EU civil society organisations and trade unions call for urgent corporate tax transparency plan rethink

Sixty-two civil society organisations and trade unions today sounded the alarm over plans to significantly water down EU legislation that would force multinational companies to disclose, on a global, country-by-country basis, where they pay their taxes (so-called public country-by-country reporting or CBCR).

EU Member States recently brokered a breakthrough on the issue following years of deadlock, but the draft directive being negotiated with the European Parliament contains serious shortcomings that would render the plan meaningless.

This contrasts with current developments on tax transparency in the USA, and signals that the EU has gone from a global leader to a global laggard, seriously undermining public and global confidence in the EU’s ambition and credibility on these issues. The U.S. Congress recently introduced legislation that would require full, public, and global country-by-country reporting. This legislation is advancing in the House and Senate. If the U.S. legislation becomes law, the EU, under the Council position, would be behind the U.S.

The draft currently being considered by negotiators from the EU institutions would require multinational companies to disclose their tax payments, but only those made in the EU and in countries on the EU tax havens list - a political list that does not include significant tax havens. Payments in large swathes of the world would be exempt from the new rules.

This means that citizens would remain largely in the dark on the aggressive tax planning strategies of many large companies. The data from the reporting would be ineffective to analyse potential tax avoidance schemes. It likely would also have the perverse effect of companies deciding to move parts of their tax planning outside the EU to avoid the disclosure requirement.

As the world seeks to recover from the social and economic crisis caused by the COVID-19 pandemic, the fight against tax avoidance will play a critical role in ensuring an effective and sustainable recovery that enjoys public confidence.

Genuine public CBCR, that covers all of multinationals’ global operations, is an essential tool in achieving this. Experience with the banking sector, which has been subject to public country-by-country reporting since 2015, shows public CBCR to be both proportionate and effective.

The undersigned organisations cannot support the half-hearted text currently on the table. We call on Member States and on the Portuguese Presidency of the Council to reach an ambitious agreement with the European Parliament.

The EU legislation should include a requirement for worldwide reporting by large companies and close existing loopholes. EU citizens deserve nothing less.
A letter setting out our concerns in more detail has been sent to EU Member States.

11.11.11
ActionAid Denmark
ActionAid Ireland
ActionAid Netherlands
Attac
Attac Austria
Attac Liège
Attac Spain
Attac Wallonie Bruxelles
Austria Chamber of Labour
Austrian Trade Union Confederation (ÖGB)
Both ENDS
CCFD Terre Solidaire
Central Organisation of Finnish Trade Unions (SAK)
Church Action for Tax Justice
Coalition for Research and Action for Social Justice and Human Dignity (CRASH)
Comisiones Obreras
Confederation of Christian Trade Unions of Belgium
Confederazione Generale Italiana del Lavoro
Demokrati i Europa Oplysningsforbundet
Diakonia Sweden
Ekvilib Institute
European Attac Network
European Public Service Union
European Trade Union Confederation
Fair Tax Finland
Financial Transparency Coalition
Finnish Association for Nature Conservation
Finnish Confederation of Professionals (STTK)
Finnish Development NGOs - Fingo
Finnish League for Human Rights
Finnwatch
French Democratic Confederation of Labour Union of Public Employees (FOA)
Focus
KIOS Foundation
Koordinierungsstelle der Österreichischen Bischofskonferenz für internationale Entwicklung und Mission (KOO)
Netzwerk Steuergerechtigkeit
Nyt Europa
Open State Foundation
Oxfam IBIS
Oxfam Italia
Oxfam
Plateforme Paradis Fiscaux et Judiciaires
Pro Ethical Trade Finland
Public Services International
Réseau Foi et Justice Afrique-Europe
Sherpa
Tax Justice Network
Tax Research UK
Transparency International EU
Transparency International France
Transparency International Germany
Transparency International Italy
Transparency International Netherlands
Transparency International Spain
Transparency International Portugal
UILPA
União Geral de Trabalhadores Portugal
Unión General de Trabajadores España
Unión Sindical Obrera
Vienna Institute for International Dialogue and Cooperation