Subject: Vote to extend public country by country reporting requirement to all countries worldwide

I am writing to you concerning the European Commission’s legislative proposal of 12 April 2017 on public country by country reporting, due to be voted in the ECON and JURI Committees on 30th May 2017.

The European Commission’s legislative proposal aims to introduce greater corporate transparency by introducing public reporting requirements for the largest companies operating in the European Union. The transparency provided by public country by country reporting will enable investors and policymakers as well as society at large to assess corporate tax behaviour, and contribute to the goal of ensuring that firms pay their taxes in the countries where their economic activities take place and their profits are generated.

Unfortunately, the European Commission’s legislative proposal does not go far enough. In particular, by limiting tax transparency to the European Union and to countries on an arbitrary list of yet-to-be determined tax havens, the EU’s approach to country-by-country reporting risks leaving in place a significant loophole which will allow multinationals to continue shifting their profits to jurisdictions which are not covered by the proposal.

As Member of the European Parliament, I urge you to improve the current proposal and to deliver proper country-by-country reporting by:

- requiring multinationals to publish data broken down on a country-by-country basis for each country and jurisdiction of operation, both inside and outside the EU and not only on operations in EU countries and yet-to-be determined tax havens. Public disclosure of data broken down country-by-country must apply to each country and jurisdiction of a company’s operations. Limiting the scope of the directive to the EU risks encouraging companies to establish new tax strategies to keep data covered up, and also means that most countries will be left in the dark about multinationals operating in their jurisdiction. Furthermore, partial coverage of a selected list of countries will mean partial information which could only lead to misinterpretation.

Unless the European Parliament and EU member states agree to amend the Commission’s legislative proposal in a meaningful way and extend transparency to all countries on a worldwide basis, the EU will miss a key opportunity to increase tax and corporate transparency.

Investors feel increasingly at risk due to a lack of disclosure by companies on their tax arrangements and are joining the call for increased transparency. In April 2017, Norway’s sovereign wealth fund, the largest of its kind in the world, set out clear expectations in new guidance to the MNCs in which it invests, that they should pay their taxes where they generate economic value and that they should publish their country-by-country reporting information.

According to the latest Eurobarometer survey of European citizens, 74% of Europeans believe that the European Union should take more action to fight against tax fraud. I urge you to act on this public mandate to adopt a meaningful public country by country reporting legislation.
I remain at your disposal if you would like to receive more information and would like to take the opportunity to meet with you or your staff in person to discuss this issue further.

Yours sincerely,

Flavia Micilotta

*Eurosif Executive Director*