

Country by country reporting

2016/0107(COD) - 21/06/2017 - Committee report tabled for plenary, 1st reading/single reading

The Committee on Economic and Monetary Affairs and the Committee on Legal Affairs jointly adopted the report by Hugues BAYET (S&D, BE) and Evelyn REGNER (S&D, AT) on the proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches.

The committee recommended that the European Parliament's position adopted at first reading, following the ordinary legislative procedure, should amend the Commission proposal as follows:

Members recalled that the European Parliament has long been calling for public country-by-country reporting (CBCR) on tax-relevant company data which it considers as a key element in the fight against international tax evasion and tax avoidance. However, there is a need for enhanced transparency and public scrutiny on corporate income tax.

Increased transparency: an amendment stressed that the report on income tax information shall be published in a **common template**, available for free in an open data format and made accessible to the public on the website of the undertaking on the date of its publication in at least one of the official languages of the Union. On the same date, the undertaking shall also file the report in a public registry managed by the Commission.

The information shall be presented in the common template and shall comprise the following, broken down by tax jurisdiction:

- the name of the ultimate undertaking and, where applicable, the list of all its subsidiaries, a brief description of the nature of their activities and their respective geographical location;
- the number of employees on a full-time equivalent basis;
- fixed assets other than cash or cash equivalents;
- the amount of the net turnover, including a distinction between the turnover made with related parties and the turnover made with unrelated parties;
- stated capital;
- whether undertakings, subsidiaries or branches benefit from a preferential tax treatment from a patent box or equivalent regimes.

Where a Member State comprises several tax jurisdictions, the information shall be presented **separately** for each tax jurisdiction.

Temporary omissions: in order to protect commercially sensitive information and to ensure fair competition, Member States may allow that one or more of the specific items of information listed above be temporarily omitted from the report as regards activities in one or more specific tax jurisdictions when they are of a nature such that their disclosure would be seriously prejudicial to the commercial position of the undertakings.

Guidelines: the Commission shall, by means of a delegated act, adopt **guidelines** to assist Member States defining cases where the publication of information shall be considered seriously prejudicial to the commercial position of the undertakings to which it relates.

Reporting: the Commission shall present a report on the compliance with and the impact of the reporting obligations. The report shall include an evaluation of whether the report on income tax information

delivers appropriate and proportionate results, and shall assess the costs and benefits of lowering the consolidated net turnover threshold beyond which undertakings and branches are required to report on income tax information.

Review: no later than 4 years after the adoption of this Directive, the Commission shall review the following:

- undertakings and branches required to report on income tax information, particularly whether it would be appropriate to enlarge the scope of this Chapter to include large undertakings;
- the content of the report on income tax information;
- the temporary derogations provided for in Directive.

The Commission shall submit the report to the European Parliament and to the Council, together with a legislative proposal, if appropriate.

Sanctions: Member States shall at least provide for administrative measures and penalties for the infringement by undertakings of national provisions.