



Transfer Pricing Documentation

*BRIEF ON FURTHER AMENDMENTS MADE THROUGH S.R.O. 144(I)/2018
DATED FEBRUARY 9, 2018 ON THE DOCUMENTATION AND
COUNTRY-BY-COUNTRY REPORTING REQUIREMENTS*

FOREWORD

This document highlights the amendments made in Chapter - VIA titled "Documentation and Country-By-Country Reporting Requirements" (Chapter – VIA) of the Income Tax Rules, 2002 through S.R.O. 144(I)/2018 dated February 9, 2018 (S.R.O. 144). The Chapter – VIA was originally introduced through S.R.O. 1191(I)/2017 dated November 16, 2017 on which we circulated our flyer on December 8, 2017.

MAJOR CHANGES MADE THROUGH S.R.O. 144

i) An explanatory note has been added in the definition of the term 'Constituent Entity' (CE) to clarify that the expression 'constituent entity resident in Pakistan' (wherever appearing in Chapter-VIA) shall include Permanent Establishment in Pakistan of a non-resident person. Accordingly, the requirements prescribed for and applicable on the 'constituent entity resident in Pakistan' under the said Rules have also been made applicable on the Permanent Establishment of the non-resident person **[Rule 27A(4)(c)(iii)]**.

ii) The definition of 'Entity' has been enlarged to include an 'Association of Persons' in addition to company **[Rule 27A(4)(e)]**.

iii) The definition of 'Related Party' has been inserted to mean 'an associate as defined in section 85 of the Ordinance' **[Rule 27A(4)(j)]**. The term 'related party' is used in declaration of revenue from related and unrelated parties in CbCR.

iv) The due date for furnishing details by a CE of the MNE group as to whether it is an UPC or a SPC for the **tax year 2017** has been changed from **February 15, 2018** to **February 28, 2018** **[Rule 27C]**.

(v) The requirement for a CE resident in Pakistan (not being an UPC or SPC) to file Country-by- Country Reporting (CbCR) under specific scenarios has been dispensed with if the UPC or SPC is not required to file CbCR **in its jurisdiction of residence** for the reason that the total consolidated group revenue is less than Euro 750 Million (in near equivalent amount in domestic currency) **[Rule 27E]**.

(vi) The due date for filing the CbCR for **tax year 2017** has been changed from **March 31, 2018** to **not later than 15 months after the last day of reporting fiscal year** of the MNE group **[Rule 27G(1)]**.

For a CE resident in Pakistan being an UPC or SPC, it has been clarified that the entire Chapter – VIA is not applicable for tax year 2017 if it commences before January 1, 2016 **[Rule 27D]**. This dispensation has the effect that the requirements under Chapter VI-A visa-a-vis maintaining Master File [Rule 27K] and Local File [Rule 27M] for such tax year 2017 have also been done away with.

(vii) The requirement for filing CbCR for tax year 2017 has been made inapplicable for **a CE resident in Pakistan (not being an UPC or SPC)**, if details have been filed by the said CE under **Rule 27B** or by its UPC or SPC (a CE resident in Pakistan) under Rule 27C by the due date of February 28, 2018 **[Rule 27G(3)]**.

(viii) A new rule has been inserted, wherein it has been mentioned that the Board may on an application made by persons required to furnish information with any time or period specified in Chapter-VIA, permit through an order in writing to furnish the information within such time or period as the Board may consider appropriate subject to limitations or conditions specified in the order **[Rule 27P]**.

(ix) The documents, reports, information and details required to be furnished under Chapter-VIA, are required to be furnished electronically via email at the email address, namely cbcr@fbr.gov.pk, till the time any other mode is specified by the FBR **[Rule 27Q]**.



