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Global Private Equity industry response to the OECD consultation – Review of Country-by-Country Reporting (BEPS Action 13)

Thank you for giving us this opportunity to respond to the Review of Country-by-Country Reporting. This response is sent on behalf of global representatives of the private equity and venture capital industry.

Private equity and venture capital investment is a crucial pillar of the economy, providing access to capital for businesses as they grow. Private equity funds have injected large amounts of capital in to businesses around the world: estimates for 2018 have put deal value in the Asia-Pacific region at $159 billion [1], the US at $735 billion [2], and total European deal value at €466.8 billion[3]. Further, the returns on investments made by private equity funds are an important source of revenue for pension funds, insurers and other vehicles pursuant to which individuals look to provide for their retirement, illness or disability.

To set the scene, a widely held investment vehicle is commonly used for private equity and venture capital investment. Typically the funds will be structured as Limited Partnerships which are tax transparent in most jurisdictions. A key principle of an investment vehicle is that an investor should not be in a worse tax position through investing via the investment vehicle than if they had invested directly in the underlying asset (primarily through double taxation i.e. tax at both fund and investor level). This is recognised in tax regimes throughout the world where special regimes or vehicles are made available to ensure the tax neutrality of widely held investment funds.

While we welcome the opportunity to comment on this review and support the underlying objectives of BEPS Action 13, we are concerned that the proposals broaden the scope of Country-by-Country Reporting (CbCR) and therefore increases the compliance burdens for taxpayers. We are not convinced that the additional information will be useful for tax authorities to assess transfer pricing risk, and rather than enlighten, the additional data is likely to lead to confusion.

We note that the consultation excludes collective investment vehicles ("CIVs") from the proposed broadening of the rules. As private equity and venture capital investment is diversified and held through widely held investment vehicles, very similar to CIV's, we would argue that these widely held investment funds are also excluded from this broader application, for the same reason that they do not pose the same transfer pricing risk as MNEs.

After all, we remind the OECD of the ultimate purpose of CbCR which is to provide tax authorities with meaningful information to assess transfer pricing risks, make determinations about where audit resources can most effectively be deployed, and in the event audits are called for, provide initial information to begin and target audit enquiries. If the CbCR definition was extended as proposed to create 'artificial' groups for reporting purposes, this would not provide any additional useful information that an authority could not already request through an entity audit or enquiry. Instead, it would lead to confusion and additional workload for the various authorities and other users of the accounts, who may not understand the nuance of the different definitions of 'group'. We believe that

[1] Bain and Company, Asia-Pacific Private Equity Report 2019
[2] Pitchbook, US PE Breakdown Q3 2019
[3] Pitchbook, European PE Breakdown Q3 2019

this would make the information provided more opaque, and would be counterproductive to the underlying aims of BEPS Action 13.

In particular we would like to highlight:

- The current CbCR definitions are well understood from a tax and accounting perspective, therefore change only a few years into CbCR seems premature.
- Potentially including individuals within scope to capture related parties in CbCR would be a huge financial burden on related party groups, and it would be unclear who had the filing obligation.
- Many of the portfolio companies held by widely held funds are already filing CbCR on a separate basis, therefore aggregating this data risks confusion and creates meaningless results.
- The data output itself would be misleading and not provide useful information for transfer pricing purposes leading to unnecessary workload for both tax authorities seeking to understand the filing and companies having to comply and respond to additional enquiries to clarify information provided.
- Many of the investments made by private equity or venture capital funds are temporal in nature and information will not provide useful data on intercompany transactions.
- Investments funds would need to make significant investments in data analytics and systems in an attempt to be able to comply, but even then related parties may not have sufficient information rights to undertake the CbCR consolidation.

The objectives of BEPS Action 13, to create a high-level transfer pricing risk assessment document, should be kept in mind when considering the requirement to include additional information. The compliance burden and cost to the industry would be significant and we are concerned that the additional data would be more difficult to understand and not help tax authorities in assessing transfer pricing risk. Ultimately, any changes should be born from an evidence based approach, rather than from perceived concerns, and we have not seen compelling evidence yet given CbCR's relatively young age. For every additional item of information that is being requested, it should be clear beyond doubt what the advantages are and how they are aligned with the underlying objectives of BEPS Action 13 to produce high level assessment of transfer pricing risks.

