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## MULTILATERAL COMPETENT AUTHORITY AGREEMENT ON THE EXCHANGE OF COUNTRY-BY-COUNTRY REPORTING HAS BEEN APPROVED BY THE PRESIDENT

As stated in the [Bulletin no.2020/002](#), the obligation of Country-by Country Reporting (CbCR) has been introduced to the Turkish Tax Legislation with the Presidential Decree No.2151 Regarding Amending the Decree on Disguised Profit Distribution Through Transfer Pricing published on February 25, 2020.

Accordingly, the multinational entity (MNE) group's ultimate parent company or surrogate entity resident in Turkey with annual consolidated group revenue amounting to **EUR 750 million or more** in the accounting period prior to the reported accounting period shall prepare a Country-by-Country Report until the end of the 12th month after the reported accounting period and submit it to the Revenue Administration electronically.

According to the operating logic of the CbCR, the ultimate parent companies (or surrogate entities) will submit the Country-by-Country Report only to their countries' financial administrations. Country-by-Country Report will not be submitted in the countries where other companies affiliated to the group are located; only a notification will be given regarding in which country the group's Country-by-Country Report is issued. Later on, the financial administration where the Country-by-Country Report is presented, will share the Report with the financial administrations of other countries affiliated with the group. Therefore, exchange of CbCR will not be through companies, but in the form of financial administrations sharing the Report directly with each other.



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In order for the financial administrations to share the Report among themselves, a Competent Authority Agreement must be signed between countries. If there is no Competent Authority Agreement, CbCR cannot be shared between administrations.

For example, in the event that the Report exchange within the scope of Competent Authority Agreement does not start between Turkey and the country administration where the ultimate parent entity is resident, the group company resident in Turkey may also be required to submit a Country-by-Country Report in Turkey.

Or in the case that the ultimate parent entity of the MNE group is in Turkey, CbCR may also be required in countries where the companies affiliated to the group which are located where Turkey has not initiated information exchange.

Turkey have signed the “*Multilateral Competent Authority Agreement on the Exchange of Country-by-Country Reports*” (Competent Authority Agreement) on December 30, 2019. **The Competent Authority Agreement was then approved by the President with the [Presidential Decree No.3038](#), published in the Official Gazette (Repeated) dated October 1, 2020 and numbered 31261.**

In the next process, Turkey will initiate the exchange process with the relevant countries individually. The countries where Turkey has initiated the exchange of CbCR will not be published separately in the Official Gazette. However, these countries can be followed on the OECD website. Please [click here](#) to access the list on the OECD website. The number of countries that Turkey has agreed regarding the report exchange is zero at the moment. This number is expected to increase until 31.12.2020, which is the deadline for the report submission.

Kind regards.