DEADLINE FOR CbCR FILING AT A GLANCE

S. No.	Description	CbCR Filing Requirements	
		Tax Year 2017	Tax Year 2018
(a)	<i>CE resident in Pakistan (either resident company or permanent establishment in Pakistan) not being an UPC or SPC</i>	<i>Not applicable if the notification under Rule 27B is filed by the CE or the notification under Rule 27C is filed by UPC / SPC on or before February 28, 2018</i>	<i>Not later than 12 months after the last day of the reporting fiscal year of the MNE Group. (Notification under Rule 27B to be filed on or before due date of filing of return)</i>
(b)	<i>CE resident in Pakistan being an UPC or SPC</i>	<i>CbCR is to be filed not later than 15 months after the last day of reporting fiscal year of MNE Group (Notification is required to be filed under Rule 27C on or before February 28, 2018)</i>	<i>Not later than 12 months after the last day of the reporting fiscal year of the MNE Group. (Notification under Rule 27C to be filed on or before due date of filing of return)</i>

OTHER POINTS FOR CONSIDERATION

During orientation session arranged by FBR on February 8, 2018 for the professional firms and bodies, the representatives of FBR explained certain other related matters as under:

- 1) There is no prescribed format for filing Notification under Rule 27B and 27C. Hence, the particulars of UPC or SPC can be filed by way of letter addressed to Member (Inland Revenue Policy) at email address cbr@fbr.gov.pk.
- 2) The Organization of Economic Cooperation and Development (OECD) prescribes standardized electronic format i.e., OECD XML Schema Format for exchange of CbCR. FBR is in the process of developing the XML Schema. However, in the interim, CbCR can be filed in prescribed format at email address cbr@fbr.gov.pk.
- 3) Pakistan has signed the Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports (MCAA) pursuant to signing the Multilateral Convention on Mutual Administrative Assistance in Tax Matters (the Convention). Article 6 of the Convention requires the Competent Authorities of the Parties to the Convention to mutually agree on the scope of automatic exchange of information and the procedure to be complied with. As per the information available on the website of OECD, no "activated" bilateral exchange relationships are appearing in respect of Pakistan and no information in this respect is available on the website of FBR.

The FBR representatives clarified during the meeting that no such bilateral agreements will be "signed". For activating a bilateral exchange relationship, a list of intended partners (out of those countries who are the signatory to MCAA) is required to be submitted to OECD. If counter parties will also include Pakistan in such list, the exchange relationship with respective countries will be automatically "activated" and the status can be checked at <http://www.oecd.org/tax/beps/country-by-country-exchange-relationships.htm>. As per representatives of FBR, Pakistan has submitted list of 66 countries for bilateral agreement.

- 4) Under Rule 27M, every taxpayer is required to maintain a local file for all transactions exceeding Rs. 50 million with associates. FBR representatives clarified during the meeting that if all transactions under all categories of transactions with a single associate exceeds Rs. 50 million in a year, the same will required to be reported in local file. However, transactions under each category are to be reported on aggregate basis for the year and there is no need to report each transaction.
- 5) During the discussion, it was noted that the requirement for Local File and Master File was introduced through Finance Act, 2016, however, rules in this respect were finalized in November 2017 through SRO 1191(I)/2017. Therefore, it was requested to the representatives of FBR to clarify that these requirements are applicable from financial year beginning on or after January 01, 2018.

REVISED / UPDATED CHAPTER VI – A

Chapter VI – A as amended to-date is enclosed as Annexure to this Flyer for ready reference.