Please find our detailed response in the appendix of this document. Representatives from our industry would be happy to discuss this in further detail at your offices at a time that is convenient for you.

Please contact Chris Elphick (BVCA) or Simon Tosserams (Invest Europe) for any further information regarding this response.

Supported by:

- American Investment Council (AIC)
- US National Venture Capital Association (NVCA)
- Invest Europe, on behalf of the Public Affairs Executive (PAE)[1], which includes the following associations:
- Italian Private Equity and Venture Capital Association (AIFI)
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- Polish Private Equity and Venture Capital Association (PSIK)
- Swiss Private Equity and Corporate Finance Association (SECA)
- South Eastern Europe's Private Equity Association (SEEPEA)

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[1] The PAE consists of representatives from the venture capital, mid-market and large buyout parts of the private equity industry, as well as institutional investors and representatives of national private equity and venture capital associations. The PAE represents the views of this industry in EU-level public affairs and aims to improve the understanding of its activities and its importance for the European economy.

- Slovak Venture Capital and Private Equity Association (SLOVCA)
- Swedish Private Equity and Venture Capital Association

Chapter 1 – General topics concerning the implementation and operation of BEPS Action 13

1. What comments do you have regarding the general status of implementation of CbC reporting by members of the Inclusive Framework?

It is clear that CbCR is not fully implemented across all jurisdictions to date, and different jurisdictions have their own interpretation of the rules which therefore puts a compliance and cost burden on MNEs in certain jurisdictions and not others. Until the reporting is embedded across all jurisdictions we would not recommend additional changes to the rules that would further complicate adoption and implementation.

2. What comments do you have with respect to the use of CbC reports by tax administrations? To date, what impact has this had on the number and nature of requests for additional information?

It is unclear what benefit, if any has been achieved by the current reporting given the infancy of CbCR. We recommend that further analysis is conducted to ensure that CbCR is achieving what it set out to do before embarking on widening the scope. We understand that the OECD is currently developing a CbC reporting Tax Risk Evaluation & Assessment Tool (TREAT), which will support tax administrations, including those from developing countries, in reading and interpreting CbC reports. This tool and its functionality should, to the extent possible, be made available to MNE Groups as transparency should be a two way street.

3. What comments do you have regarding cases where jurisdictions have implemented master file requirements that differ from or go further than the documents listed in Annex I to Chapter V of the OECD Transfer Pricing Guidelines?

We do not have any practical information to share on this point, however harmonisation across jurisdictions must surely be the objective to avoid unnecessary compliance costs that would be associated with different reports.

Chapter 2 – Topics concerning the scope of CbC reporting

4. Are there any benefits from clarifying the definition of a Group to include a single entity that conducts business through one or more permanent establishments, in other jurisdictions in addition to those described in this document?
5. Are there any practical challenges to MNE groups resulting from clarifying the definition of a Group to include a single entity that conducts business through one or more permanent establishments in other jurisdictions, in addition to those described in this document?

In principle, including permanent establishments in the definition of a Group, where they are not already included, would seem to level the playing field. However we would add that the additional cost of requesting this information is balanced against the potential benefit.

6. Are there any benefits from requiring a CbC report to be filed by groups under the common control of an individual or individuals acting together, in addition to those described in this document?
7. Are there any practical challenges to MNE groups from requiring a CbC report to be filed by groups under the common control of an individual or individuals acting together, in addition to those described in this document?

8. From the perspective of groups, what definition of control should be used to determine whether groups are under common control that would balance the dual aims of providing useful information to tax administrations while not placing an excessive burden on groups?
9. From the perspective of groups, what proportion (e.g. one quarter, one third etc.) of the CbC reporting threshold could be used as a threshold, to require a CbC report to be prepared by groups under the common control of an individual or individuals acting together, that would balance the dual aims of providing useful information to tax administrations while not placing an excessive burden on smaller groups?

We believe that careful consideration should be given before the scope is broadened. As stated, the ultimate purpose of CbCR is to provide tax authorities with useful information to assess transfer pricing risks, make determinations about where audit resources can most effectively be deployed, and in the event audits are called for, provide initial information to begin and target audit enquiries. If the CbCR definition was extended as proposed to create 'artificial' groups for reporting purposes, this would not provide any additional useful information that an authority could not already request through an entity audit or individual enquiry but would potentially lead to confusion and additional workload for the various authorities and other users of the accounts, who may not understand the nuance of the different definitions of 'group'. We are concerned that this opaqueness will make the information provided more difficult to understand, rather than easier.

