

Despite Panama Papers, 'public CBCR' proposal falls well short of real transparency

(Press Statement - Brussels, 12 April 2016) Reacting to today's proposal from the European Commission on so-called public country-by-country reporting (CBCR), **Jan Willem Goudriaan**, General Secretary of EPSU said:

'Despite the unprecedented scale of the Panama Papers revelations, the Commission has come forward with a proposal that falls short of much-needed transparency. This is not public country-by-country reporting: companies will only have to make data available about their tax and profits in EU countries and some tax havens on a common 'blacklist' whose criteria remain vague. Many known tax havens, like Switzerland and Delaware, will simply not be covered.

'In the case of profit-shifting schemes such as those used by McDonald's, there will be no way of comparing profits made and taxes paid in, for example, France and the US. This proposal fails to give the big picture on global tax dodging.

'The Commission's last minute addition of reports on some tax havens is tokenistic. A previous attempt to compile a European 'blacklist', as called for by EPSU, was strongly opposed by some governments less than a year ago. The initial list was withdrawn and several countries removed known tax havens from their national lists.

'It is bizarre that the Commission seems now to be providing business with an incentive to move their tax avoidance schemes from EU tax havens to non-EU jurisdictions where there will be no reporting requirements. The Commission is fudging the debate by calling this public CBCR when it clearly isn't.

'The Commission is ignoring the results of its own public consultation and is instead bowing to the business lobby. Judging by the public proclamations of BusinessEurope against any kind of transparency, the private pressure on the Commission must have been extremely high. This is particularly concerning in light of the political momentum generated by the Panama Papers.

'EPSU calls on the Commission to go back to the drawing board and return with real

public CBCR,' concludes Mr Goudriaan.

EPSU calls for:

- Full public country-by-country reporting, as already agreed by the European Parliament in the Shareholders' Right Directive, which is currently blocked in 'trialogue' discussions with the Commission and the Council.
- Public country-by-country reporting that includes the data on taxes and profits for every country in the world where a multinational operates, broken down by entity, including subsidiaries.
- The European Parliament to set up a full committee of inquiry into the recent Panama Papers.
- Investigations by tax administrations of all companies and individuals linked to the revelations.
- A central public registry of company beneficiaries including foundations and trusts.

Background:

- EPSU joined over 40 NGOs and trade unions signing a letter sent to President Juncker on 5 April expressing concerns over the weakness of the leaked draft proposal: <http://epsu.org/a/12149>
- EPSU has been at the forefront of the struggle for tax justice in Europe, including spearheading the campaign to expose McDonald's tax dodging that led to the DG Competition investigation announced in December 2015.

For further information, please contact: Ruby Waterworth, +32 2 250 10 89, rwaterworth@epsu.org

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