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PLATFORM FOR TAX GOOD GOVERNANCE

Discussion paper on corporate tax transparency

Meeting of 24 September 2015

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OECD and G20 countries will finalise by the end of 2015 a 15-point Action Plan against Base Erosion and Profit Shifting (BEPS).

In BEPS Action 13, the OECD recommends that large multinational enterprises with turnover above €750m submit a Country-By-Country Reporting (hereafter "CbCR") to the relevant tax authority. The information would in turn be shared among the competent authorities of participating countries.

In parallel, The European Commission is preparing an impact assessment on further corporate tax transparency. This work should be completed in the first half of 2016. In this respect, the Commission launched a public consultation over the summer. The Commission is now turning to the Platform. The views expressed during the meeting will assist for the Commission's work on the Impact Assessment on Further Corporate Tax Transparency.

Agenda of the session

- Presentation of preliminary results of the public consultation
- Discussion session (based on indicative questions below)

Discussion session

As part of the impact assessment work, the Commission has to examine an array of options, including a fully public CbCR published by companies.

The OECD has designed a template for the preparation of a CbCR in BEPS Action 13. This CbCR has been designed primarily for the use by tax authorities for the sole purpose foreseen by the BEPS actions, and confidentiality guaranteed by the recipient tax authorities. The OECD recommends in BEPS 13 that countries keep documentation requirements reasonable and focused on material transactions. It recommends that the CbCR includes all tax jurisdictions in which an MNE group has an entity resident for tax purposes, regardless of the size of business operations in that tax jurisdiction. The OECD recommends disclosing in the BEPS 13 CbCR a breakdown of revenues per country between revenues with unrelated parties and related parties. In BEPS 13, all sources of data are acceptable to fill in a CbCR as long as the company provides a brief description of the sources of data (no reconciliation required). Reporting should be done consistently over the years.

Question

A. In the frame of examining the possibility of a public CbCR by companies as part of the options contemplated in the impact assessment, could the OECD template of a CbCR in BEPS 13 represent a basis?

As from 2015, banks in the EU must publish an annual consolidated Country-By-Country Reporting with the following information:

- (a) name(s), nature of activities and geographical location;
- (b) turnover;
- (c) number of employees on a full time equivalent basis;
- (d) profit or loss before tax;
- (e) tax on profit or loss;
- (f) public subsidies received.

This information is publicly available – legally it has to be audited and published by a bank (or an ultimate EU parent of a banking group), where possible, as an annex to the financial statements with the relevant national companies register.

The first year of publication of full CbCR by banks is in 2015, based on fiscal year 2014's operations.

Question

B. Would you like to share any views on, or experience with CbCR published by banks in 2015?