Press release | 08.03.2016

Corporate tax transparency

Half-measures must be followed by fully public provisions

EU finance ministers today agreed to make the largest corporations operating in the EU report their activities to tax administrations. The new measures fall far short of the full country-by-country reporting obligations demanded by the European Parliament for ensuring full transparency of corporations' tax dealings. The ministers also decided to continue the covert manner in which Council works on corporate tax issues. Commenting on the decisions, Green tax spokesperson **Molly Scott Cato** said:

"Today's decision is a small step forward for strengthening oversight over corporations' tax dealings. It is a half measure however, if that. While today's agreement should allow proper scrutiny of these tax dealings by the authorities, it falls far short of the European Parliament's call for big companies to make this country-by-country information fully public. Worse, by limiting this reporting obligation to only the largest companies, less than a third of big corporations in Europe will be covered (1).

"Strengthening transparency of corporations' tax activities is crucial for tackling tax avoidance. Public country-by-country reporting obligations for all large corporations would enable proper scrutiny of their tax management schemes. The EU Commission has announced it is considering presenting legislative proposals to this end in the coming months and we would encourage the Commission to come forward with this sooner rather than later. EU governments must then swiftly agree with the European Parliament on a public reporting obligation to show they are serious about clamping down on corporate tax avoidance.

"Finance ministers today also decided to continue the closed door approach to deliberations between EU governments on corporate taxation. The ministers cosmetically updated the rules governing the crucial 'code of conduct group on business taxation' in Council but the disappointing decision includes very few concrete proposals for improvement of the group's functioning. In particular, provisions to make the group's workings more transparent to the European Parliament were not included in the final decision. This reflects poorly on the willingness of governments to address the issue of corporate tax transparency and underlines the concerns raised in the context of parliament's inquiry on corporate tax avoidance."

(1) Under the rules adopted today, large multinational corporations with a turnover above €750 million will have to collect certain tax information and make this available to their tax administrations, which should then automatically exchange that information with other EU tax administrations. According to data collected by the centre for research on multinational corporations (SOMO) on the top 5000 listed companies in Europe, only 1044 companies will be covered by today's agreement, compared to 3458 under the existing EU criteria to define a large company (in the accounting directive).

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Responsible MEPs

Molly Scott Cato

Vice-President

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