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February 19, 2018

AMENDED CHAPTER - VIA**DOCUMENTATION AND COUNTRY-BY-COUNTRY REPORTING REQUIREMENTS****PART-I
PRELIMINARY**

- 27A. Application of this chapter:-** (1) This chapter shall apply for the purposes of sub-sections (3) to (5) of section 108.
- (2) The purpose of this Chapter is to prescribe documents, information, files and reports which certain taxpayers are required to keep, maintain and furnish to the Board and the Commissioner under sub-sections (3) to (5) of section 108.
- (3) Nothing in this Chapter shall preclude a taxpayer accounting for income chargeable under the Ordinance, from-
- (a) maintaining any books of account, documents or records in addition to those prescribed in these rules; or
 - (b) maintaining the books of account, documents or records in the manner prescribed keeping in view the head of the income of the taxpayer and, wherever applicable, the nature of the taxpayer's business.
- (4) **Definitions.-** In this Chapter,—
- (a) “consolidated financial statements” mean the financial statements of an MNE group in which the assets, liabilities, income, expenses and cash flows of the ultimate parent entity and the constituent entities are presented as those of a single economic entity;
 - (b) “competent authority agreement” means an agreement,—
 - (i) that is between authorised representatives of those foreign jurisdictions that are parties to an international agreement with Pakistan; and
 - (ii) that provides legal authority for the automatic exchange of country-by-country reports between the party jurisdictions;
 - (c) “constituent entity” means,-
 - (i) any separate entity of an MNE group that is included in the consolidated financial statements of the MNE group for financial reporting purposes or would be so included if equity interests in such business unit of an MNE group were to be traded on a stock exchange;

- (ii) any such entity that is excluded from the MNE group's consolidated financial statements solely on size or materiality grounds; and
- (iii) any permanent establishment of any separate entity of the MNE group included in sub-clauses (i) or (ii), provided the entity prepares a separate financial statement for such permanent establishment for financial reporting, regulatory, tax reporting or internal management control purposes.

Explanation. The expression "constituent entity resident in Pakistan" wherever appearing in this Chapter shall include permanent establishment in Pakistan of a non-resident person.

- (d) "country-by-country report" means a report in respect of an MNE group, containing—
 - (i) the aggregate information in respect of the amount of revenue, profit or loss before income tax, amount of income tax paid, amount of income tax accrued, stated capital, accumulated earnings, number of employees and tangible assets not being cash or cash equivalents, with regard to each country or territory in which the group operates;
 - (ii) the details and identification of each constituent entity of the group including the country or territory in which such constituent entity is incorporated or organised or established and the country or territory where it is resident; and
 - (iii) detailed description of the nature and details of the main business activity or activities of each constituent entity; and
- (e) "entity" means a company or an association of persons;
- (f) "fiscal year" means-
 - (i) a tax year, in a case where the ultimate parent entity or surrogate parent entity is resident of Pakistan; and
 - (ii) an annual accounting period with respect to which the ultimate parent entity of the MNE group prepares its financial statements under any law for the time being in force or the applicable accounting standards of the country or territory of which such entity is a resident, in case the ultimate parent entity or surrogate parent entity is not resident of Pakistan;
- (g) "group" means a collection of entities related through ownership or control, such that-
 - (i) it is either required to prepare consolidated financial statements for financial reporting purposes under any law for the time being in force or the accounting standards of the country or territory of which the parent entity is resident; or
 - (ii) would have been required to be prepared had the equity shares of any of the entity were listed on a stock exchange in the country or territory of which the parent entity is resident;

- (h) “international agreement” means an agreement referred to in sub- section (1) of section 107 and includes the Multilateral Convention for Mutual Administrative Assistance in Tax Matters, any bilateral or multilateral tax convention or any Tax Information Exchange Agreement to which Pakistan is a party and that by its terms provides legal authority for the exchange of tax information between jurisdictions, including automatic exchange of such information;
- (i) “MNE group” means any group that-
- (i) includes two or more entities the tax residence for which is in different jurisdictions or includes an entity that is resident for tax purposes in one jurisdiction and is subject to tax with respect to the business carried out through a permanent establishment in another jurisdiction; and
 - (ii) has a total consolidated group revenue equivalent to seven hundred and fifty million euros or more, or an equivalent amount in Pakistan Rupees, during the fiscal year immediately preceding the reporting fiscal year as reflected in its consolidated financial statements for such preceding fiscal year;
- (j) “related party” means an associate as defined in section 85 of the Ordinance;
- (k) “reporting entity” means the constituent entity including the parent entity or the surrogate parent entity or any constituent entity under rule 27D, that is required to file a country-by-country report in its jurisdiction of tax residence on behalf of the MNE group;
- (l) “reporting fiscal year” means that fiscal year, the financial and operational results of which are reflected in the country-by-country report;
- (m) “surrogate parent entity” means any constituent entity of the MNE group that has been designated by such MNE group, in place of the ultimate parent entity, to file the country-by-country reports in the country or territory in which the said constituent entity is resident, on behalf of such MNE group;
- (n) “systemic failure” with respect to a country or territory means that the country or territory has a competent authority agreement in effect with Pakistan, for automatic exchange of country-by-country reports, but-
- (i) has suspended automatic exchange, for reasons other than those that are in accordance with the terms of that agreement; or
 - (ii) otherwise persistently failed to automatically provide to Pakistan country-by-country reports in its possession of MNE groups that have constituent entity or entities in Pakistan;

