

Trade unions & NGOs meet to achieve real public country-by-country reporting by multinationals

Brussels 15 July 2016

On 13 July, EPSU, the European Public Service Union, together with the ETUC and affiliates from Austria, Belgium, Finland, Germany, Italy, Norway and Sweden held a meeting with Austrian S&D MEP Evelyn Regner, the rapporteur for the draft directive on public country-by-country reporting (CBCR).

Public CBCR is a key policy demand to fight corporate tax avoidance. Public disclosure of corporate financial, accounting and tax information broken down per country is essential to assess tax avoidance risk and hold MNEs accountable to workers, their representatives and the wider public. It can also contribute to fight pay and social dumping in Europe, that goes together with tax dumping, as has been exemplified by the case of McDonald's. This also in the case with some private companies profiting from delivering healthcare and childcare services, such as the Swedish company Aleris whose tax dealings were presented by Norwegian union Fagforbundet at the meeting.

Tax and social justice are key priorities for citizens living and working in Europe.

Joined by tax justice campaign groups (Eurodad, Oxfam, Transparency International, One campaign and Publish What You Pay Norway), there is strong agreement that there is no point delaying further the extension of public CBCR to all sectors of the economy. It is the mobilisation of civil society that led the European Commission to put forward a proposal as part of the Accounting Directive. But the proposal on the table falls short of the type of public CBCR that trade unions and NGOs want. To be effective and provide the full picture of corporate strategy, it must be improved in at least 3 major areas:

Extension of the scope

- public disclosure of key financial and tax information broken down on a CBC basis must apply to each country and jurisdiction, not just the EU, where EU and non-EU companies have operations. A global public CBCR is the simplest

and most effective way of going about it. As the proposal stands, the requirement for multinationals to publish disaggregated reports on their activities in tax havens that are yet to be defined in an EU list may be attractive but is highly problematic. Whilst EPSU supports a blacklist as a tool to crack down on tax havens by sanctioning those that use them and that enable their use, the draft directive is not the place for such a list. In that context, a blacklist will only be an alibi to limit the reporting requirements for multinationals and thus prevent a comprehensive tax risk assessment of a company.

- the proposed threshold of €750 M turnover must be reduced to €40 million so that it will cover a much larger number of companies and be in line with the EU's own definition of "large undertakings" included in the Accounting Directive

Deepening of the information requirements

The proposed reporting requirements in the directive will not allow a real assessment of risks of profit shifting and intra-group dodgy dealings. More elements, that closely relate to one another, must be added on the list such as assets; sales and purchases; profit or loss before tax; tax on profit or loss, subsidiaries, public subsidies.

Simplify access to information

The data reported would best be available using a common template to allow adequate comparability and auditing and be available in a central register in an open data format.

Next steps

The proposal is subject to co-decision with Parliament with the vote in plenary scheduled for early 2017. Unions and NGOs will continue their cooperation throughout the legislative process to ensure MEPs who have voted in the past in favour of public CBCR, will not only maintain their support but also as "co-deciders" will fight hard to improve the proposal that is already causing controversy within the EU Council.

An updated briefing of EPSU position on the draft directive will be shortly available and presented to the next NEA Committee (the Committee in charge of tax policy in EPSU) on 12 October in Brussels. An update of where we are at with the discussions

in Parliament will be available in time for the EPSU Executive Committee on 8-9 November

The shadow rapporteurs for the file are:

NIEBLER Angelika – EPP, Germany

KARIM Sajjad – ECR, UK

WIKSTRÖM Cecilia – ALDE, Sweden

MAŠTÁLKA Jiří – GUE/NGL, Czech Republic

DURAND Pascal – Greens/EFA, France

FERRARA Laura – EFDD, Italy

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