Furthermore, it does not make sense to extend the definition to create 'artificial' groups as this will cut across established accounting and tax principles. Such entities would not be required under accounting law to prepare consolidated financial statements to include individuals either, so providing consolidated information for CbCR purposes would be a huge additional financial and admin burden for businesses that would be difficult to navigate. In particular, just creating a filing obligation involving individuals will be complex. Related individuals who may jointly have control under the CbCR definition may nevertheless not have sufficient information access rights to fully determine the information required to be included in a CbCR. For individuals acting together, who would be required to ascertain whether CbCR applies to the 'artificially aggregated group'? Furthermore, who would take on the liability to inform the individual sub-groups of their obligations, or the absence thereof?

As another example, from a portfolio company perspective, the investments that are owned or controlled by a fund are commercially unrelated as they are standalone investments with no commercial interdependence. Current accounting standards have adequate related party disclosures to enable relevant tax authorities to understand who related parties are and to ask pertinent transfer pricing questions through the normal enquiry route. Where related parties control entities that are themselves already determined to be in MNE groups, this could also lead to less useful information flowing to the tax authorities than under the current regime.

The treatment of an entity for CbCR purposes follows the accounting treatment, where groups are well defined and well understood. In the case of an entity which is owned and/or operated by an individual or related individuals, there is no group for accounting or tax purposes, no requirement for consolidation and therefore the treatment of the entity for CbC reporting purposes should be determined in accordance with these rules. Fundamentally, widely held funds like private equity or venture capital are different to, say, a manufacturing MNE, and therefore this should be taken into account when considering an extension to the rules.

Although the above-mentioned potential broadening of the scope of control does not seem to directly relate to widely held PE/VC funds, it is recognised that many investee businesses (portfolio businesses) of PE/VC funds are likely to themselves be MNEs that are within the scope of consolidation, and potentially CbCR. It will be important that portfolio companies for separate portfolio investments of a PE/VC fund are not treated as part of the same MNE group simply because of the PE/VC fund's holding, such that, for example, the separate portfolio companies' revenues are not combined when ascertaining whether the revenue threshold is met.

In this respect, it is important to note that in operating an investment fund, its various portfolio investments are disaggregated from each other. This approach is supported by the accounting treatment; very few PE/VC funds prepare, or are required to prepare, consolidated accounts. This

disaggregation is important not only because it reflects the very separate nature of each business (i.e. reflects commercial reality), it also allows clear ring-fencing of liabilities between separate businesses to ensure cross contamination risks are managed. Consequently, profits/losses from one portfolio investment cannot be offset/pooled with that of another.

Here, it is key to reiterate that the aim of private equity and venture capital funds is to put their portfolio businesses on a sustainable growth path, with a holding period on average between five and seven years. It is also important to note that funds do not always take control positions.

Against the backdrop of disaggregation and the temporary nature of the relationship between funds and their portfolio investments, it is clear that private equity and venture capital funds generally view investments in portfolio companies separately. This is clearly different in nature from typical MNE groups which run their business as a whole strategically and operationally. In this regard, it is important to note that unlike a conglomerate organisation, portfolio groups have independent and separate boards and management teams, with there being no single controlling mind directing overall strategy for multiple groups. Each of these management teams is responsible for the operation and strategic oversight of their portfolio group only, with no managerial responsibility for the other portfolio businesses that may be held within the same fund. This is reflected in the ring-fenced nature of the financial relationships of the business e.g. compensation packages which track results only of the individual portfolio group and banking relationships which again generally track results only at individual portfolio group level when assessing covenants etc.

We therefore do not see any tangible, additional benefit from requiring a CbCR to be filed by groups under common control of an individual or individuals acting together.

10. Are there any benefits from reducing the consolidated group revenue threshold, in addition to those described in this document?
11. Are there any practical challenges to MNE groups resulting from reducing the consolidated group revenue threshold, in addition to those described in this document?

We recommend that accounting consolidation remains the starting point for determining whether entities are within the same group, allowing taxpayers to use information available to them and concepts with which they are familiar.