- (o) “ultimate parent entity” means a constituent entity of an MNE group that meets the following criteria, namely:-
- (i) it owns directly or indirectly a sufficient interest in one or more constituent entities of such MNE group such that it is required to prepare consolidated financial statements under any law for the time being in force or the accounting standards of the country or territory of which the entity is resident or it would have been required to prepare a consolidated financial statement had the equity shares of any of the enterprises were listed on a stock exchange in the country or territory of which the entity is resident; and
 - (ii) there is no other constituent entity of such MNE group that owns directly or indirectly an interest described in sub-clause (i) in the first mentioned constituent entity.

PART-II
COUNTRY-BY-COUNTRY REPORTING REQUIREMENTS

27B. For every fiscal year, every constituent entity resident in Pakistan, if the constituent entity is not the ultimate parent company or the surrogate parent entity, shall furnish to the Board, on or before the date the constituent entity is required to file return under section 118, the details of the ultimate parent entity or the surrogate parent entity of the MNE group and the country or territory of which the said entities are resident:

Provided that for fiscal year relating to tax year 2017, the information shall be provided by twenty eighth day of February, 2018.

27C. For every fiscal year, every constituent entity resident in Pakistan, if the constituent entity is the ultimate parent company or the surrogate parent entity, shall furnish to the Board, on or before the date the constituent entity is required to file return under section 118, the information whether the constituent entity is an ultimate parent entity or the surrogate parent entity:

Provided that for fiscal year relating to tax year 2017, the information shall be provided by twenty eighth day of February, 2018:

Provided further that a constituent entity, being a surrogate parent entity, shall furnish to the Board, on or before the date the surrogate parent entity is required to file return under section 118, the details of the ultimate parent entity of the MNE group and the country or territory of which the said entity is resident.

27D. (1) Every ultimate parent entity or the surrogate parent entity resident in Pakistan shall, for every reporting fiscal year in respect of the MNE group of which it is a constituent entity, furnish country-by-country report to the Board on or before the due date specified under rule 27G.

(2) The Board, for every reporting fiscal year in respect of every MNE group, whose ultimate parent entity or the surrogate parent entity resident in Pakistan is required to furnish country-by-country report under sub-rule (1) or the constituent entity under rule 27E, shall transmit and exchange country-by-country reports to the jurisdictions that are parties to the competent authority agreement as defined in clause (b) of sub-rule (4) of rule 27A, on or before the due date specified under rule 27G.

(3) The requirements under sub-rules (1) and (2) shall be for reporting fiscal years relating to tax year 2017 and onwards:

Provided that the provisions of this chapter shall not apply to tax year 2017 if it commences before first day of January, 2016.

