

DISPUTES & INVESTIGATIONS

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About Navigant

Navigant, Inc. (NYSE: NCI) is a specialized, global professional services firm that helps clients take control of their future. Navigant's professionals apply deep industry knowledge, substantive technical expertise, and an enterprising approach to help clients build, manage and/or protect their business interests. With a focus on industries and clients facing transformational change and significant regulatory or legal pressures, the Firm primarily serves clients in the healthcare, energy and financial services sectors. Across our range of advisory, consulting, outsourcing, and technology/analytics services, Navigant's practitioners bring sharp insight that pinpoints opportunities and delivers powerful results. More information about Navigant can be found at navigant.com.

COUNTRY-BY-COUNTRY REPORTING REQUIREMENTS

OECD/G20 COUNTRY-BY-COUNTRY REPORTING REQUIREMENTS

WHAT'S NEW

- On October 5, 2015, the OECD/G20 released its Base Erosion and Profit Shifting (BEPS) Project [final reports](#), which mandates a new [Country-by-Country \(CbC\) Report](#). The stated purpose of the new report is:
"...[to] make it easier for tax administrations to identify whether companies have engaged in transfer pricing and other practices that have the effect of artificially shifting substantial amounts of income into tax-advantaged environments."
- On December 23, 2015, the IRS and Treasury Department published proposed U.S. regulations to solicit public comments by March 22, 2016. The proposed regulations are generally consistent with the OECD/G20 CbC reporting requirements.
- The CbC Report requires annual disclosures – by individual tax jurisdiction – of unrelated and related party revenues, profits before income tax, income taxes paid/accrued, stated capital, accumulated earnings, employee counts, non-cash tangible assets and main business activities.
- Multinational Enterprises (MNEs) with consolidated revenue of €750 million (~\$850 million) or higher are required to file a CbC Report no later than 12 months after the end of the fiscal year that starts on or after January 1, 2016 (proposed U.S. regulations require filing with the MNE's tax returns for tax years beginning after adoption of the final regulations).

WHAT ARE THE RISKS?

- Risk of increased audits, disputes, tax authority abuse and double taxation.
- Risks of inaccurate or incomplete CbC Report metrics, resulting in:
 - Improper interpretation of taxpayer practices,
 - Inability to reconcile the CbC Reports with other financial disclosures, resulting in diminished trust between taxpayers and tax authorities, or
 - Reputation risk to the extent that tax authorities misinterpret CbC Reports.
- Risk of increased costs and possible non-compliance from inefficient or inaccurate compilation of CbC Report requirements.

HOW CAN WE HELP?

- Gap analysis of existing systems/resources to CbC Report requirements
- Data mapping to cost effectively compile CbC Report requirements
- Prepare draft CbC Report
- CbC Report risk assessment
- Crosswalk of CbC Report to prior financial disclosures

EXPERIENCE

Navigant's forensic accountants routinely work with global computer systems to compile and defend complex finance, accounting and operational statistics for US multinationals involved in audits, appeals or tax litigation. Sample engagements (with substantial stipulations by tax authorities) include:

- Medtronic v. Comr.
- Amazon.com v. Comr.
- Veritas v. Comr.
- Compaq v. Comr.
- Seagate v. Comr.
- Perkin-Elmer v. Comr.
- National Semi. v. Comr.
- Nestle v. Comr.
- UPS v. Comr.

Counsel from the following firms can comment on the quality, intellectual rigor, and reliability of our forensic accounting work:

- Baker & McKenzie
- King & Spalding
- Mayer Brown
- Morgan, Lewis & Bockius / Bingham McCutchen
- Morrison & Foerster
- Skadden, Arps, Slate, Meagher & Flom
- Sutherland Asbill & Brennan
- White & Case