Whilst there are a number of issues to be addressed in the mechanics of any effective tax rate calculation (e.g. minority interests which are consolidated but not subject to tax at the MNE level) we believe starting with consolidated accounts has the advantage of being consistent with general practice.

In this regard, we do not think that the fact that some large groups do not have an obligation to prepare consolidated accounts would be problematic, due to the "deemed listing provision" used in CbCR. This provision applies where an enterprise would otherwise be the "Ultimate Parent Entity" but is not required to prepare consolidated accounts in its jurisdiction of tax residence.

The effect is that the group includes all entities that would be included in the consolidated accounts that the relevant enterprise would be required to prepare if it was listed on a public securities exchange. This recommendation (in relation to determining membership of an MNE group) is entirely separate from whether or not the OECD ultimately considers that financial accounts should be used to determine income.

We believe it to be important that the CbCR requirement continues to apply only to large MNE Groups as the compliance burden will be disproportionately higher for smaller entities. The largest enterprises are more likely to have the resources (both in terms of cash and personnel) to allow effective compliance with the requirements. In addition, this approach also ensures that only those whose tax affairs are most likely to lead to significant reductions in the global tax revenues within the goals of the regime are targeted. Moreover, given that tax authorities are still working out how to use the vast amount of information provided by CbCR, it is unwarranted to expand the scope at this point.

We therefore recommend that, for regulatory certainty and proportionality the current scope / threshold should not be changed.

12. Are there any benefits from each of the options for re-basing a non-EUR denominated threshold, in addition to those in this document?
13. Are there any practical challenges to MNE groups from each of the options for rebasing a non-EUR denominated threshold, in addition to those in this document?
14. Option 3 and Option 4 refer to an agreed percentage movement in the value of a jurisdiction's consolidated group revenue threshold that would trigger a requirement to re-base the threshold. From the perspective of MNE groups, at what level should this percentage be agreed (e.g. 5%; 10%) in order to balance the goals of consistency and comparability?
15. Are there any other options for re-basing a non-EUR denominated threshold that should be considered, in addition to those in this document?

We are of the view that whichever rebasing option is used, it should encourage a level playing field in terms of the MNE's that are required to report and not result in a significant additional burden. Many MNE's would be used to revaluation for accounting purposes and will have systems set up to do this, however it would be important to ensure that the timescale is appropriate. The recommended 5 years seems reasonable – short enough to keep a level playing field and long enough to give MNE's around the threshold time to monitor and comply.

16. For each of the options for applying a threshold that takes into account consolidated group revenue of more than one fiscal year described in this note, are there any benefits, in addition to those in this document?
17. For each of the options for applying a threshold that takes into account consolidated group revenue of more than one fiscal year, are there any practical challenges to MNE groups, in addition to those in this document?
18. Are there any other changes to the operation of the consolidated group revenue threshold which should be considered, in addition to those in this document?

In terms of changes to the consolidated group revenue threshold there is no look-forward element. One option is to consider a threshold that looks at both the last 2 years and the group forecast model to determine whether you need to report or not as this is potentially more relevant than just a look-back view. However this does depend on the ability of a group to accurately forecast results (and for tax authorities to understand the modelling).

19. Are there any benefits from including extraordinary income in consolidated group revenue, in addition to those in this document?
20. Are there any practical challenges to MNE groups from excluding extraordinary income in consolidated group revenue, in addition to those in this document?
21. From the perspective of MNE groups, which approach to this issue (e.g. including extraordinary income in consolidated group revenue if these items are separately presented in the consolidated group statements; excluding extraordinary income from consolidated group revenue if these items are separately presented in the consolidated group statements; or some other approach) would balance the dual aims of relative simplicity and a consistent outcome for MNE groups preparing consolidated financial statements under different accounting standards?

By definition extraordinary means it is unlikely to occur again, so we are not clear on why this would need to be included as it will make the assessment more complex and misleading. In our view, the TP risks come from normalised business trading. In fact, one important aspect of CbCR to our mind is to identify year on year trends, and so by the nature of this type of accounting entry inclusion in the

relevant data point will make any trends harder to spot and arguable less trustworthy because there will be even more false positives. Where exceptional items are noted in the accounts, then tax authorities have sufficient information to raise questions on the nature of the income, how it arose and whether through related-parties. CbCR does not add anything here.

