avoids confusion for administrations and taxpayers.

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Question 3

How do you integrate OECD guidance on home office PE into day-to-day audit practice? What indicators are used first by your tax administration to argue for a home office PE?

FEEDBACK FROM GROUP 1 (red)

WHY HOME OFFICE PE REMAINS CHALLENGING IN AUDIT PRACTICE

Limited Practical Audit Experience

Most administrations lack fully developed cases on home office PE risk, highlighting uncertainty and novelty in audits.

Evidentiary Challenges

Determining home office PE requires reliable, verifiable information on activities and work locations, often fragmented or incomplete.

Focus on Key Decision Makers

Audit efforts should prioritize significant people functions and decision-makers to assess PE exposure effectively.

Cautious Enforcement Strategy

Due to lack of case law, administrations must build expertise and evidence frameworks before aggressive enforcement.

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Question 4

How do you verify where "key decisions" are actually made in a multinational group with remote operations? In the view of your tax administration, which business models are currently most exposed?

FEEDBACK FROM GROUP 1 (red)

BUILDING ACTIONABLE COMPLIANCE CAPABILITY THROUGH TRIANGULATION

Integrated Risk Workflows

Linking CbCR indicators with domestic data and transfer pricing enhances tax risk assessments.

Standardised Evidence Checklists

Using documentary, testimonial, and digital sources systematically supports robust audit processes.

Focused Audit Strategies

Concentrating on key decision-makers ensures pragmatic and proportionate compliance efforts.

International Collaboration

Ongoing dialogue and experience sharing improve governance amidst evolving global tax risks.

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