27E. A constituent entity resident in Pakistan, which is neither the ultimate parent entity nor the surrogate parent entity of an MNE group, shall file a country-by-country report to the Board with respect to the reporting fiscal year of an MNE group of which it is a constituent entity, on or before the date specified under rule 27G, if –

(a) the ultimate parent entity of the MNE group is not obligated to file a country-by-country report in the country or territory of which the ultimate parent entity is a resident;

- (b) the country or territory in which the ultimate parent entity is resident has an international agreement to which Pakistan is a party but does not have a competent authority agreement to exchange country-by-country report; or
- (c) there has been a systemic failure of the country or territory of which the ultimate parent entity is a resident and the said failure has been intimated by the Board to such constituent entity:

Provided that where there are more than one constituent entities of the same MNE group that are resident in Pakistan and one or more of the above conditions apply, the MNE group may designate one of such constituent entities to furnish the country-by-country report to the Board with respect to any reporting fiscal year on or before the date specified under rule 27G and to intimate in writing to the Board that the filing is intended to satisfy the filing requirement of all the constituent entities of such MNE group that are resident in Pakistan:

Provided further that the provisions of this rule shall not apply to a constituent entity if the ultimate parent entity or the surrogate parent entity of the constituent entity is not required to file country-by-country report in its jurisdiction of residence only for the reason that as per rules of the jurisdiction of the ultimate parent entity or the surrogate parent entity, total consolidated group revenue, in near equivalent amount in domestic currency, is less than seven hundred and fifty million euros.

27F. The provisions of rule 27E shall not apply, if a surrogate parent entity of the MNE group has furnished a country-by-country report with respect to any reporting fiscal year with the tax authority of country or territory of which the surrogate parent entity is a resident on or before the date specified under rule 27G and satisfies the following conditions, namely:-

- (a) the surrogate parent entity is required to file the country-by- country reports in the country or territory in which such entity is resident;
- (b) the country or territory in which the surrogate parent entity is resident has a competent authority agreement with Pakistan;
- (c) the country or territory in which the surrogate parent entity is resident has not intimated the Board of a systemic failure;
- (d) the country or territory in which the surrogate parent entity is resident has been intimated in writing by the said entity that it is the surrogate parent entity designated by the MNE group; and
- (e) the Board has been intimated in accordance with rule 27B.

27G. (1) The country-by-country report required to be filed under this chapter shall be filed not later than twelve months after the last day of the reporting fiscal year of the MNE group, in the manner and as provided in Form A and Tables specified in the Schedule to this Chapter:

Provided that for tax year 2017 country-by-country report required to be filed under this chapter shall be filed not later than fifteen months after the last day of the reporting fiscal year of the MNE group:

Provided further that where the country-by- country report is required to be filed under rule 27E and notification of systemic failure has been received by the constituent entity, the said period of twelve months shall be further extended by forty-five days, from the date of receipt of the notification.

(2) The country-by-country reports required to be transmitted and exchanged under rule 27D to the jurisdictions that are parties to the competent authority agreement as defined in clause (b) of sub-rule (4) of rule 27A shall be so transmitted and exchanged not later than fifteen months after the last day of the reporting fiscal year of the MNE group, in the manner and as provided in Form A and Tables specified in the Schedule to this Chapter:

Provided that for tax year 2017 country-by-country report required to be transmitted and exchanged by the Board under this chapter shall be transmitted and exchanged not later than eighteen months after the last day of the reporting fiscal year of the MNE group.

(3) This rule shall not have effect for tax year 2017 in respect of constituent entity required to file country-by-country report under rule 27E provided that the information required to be furnished under rule 27B, 27C or under first proviso to sub-rule (1) of rule 27E, as the case may be, has been furnished to the Board.

27H. (1) The country-by-country reports shall be appropriately used.

(2) Appropriate use of country-by-country reports means that the data or information obtained from such reports shall only be used for purposes of —

- (a) conducting high level and informed transfer pricing risk assessment;
- (b) assessment of other base erosion and profit shifting (BEPS) related risks;
- (c) economic and statistical analysis, where appropriate.

Explanation. - For the purpose of clause (b), BEPS related risks refer to risks that may result in the erosion of Pakistan's tax base resulting from strategies adopted by the MNE groups that make use of tax rules and legislation of different jurisdictions to artificially shift profits to low or no tax jurisdictions where there is little or no economic activity and consequently reduce the overall tax payable by the MNE group. The rules or legislation may include tax credits, carry-forward of losses, hybrid entities, hybrid financial instruments, conduit companies, the use of derivatives to avoid withholding taxes, and profit shifting using the contractual allocation of risk and the pricing of intangibles.

