

Tax Insight

Country by Country Report and Master File requirements

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On October 26th, the Executive Power announced the approval of Regulatory Decree SN/001, that establishes new amendments on the Transfer Pricing Documentation. In particular, said Decree establishes the framework for submitting the Country by Country Report (CbCR) and Master File. It is worth mentioning that this is one of the measures established by Law 19,484, which determines new regulations towards the objective of fiscal transparency.

These amendments apply to accounting years starting on or after January 1st, 2017.

Below we refer to the main provisions determined by Decree SN/001.

CbCR

• Which information must be submitted?

Specific content to be included in the CbCR is determined, as well as it is foreseen that the Uruguayan Tax Authority (Dirección General Impositiva – DGI) will establish the way in which such procedure shall be performed.

Additionally, taxpayers subject to these obligations shall annually notify DGI of:

- 1) The identity and tax residence of the Multinational (MN) Group entity which will submit the CbCR.
- 2) The identity and tax residence of the final controller entity of the MN Group.
- 3) The identity of other entities which are part of the MN Group in Uruguay.

• Under which conditions are taxpayers obliged to inform?

Entities obliged to inform are those Uruguayan Corporate Income Tax (CIT) taxpayers (including head offices and permanent establishments) that verify the related party assumption detailed in the Decree and integrate a MN Group of large economic dimension.

To this effect, MN Groups of large economic dimensions will be those which its total consolidated income at the end of the Group's fiscal year turn to be equal to or greater than 750 million euros. In addition, criteria to determine such threshold is also established on the Decree.

Lastly, conditions to be considered when determining whether a CIT taxpayer integrate a MN Group are also foreseen.

• Where should the submission be performed?

Information shall be submitted to the DGI and could be used by local tax authorities for complying with its duties and for the exchange of information with competent authorities of foreign states, in the framework of international agreements.

• When does the submission need to be performed?

A special return related to the CbCR must be submitted within a period of twelve months, counting from the closing date of the inform.

Tax Insight: Country by Country Report and Master File requirements

Master File

- **Which information must be submitted?**

A minimum content to be included in the Master File is determined.

- **Under which conditions are taxpayers obliged to inform?**

CIT taxpayers that verify the related party assumptions established to such purpose are obliged to submit the Master File.

- **Where should the submission be performed?**

Information shall be submitted to the DGI, considering the procedure to be determined by said tax authority.

- **When does the submission need to be performed?**

CIT Taxpayers obliged to submit the Master File, shall submit it within a period of twelve months, counting from the closing date of the inform.

PwC Uruguay, through its Transfer Pricing team, could assess taxpayers which are affected by these new amendments, offering the following services:

- Preparing special returns.
- Verifying whether the files prepared abroad are in line with the minimum content required by local regulations.
- Determining consistency between the CbCR and Master File with the local file and Transfer Pricing return (Form 3001) prepared in Uruguay.
- In case the Group's head office is in Uruguay, assisting taxpayers in preparing the Master File and CbCR (if applicable).

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