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Big companies paying their fair share of taxes

one step closer towards real transparency?

This week, the European Commission published the outcome of its online public consultation on fiscal transparency. Following the Luxleaks scandal, the European Commission promised some concrete actions in 2015 to promote greater tax transparency, in order to ensure that companies pay their fair share of taxes. In March this year, the Commission published a "Tax transparency Package" which we criticised for being too weak.

One of the main highlights of this package was the launch of an impact assessment on tax transparency. This is to know whether making large companies disclose their key financial information on a country by country basis - such as where they employ people, where they have subsidiaries, where they declare profits and pay taxes - is useful and will not damage the economy. The Greens already know the answer (it's no!) and we have been calling for this reform for years. The European Parliament adopted the same position in July 2015 sending a strong message: make large companies more transparent about their tax affairs.

The first step of the Commission's impact assessment was a public consultation, which just ended. Partial results are online and are quite interesting.

1. The European Commission received 422 contributions, a substantial amount, showing tax transparency is a hot issue across Europe. However, only 282 responses are published on the website, the other contributors preferring to remain anonymous. This raises the question of why can people respond to a public consultation if they do not publicly assume their positions afterwards.
2. A bit more than half of the respondents are European citizens, caring about corporate tax transparency and what the European Union plans to do about it. This dismisses an often-heard argument that citizens have no interest in consulting public data from companies so why even bother creating more tax transparency.
3. A large majority of respondents confirmed that they want the European Union to go beyond international standards of tax transparency and 65% of the public responses make it clear that they support public disclosure of tax information by companies, similar to the Greens' position. This is an overwhelming support for what could be a real gaming-changing reform.

The NGO Christian Aid recently published a report which confirms that public disclosure of tax information is actually more welcomed that we think. According to their survey towards 54 large companies, only a handful of them said that they object outright to the idea of making country-by-country reports public. Actually, many state that they would be willing to comply with legislation requiring them to disclose their country-by-country reports. "The low level of outright objection suggests that public country-by-country reporting can be made a reality without significant resistance. This is a significant finding that should embolden legislators" concludes the briefing.

Reacting to this publication, **Pascal DURAND**, Green member of the legal affairs committee in the European Parliament and spokesperson for the Greens/EFA group on transparency and democracy, said: *"Tax dodging costs billions to national budgets and to citizens. But the European Commission decided to take its time and organise a public consultation and impact assessment, delaying by months European citizens' expectation for greater transparency. Well, the answers are pretty clear. 65% of public respondents call for a public reporting, 76% say we need to increase the fiscal pressure on companies so that they pay their taxes where they make profits and 80% think that something must be done to stop unfair tax competition by large companies which creates an uneven playing field for SMEs. Citizens, civil society and even some companies are calling for greater transparency".*

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