

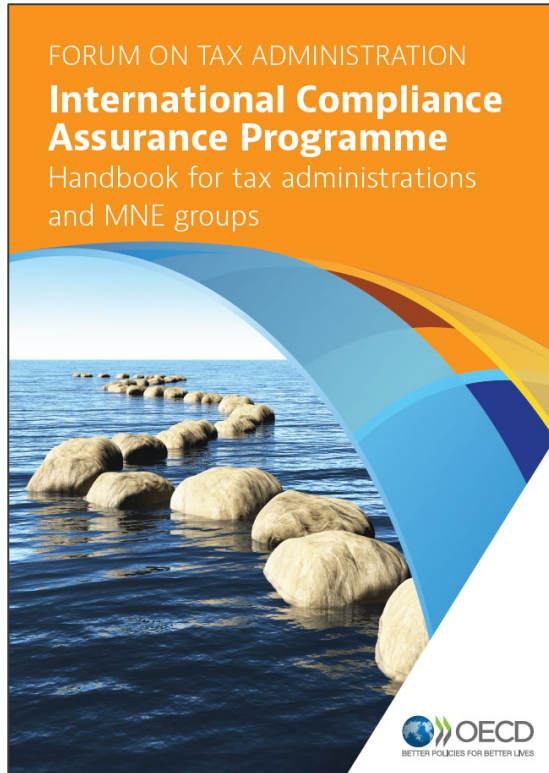


# THE INTERNATIONAL COMPLIANCE ASSURANCE PROGRAMME (ICAP)

Introduction for MNE groups



# The International Compliance Assurance Programme (ICAP)



- ICAP is an innovative voluntary programme, developed by the OECD Forum on Tax Administration, to provide greater certainty to MNE groups over key international tax risks
- ICAP involves a co-ordinated risk assessment of an MNE group's transfer pricing and PE risks using standardised documentation and agreed timelines
- A roll-out of ICAP was announced in December 2020, following two pilots, which commenced in 2018 and 2019



# The ICAP process: An overview

4-6 weeks  
twice a year (March  
and September)