22. Are there any benefits from including gains from investment activity in an MNE group's consolidated financial statements, in addition to those in this document?
23. Are there any practical challenges to MNE groups from including gains from investment activity in an MNE group's consolidated group revenue, in addition to those in this document?
24. From the perspective of MNE groups, which approach to this issue (e.g. including gains from investment activity in consolidated group revenue if these items are separately presented in the consolidated group statements; excluding gains from investment activity from consolidated group revenue if these items are separately presented in the consolidated group statements; or some other approach) would balance the dual aims of relative simplicity and a consistent treatment of MNE groups preparing consolidated financial statements under different accounting standards?

We understand, following the guidance issued in 2017 that the purpose of the proposal to include gains from investment activity in the consolidated group revenue is to bring greater consistency, however we disagree with the underlying premise of including it. Our biggest concern is that investment gains vary widely from year to year so would cause more funds to unnecessarily fall within the threshold due to the exceptional nature of the gains that might arise.

The commentary in the consultation is somewhat confused. Interest income and arm's length rates are already accommodated for in most jurisdiction's tax codes so CbCR will not bring to light further TP benefits or insights. In any event, the detail is usually already in the accounts and many jurisdictions require separate documentation to prove arm's length interest rates. With regard to dividends, it is unclear to us how are dividends are seen as TP risks? It would make more sense and give better quality information to tax authorities if this was stripped out of consolidation and normalised trading results were used instead.

25. Where the preceding fiscal year is less or more than 12 months, are there any benefits from a jurisdiction requiring an adjustment to (a) consolidated group revenue of the preceding fiscal year or (b) the consolidated group revenue threshold, in determining whether an MNE group is an excluded MNE group, in addition to those in this document? Otherwise, it would appear a jurisdiction could take either approach.
26. Are there any practical challenges to MNE groups in applying the consolidated group threshold as described in this document, in cases where the preceding fiscal year is less or more than 12 months, in addition to those in this document?

Most MNEs are used to undertaking pro-rata exercises for tax when they change their fiscal year end, therefore we see no reason why this needs to be over-complicated.

Chapter 3 – Topics concerning the content of a CbC report

27. Are there any benefits from including constituent entity information in Table 1, in addition to those in this document?
28. Are there any practical challenges or other concerns to MNE groups from including constituent entity information in Table 1, in addition to those in this document?

We can see how this information could remove some of the challenges identified with reporting of entities not resident in any jurisdictions as set out on p53 of the consultation document. However, from a practical perspective, accessing constituent entity information on an entity by entity basis will depend on how groups prepare their consolidated accounts, and has the potential to create an enormous burden to list out hundreds of entities with the associated information. We do not think the information gathered will be helpful, for example a service company with few employees may prompt questions which could be unrelated to TP risk.

It is not clear what concerns are trying to be addressed here, as in our view reporting on a jurisdiction by jurisdiction basis is where any TP risks will be uncovered, therefore we are not convinced on the merit in entity by entity reporting within any jurisdiction as the TP risks should be minimal. The risk is, this information is going beyond the objective of providing information to conduct a high-level risk assessment.

29. Are there any benefits from requiring the use of consolidated data in Table 1, in addition to those in this document?
30. Are there any practical challenges or other concerns to MNE groups from requiring the use of consolidated data in Table 1, in addition to those in this document?

This proposal appears to create additional workload for no real benefit for the tax authorities in enabling them to assess TP risks on a high level basis. We think this is an unfortunate idea that will only add extra complexity/cost with limited obvious rationale for it providing better results. With regards to comments that some groups have already implemented and are reporting on an aggregate methodology, there are some arguments that it would make more sense to offer a choice between the methods.

However, one of the key arguments against allowing too much flexibility for MNE Groups to choose between aggregation or consolidation to our mind is the inconsistency it would cause across MNE Groups results i.e. if one Group uses an aggregation approach and another uses a consolidation approach comparing certain numbers/ratios between the MNE groups (which we understand will be one of the key parts of the tax authority risk assessment methodology). For each of the possible new items of information considered in this section, are there any benefits from including an additional column in Table 1 of the CbC report template, in addition to those in this document?