(3) The data in the country-by-country reports shall not be used for purposes of making transfer pricing adjustments on the basis of an income allocation formula or based on a global formulary apportionment of income.

Explanation. - For the removal of doubt it is hereby clarified that nothing in this rule shall prevent making enquiries into the MNE group's transfer pricing arrangements or into other tax matters in the course of a transfer pricing audit.

(4) Transfer Pricing risk assessment based on the data contained in country-by- country reports shall not be made by an authority below the rank of Commissioner or Director, as the case may be:

Provided that such authority shall obtain prior approval for conducting risk assessment from Director General of Transfer Pricing to ensure that data or information contained in country-by-country report has not been used inappropriately.

(5) To ensure that data or information contained in country-by-country report has been used appropriately in making transfer pricing risk assessment, Director General of Transfer Pricing, on its own or on a request, may issue a circular setting out the guidance or instructions on appropriate use of data contained in such reports and shall be binding on the tax authorities.

(6) Subject to the Ordinance, Director General of Transfer Pricing in issuing circulars referred to in sub-rule (5) shall also be guided by international standards and guidelines issued by the various tax-related internationally recognized organizations.

(7) Where the information or data contained in country-by-country report has not been used appropriately, the Board shall —

- (a) notify the breach of appropriate use, to the Co-ordinating Body Secretariat of Organization of Economic Cooperation and Development (OECD) or other competent authority; and
- (b) concede inappropriate adjustments in competent authority proceedings that involve a tax adjustment using an income allocation formula or a global formulary apportionment of income based on information from country-by-country report.

(8) The Board may, from time to time, review and update any existing or additional requirements for appropriate use of data or information contained in country- by-country reports.

27I. The Board shall preserve the confidentiality of the information contained in the country-by-country report at least to the same extent that would apply if such information were provided to it under the provisions of the Multilateral Convention on Mutual Administrative Assistance in Tax Matters.

27J. On behalf of the Board, Director General of Transfer Pricing shall be the authority authorized to:

- (a) receive country-by-country reports as specified in rule 27D; and
- (b) transmit and exchange country-by-country reports to the jurisdictions that are parties to the competent authority agreement as defined in clause (b) of sub-rule (4) of rule 27A:

Provided that till the appointment of Director General of Transfer Pricing, the authority to receive, transmit or exchange country-by-country reports shall be the Member (Inland Revenue Policy).

PART-III DOCUMENTATION REQUIREMENTS

27K. Notwithstanding the provisions of sub-clause (ii) of clause (i) of sub-rule (4) of rule 27A, every taxpayer, being a constituent entity of an MNE group and having a turnover of more than one hundred million Rupees, shall keep and maintain a master file.

27L. Master file as referred to in rule 27K, shall contain standardised information relevant for all MNE group members and must include –

- (a) chart illustrating the MNE's legal and ownership structure and geographical location of operating entities;
- (b) general written description of the MNE's business including -
 - (i) important drivers of business profit;
 - (ii) a description of the supply chain for the group's five largest products or service offerings by turnover plus any other products or services amounting to more than five percent of group turnover. The required description could take the form of a chart or a diagram;
 - (iii) a list and brief description of important service arrangements between members of the MNE group, other than research and development (R&D) services, including a description of the capabilities of the principal locations providing important services and transfer pricing policies for allocating services costs and determining prices to be paid for intra-group services;
 - (iv) a description of the main geographic markets for the group's products and services that are referred to in sub-clause (ii);
 - (v) a brief written functional analysis describing the principal contributions to value creation by individual entities within the group, i.e. key functions performed, important risks assumed and important assets used; and
 - (vi) a description of important business restructuring transactions, acquisitions and divestitures occurring during the fiscal year;
- (c) information of intangibles, including -
 - (i) a general description of the MNE's overall strategy for the development, ownership and exploitation of intangibles, including location of principal R&D facilities and location of R&D management;
 - (ii) a list of intangibles or groups of intangibles of the MNE group that are important for transfer pricing purposes and which entities legally own them including entities responsible for the Development, Enhancement, Management, Protection or Exploitation (DEMPE) functions with respect to such intangibles;