**Stage I: Selection**



20-36 weeks  
from the start date  
agreed with each  
MNE group

**Stage II: Risk assessment ...**

**... and issue resolution**

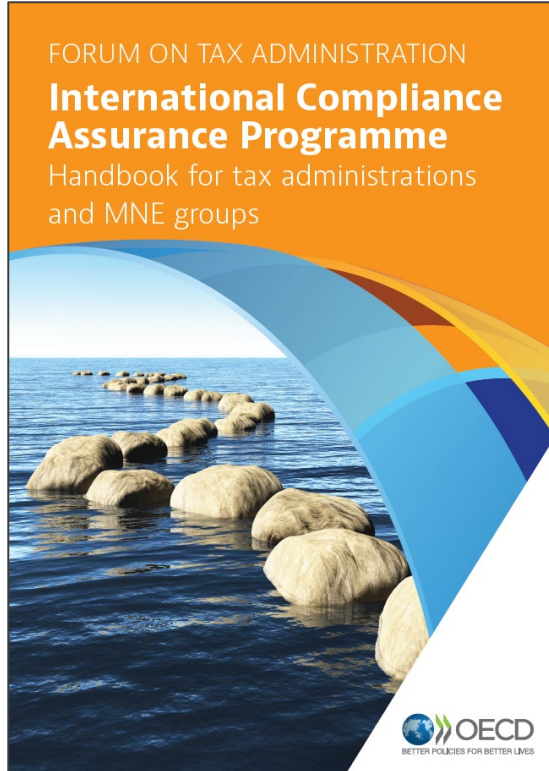


4-8 weeks  
following the end of  
the risk assessment

**Stage III: Outcomes**



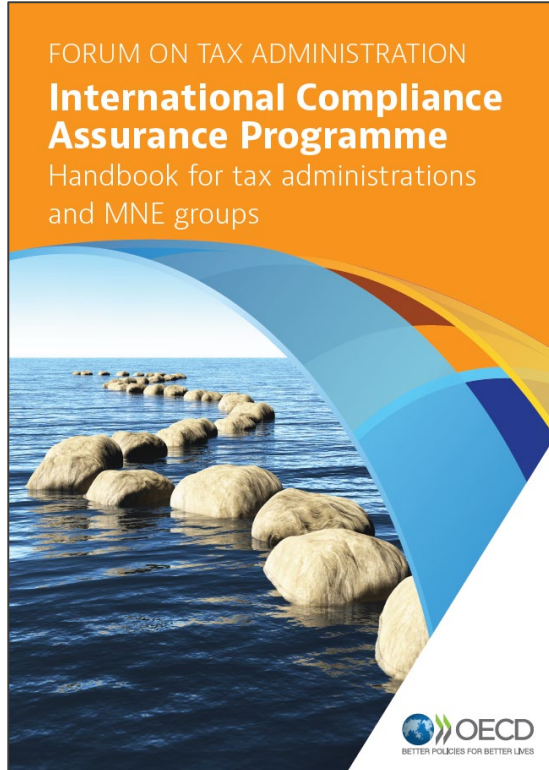
# The ICAP process: Selection



- ICAP commences with a request from an MNE group to its lead tax administration, accompanied by basic information, by one of the two application deadlines each year
- This information is shared with relevant participating tax administrations, each of which determines whether it will join the MNE group's ICAP risk assessment
- Specific transactions may be excluded from scope by a tax administration (e.g. if an APA is already in place)
- The planned scope of an ICAP risk assessment is discussed with the MNE group



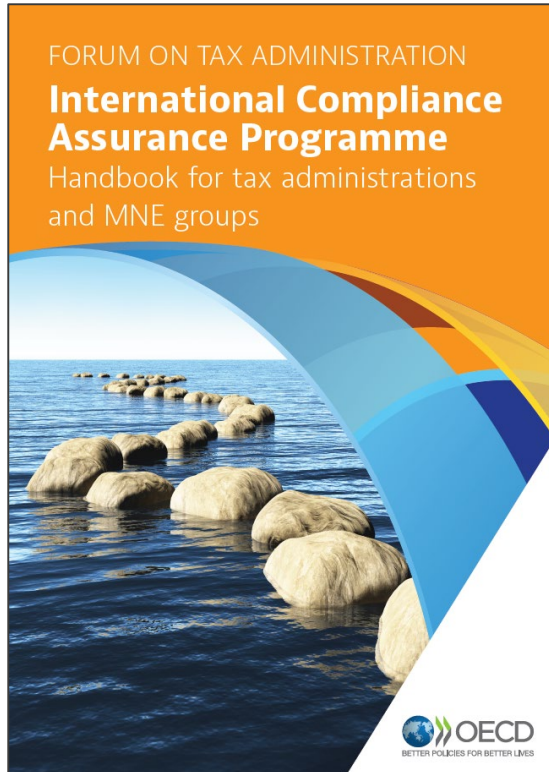
# The ICAP process: Risk assessment



- The start date for an ICAP risk assessment is agreed with the MNE group
- A risk assessment begins with delivery of a standard package of documentation, usually via a secure data room managed by the MNE group
- Typically there will be at least one face-to-face meeting with the MNE group and all tax administrations, physically or online
- Each tax administration conducts its own risk assessment, but benefits from greater information and engagement with the MNE and other tax administrations, co-ordinated by the lead tax administration



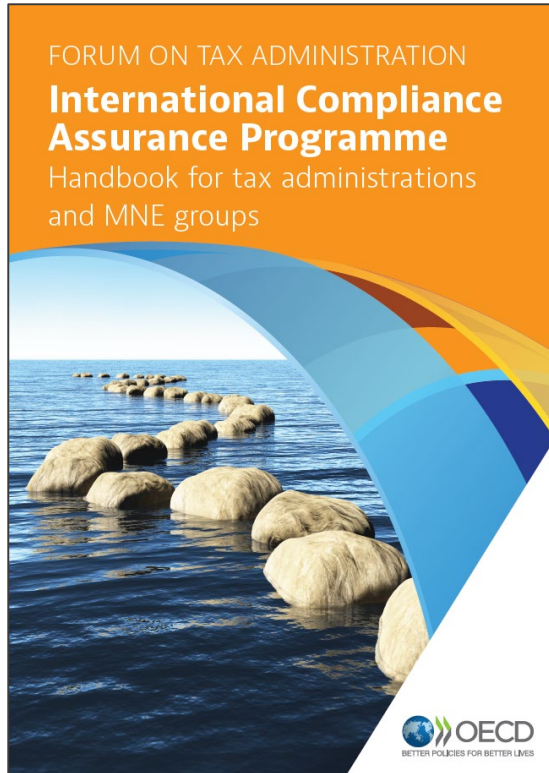
# The ICAP process: Issue resolution



- Tax administrations may request additional information and clarification for the purposes of risk assessment
- Requests are co-ordinated by the lead tax administration, ensuring a single point of contact for enquiries
- Where possible, issues identified as part of a risk assessment will be addressed within the programme, avoiding the need for further time-consuming compliance activity such as audit (followed by MAP)



# The ICAP process: Outcome letters



- Each tax administration will issue an outcome letter containing the outcomes of its risk assessment
- The form and content of these letters will vary, reflecting domestic rules on what they should contain
- For transactions found to be low risk, letters typically include a statement that a tax administration does not anticipate any additional enquiries to be needed for the periods covered by the risk assessment, plus the next two periods if there are no changes
- If a transaction is found not to be low risk, this will be stated in the outcome letter