31. For each of the possible new items of information considered in this section, are there any benefits from including an additional column in Table 1 of the CbC report template, in addition to those in this document?
32. For each of the possible new items of information considered in this section, are there any practical challenges or other concerns to MNE groups from including an additional column in Table 1 of the CbC report template, in addition to those in this document?
33. If any of the possible new items considered in this section were added to Table 1 of the CbC report template, what additional instructions or guidance would be helpful to MNE groups?

It is not clear whether the additional information proposed adds significant benefit beyond what is required for a high level risk assessment, and furthermore is likely to create complexity and potential confusion. Much of this information is available in local tax returns so already available to tax authorities, however gathering this data centrally is a significant burden. We suggest that further analysis is undertaken to understand why information provided in this format is of greater benefit to tax authorities than what is already available to them.

However, if there is a requirement to include deferred taxes, we would have thought that it would be more helpful for tax authorities to have current and deferred taxes separately disclosed, rather than amending the definition of accrued taxes to include deferred tax. Otherwise recognition / derecognition of DT assets could skew results.

Invariably, to request this type of information, it would require clear instructions as to what is meant by the items as definitions vary between jurisdictions on a tax and accounting basis, and furthermore how these apply in the context of widely held funds with transparent entities.

34. For each of the possible approaches considered in this section, are there any benefits in addition to those in this document?
35. For each of the possible approaches considered in this section, are there any practical challenges or other concerns to MNE groups in addition to those in this document?

It is unclear whether there are significant incremental benefits to be obtained by gathering this further information, as all related party disclosures must appear in the accounts so tax authorities have visibility and ample opportunity to ask relevant TP questions. Furthermore, given the prevalence of general partnerships that are treated as transparent for tax purposes in Private Equity and Venture Capital funds it is likely to be complex to categorise as there will be a mix of the definitions given that some partners are taxable whilst others are not and furthermore the partners will be resident in different jurisdictions.

The current position as recommended by the OECD in the implementation guidance has the obvious benefits of being understood by taxpayers and tax authorities alike as well as being relatively simple to implement. The suggested approaches have neither of these advantages and arguably would take some time to reach the same position. We would urge the OECD to keep in mind that the purpose of CbCR is as a tool to conduct high level risk assessment of TP and should not act like a substitute tax audit. The collection of this data is likely to significantly increase the datasets and there is a significant chance of jurisdictions misinterpreting the additional data. This feels like a perverse outcome.

36. Are there any benefits from including additional information required in the CbCR XML schema in the CbC report template, in addition to those in this document?
37. Are there any practical challenges or other concerns to MNE groups from including additional information required in the CbCR XML schema in the CbC report template, in addition to those in this document?

We have limited comments to make, however it is important to keep in mind that not all of this information is readily available in existing reporting systems, therefore it is likely to create a compliance burden for limited value.

38. Are there any benefits from including standardised industry codes in the CbC report template, in addition to those in this document?
39. Are there any practical challenges or other concerns to MNE groups from including standardised industry codes in the CbC report template, in addition to those in this document?
40. From the perspective of MNE groups which of the existing industry code standards is most likely to be the least burdensome and most useful in providing information on the activities of constituent entities?

In our experience, business activity categories currently used are very broad – so while they are simple to identify which one an entity falls into, they may be too generic to be of great use to tax authorities. We are of the view that the standard which is most widely adopted should be the one used. For example, NAICS is used to disclose on IRS filings, and Standard Industrial Classification (SIC) code is commonly adopted. It is worth being aware that there could be instances of inconsistent classifications by MNE groups if some are not currently required to report under a particular standard.

41. Are there any benefits from including predetermined fields in Table 3 of the CbC report template, in addition to those in this document?
42. Are there any practical challenges or other concerns to MNE groups from including predetermined fields in Table 3 of the CbC report template, in addition to those in this document?
43. From the perspective of MNE groups, what predetermined fields could be included in Table 3 that would provide useful information to a tax administration in interpreting a CbC report, while not being burdensome for an MNE group?

The suggested fields suppose same data sources used in each jurisdiction (eg financial statements or consolidated packs or management accounts). There is a possibility that different data sources are used within a jurisdiction (eg if constituent entities have different accounting software, teams, external service providers etc depending on structure of MNE Group). If so, then disclosure could be rather burdensome. We refer back to our opening remarks that we wish to see evidence of how valuable the additional information would be, over and above what information is already available to tax authorities, and whether the additional information is in line with the original objectives to provide high-level transfer pricing risk assessment.