- (iii) a list of important agreements among identified associated enterprises related to intangibles, including cost contribution arrangements, principal research service agreements and license agreements;
 - (iv) a general description of the group's transfer pricing policies related to R&D and intangibles; and
 - (v) a general description of any important transfers of interests in intangibles among associated enterprises during the fiscal year concerned, including the entities, countries and compensation involved;
- (d) inter-company financial activities, including -
- (i) a general description of how the group is financed, including important financing arrangements with unrelated lenders;
 - (ii) The identification of any members of the MNE group that provides a central financing function for the group, including the country under whose laws the entity is organised and the place of effective management of such entities; and
 - (iii) a general description of the MNE's general transfer pricing policies related to financing arrangements between associated enterprises; and
- (e) annual consolidated financial statement for the fiscal year concerned if otherwise prepared for financial reporting, regulatory, internal management, tax or other purposes.

27M. Every taxpayer shall keep, maintain and make available, a local file for all transactions, exceeding fifty million Rupees, with the associates. The local file shall be made available, if required by the Commissioner under section 108, at any time after the due date of filing of return under section 118.

27N. Local file referred to in rule 27M, shall include –

- (a) local entity structure including its management structure of the local entity, a local organization chart and a description of the individuals to whom local management reports and the country or countries in which such individuals maintain their principal offices;
- (b) a detailed description of the business and business strategy pursued by the local entity including an indication whether the local entity has been involved in or affected by business restructurings or intangibles transfers in the present or immediately past year and an explanation of those aspects of such transactions affecting the local entity;
- (c) key competitors;

- (d) information for each category of controlled transactions in which the taxpayer is involved, including -
- (i) a description of all the controlled transactions (e.g. procurement of manufacturing services, purchase of goods, provision of services, loans, financial and performance guarantees, licenses of intangibles, etc.) and the context in which such transactions take place;
 - (ii) the amount of intra-group payments and receipts for each category of controlled transactions involving the local entity (i.e. payments and receipts for products, services, royalties, interest, etc.) broken down by tax jurisdiction of the foreign payer or recipient;
 - (iii) an identification of associated enterprises involved in each category of controlled transactions and the relationship amongst them;
 - (iv) detailed list of all inter-company agreements and copies of all such agreements concluded by the taxpayer;
 - (v) a detailed comparability and functional analysis of the taxpayer and relevant associated enterprises with respect to each documented category of controlled transactions, including any changes compared to prior three years;
 - (vi) an indication of the most appropriate transfer pricing method with regard to the category of transaction and the reasons for selecting that method;
 - (vii) detailed information on transfer pricing methods applied including comparable searches criteria, results of searches and application of transfer pricing method;
 - (viii) information regarding periodically updating and refreshing comparable searches and the period after which such comparable searches are updated and refreshed; and
 - (ix) list of all existing unilateral and bilateral or multilateral advance pricing agreements and copies thereof and other tax rulings to which Pakistan is not a party and which are related to controlled transactions described as aforesaid; and
- (e) financial information including -
- (i) annual local entity financial accounts for the fiscal year concerned. If audited statements exist they should be supplied and if not, existing unaudited statements should be supplied;
 - (ii) information and allocation schedules showing how the financial data used in applying the transfer pricing method may be tied to the annual financial statements; and
 - (iii) summary schedules of relevant financial data for comparables used in the analysis and the sources from which that data was obtained.

27O. Failure to maintain or furnish documents by the taxpayer required to be maintained under this chapter shall be subject to penalty or penalties under section 182 of the Ordinance.