# ICAP vs other routes to tax certainty

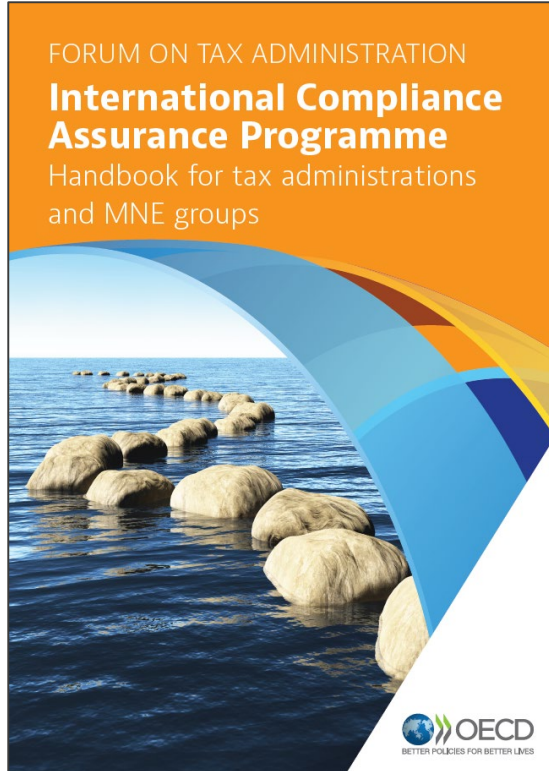
- The level of legal certainty an MNE group obtains from ICAP is less than from an APA, but:
  - the timeframe for an ICAP risk assessment is 6-12 months compared with 3-4 years for a bilateral APA
  - ICAP potentially provides comfort over all of an MNE group's TP and PE risk in covered jurisdictions, rather than only over specific transactions
  - under ICAP, comfort is typically provided by 6-8 tax administrations, rather than just 2 under a bilateral APA
- ICAP is not a replacement for a bilateral or multilateral APA, but may complement these tools by providing a straightforward route to greater comfort for certain transactions







# Tax administrations participating in ICAP



**Australia**

**Austria**

**Belgium**

**Canada**

**Colombia**

**Denmark**

**Finland**

**France**

**Germany**

**Ireland**

**Italy**

**Japan**

**Luxembourg**

**Netherlands**

**Norway**

**Singapore**

**Poland**

**Russia**

**United States**

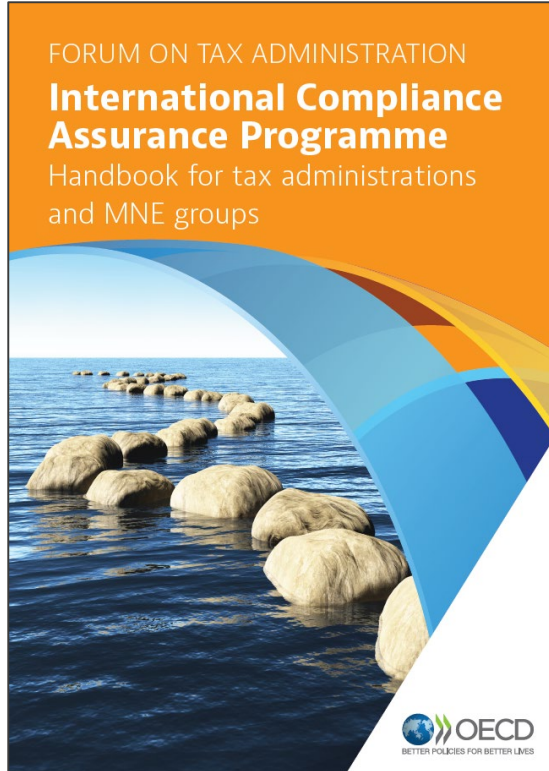
**Spain**

**United Kingdom**

**More to be added.....**



# Next steps



- Keep an eye on the OECD website for news of further tax administrations joining the programme
- Contact your lead tax administration or the OECD ICAP Secretariat if you have any questions
- Engage with your lead tax administration early to discuss possible participation in the programme
- The deadline for applications to participate in the next round of ICAP is **30 September 2021**
- Going forward, there will be two intakes of MNE groups into ICAP each year, **on 31 March and 30 September**



## Where to find out more

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**[www.oecd.org/tax/administration/international-compliance-assurance-programme](http://www.oecd.org/tax/administration/international-compliance-assurance-programme)**

**[ICAP@oecd.org](mailto:ICAP@oecd.org)**