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Tax transparency

Big companies will have to disclose more tax details, but limited to Europe

This may look like a bad April Fools' Day joke, but it's not. According to a leaked document obtained by Politico on 21st of March, the European Commission plans to (finally) launch an initiative for greater corporate tax transparency... except it contains many loopholes that risk undermining the whole project.

Four years ago, the Greens were the first to table amendments that would ensure large companies have to publicly disclose basic financial information about their activities and where they pay taxes. With this basic data - which any company should have - we would be able to see where companies employ people, where they register profits, and whether they pay their fair share of taxes where their real economic activity is.

Thanks to political and public pressure, the momentum has grown to the point where Pierre Moscovici, European Commissioner for taxation, admitted last month that it is not a question of "if we will get public country by country reporting but when".

And so here we are. The Commission will launch a new proposal on the 12th of April to make big companies more transparent about their tax affairs. This is a welcome (if overdue) move and we congratulate the Commission for finally hearing what the European Parliament has been demanding for years now. The launch of this proposal in Strasbourg during a plenary week is also a symbolic gesture: Commission and Parliament siding together to ensure the Member States - who we've been told are not so keen on the initiative - accept the deal.

However, the draft proposal from the Commission raises a few concerns and this is why the Greens have written to Jean-Claude Juncker, President of the European Commission, to ask for it to be re-drafted. In the final proposal, we would like to ensure:

1. **Companies disclose information for their activities outside Europe as well.** For now, the objective is that big companies will disclose information for each EU country but will only include aggregated data for the rest of the world. This means that we will be able to know what companies do in European countries but their activities in the Cayman Islands or Panama will remain in the dark. This is contrary to the very spirit behind country by country reporting.
2. **Non-European companies are covered as well and may not escape disclosing**

information. For now, non-EU companies are included in the scope but they could avoid publishing information if they are subject to a similar obligation in their home country. As 'similar' is not defined, there is the risk that a loophole will be created, and non-EU companies operating in Europe will avoid publishing their tax details.

3. **All relevant information is disclosed.** The preliminary list of information mentioned by the Commission is good but we should also include the publication of assets, sales, and public subsidies received to ensure we can fight corruption as well as tax avoidance.
4. **The scope of companies covered by this obligation is enlarged.** For now, only very big companies (those with a turnover greater than €750 million) will have to report. This represents only 10 to 15% of large companies. We ask the Commission to respect the current threshold for defining large companies, which would cover three times more entities.

The clock is ticking. The Commission now has less than two weeks to revise its proposal and present a real tax transparency initiative, as an important step towards fighting corporate tax avoidance and achieving the greater tax fairness that European citizens deserve.

- **Greens/EFA Group Letter to Mr Juncker on public country by country reporting** (PDF)

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