27P. Where any time or period has been specified under any of the rules in this Chapter, within which any document, information, file or report is required to be furnished to the Board by certain persons, the Board may, on an application filed by the person, permit through an order in writing, such person to furnish documents, information, files or reports, as the case may be, within such time or period as the Board may consider appropriate subject to such limitations or conditions as may be specified in the order.

27Q. Documents, reports, information and details required to be furnished under Part II of this Chapter by electronic transmission using the specified software in accordance with the specified format or any other requirements including safety valve, security and verification considerations as may be specified by the Federal Board of Revenue from time to time:

Provided that till the time such specified software in accordance with the specified format or any other requirements is developed or procured and installed, the documents, reports, information and details shall be furnished electronically via electronic mail on electronic mail address, namely, cbr@fbr.gov.pk.



Schedule
[see rule 27G(2)]
Country-by-Country Report

1. Is this an amended report? Yes No
2. Enter the last day of reporting tax year of the MNE group for which you are reporting (see instruction) Year Month Day
3. Does this report cover a full reporting tax year? Yes No
4. If no, indicate the number of month for which you are reporting _____

Reporting Entity Section
Section 1
Reporting Entity Identification
Form A

Check one box only to indicate the type of reporting entity and complete the areas that apply			
Person (Company/Trust/AOP)			
Incorporation/Registration Number			
Enter the name of MNE group			
Reporting Entity's address			
Street Number	Street		
City	Province or territory	Country code	Postal code

Section 2 Role of the Reporting Entity

Check one box only to indicate the reporting role of the entity filing this report (see instructions)

Ultimate parent entity

Surrogate parent entity

Constituent entity

If you selected constituent entity, is this report filed on behalf of all constituent entities of the MNE group in Pakistan for the reporting fiscal year?

Yes No.

If you selected surrogate parent entity or constituent entity, provide the name and country of residence for tax purposes of the ultimate

Name of ultimate parent Country code

Section 3 Certification

I certify that the information given on this form is, to my knowledge, correct and complete, and fully discloses the reporting entity's related information		If someone other than the reporting entity prepared this form, provide their;	
Name of certifier		Name of contact	
Sign here (it is a serious offence to file a false statement)		Address	
Position/title of certifier			
Telephone number of certifier	Date (DD-MM-YYYY)	Telephone number of contact	



COUNTRY-BY-COUNTRY REPORT

TABLE 1

Overview of allocation of income, taxes and business activities by tax jurisdiction

Name of the MNE group: Fiscal year concerned: Currency:										
Tax Jurisdiction	Revenues			Profit (Loss) Before Income Tax	Income Tax Paid (on cash basis	Income Tax Accrued – Current Year	Stated capital	Accumulated earnings	Number of Employees	Tangible Assets other than Cash and Cash Equivalents
	Unrelated Party	Related Party	Total							
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)

TABLE 2
List of all the Constituent Entities of the MNE group included in each aggregation per tax jurisdiction

Name of the MNE group: Fiscal year concerned:															
Tax Jurisdiction	Constituent Entities resident in the Tax Jurisdiction	Tax Jurisdiction of organisation or incorporation if different from Tax Jurisdiction of Residence	Main business activity(ies)												
			Research and Development	Holding/managing intellectual property	Purchasing or Procurement	Manufacturing or Production	Sales, Marketing or Distribution	Administrative, Management or Support Services	Provision of services to unrelated parties	Internal Group Finance	Regulated Financial Services	Insurance	Holding shares or other equity instruments	Dormant	Other ¹
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	1.														
	2.														
	3.														
	1.														
	2.														
	3.														

¹Please specify the nature of the activity of the Constituent Entity in the "Additional Information" section.

TABLE 3
Additional Information

Name of the MNE group: Fiscal year concerned:
<i>Please include any further brief information or explanation you consider necessary or that would facilitate the understanding of the compulsory information provided in the country-by-country report.</i>

The link to access the S.R.O. 144(I)/2018 dated February 9, 2018 from the website of FBR is copied herein:

<http://download1.fbr.gov.pk/SROs/20182121722813520SRO144-i-2018.pdf>



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