



Country-by-country reporting

FTC virtual briefing, 6 December 2016

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TJN has done more than any other organisation to put fiscal justice at the centre of the policy agenda. Tax issues should not be left to those who want to escape taxes! Changes will come when more and more citizens of the world take ownership of these matters. TJN is a powerful force acting in this direction.

– Thomas Piketty, economist



Agenda

- I. Origins and purpose
- II. Advocacy progress
- III. Multiple standards
- IV. Towards an open global database

I. Origin and purpose

2003: Tax Justice Network formally established, and publication of 'A new international accounting standard' (Richard Murphy).

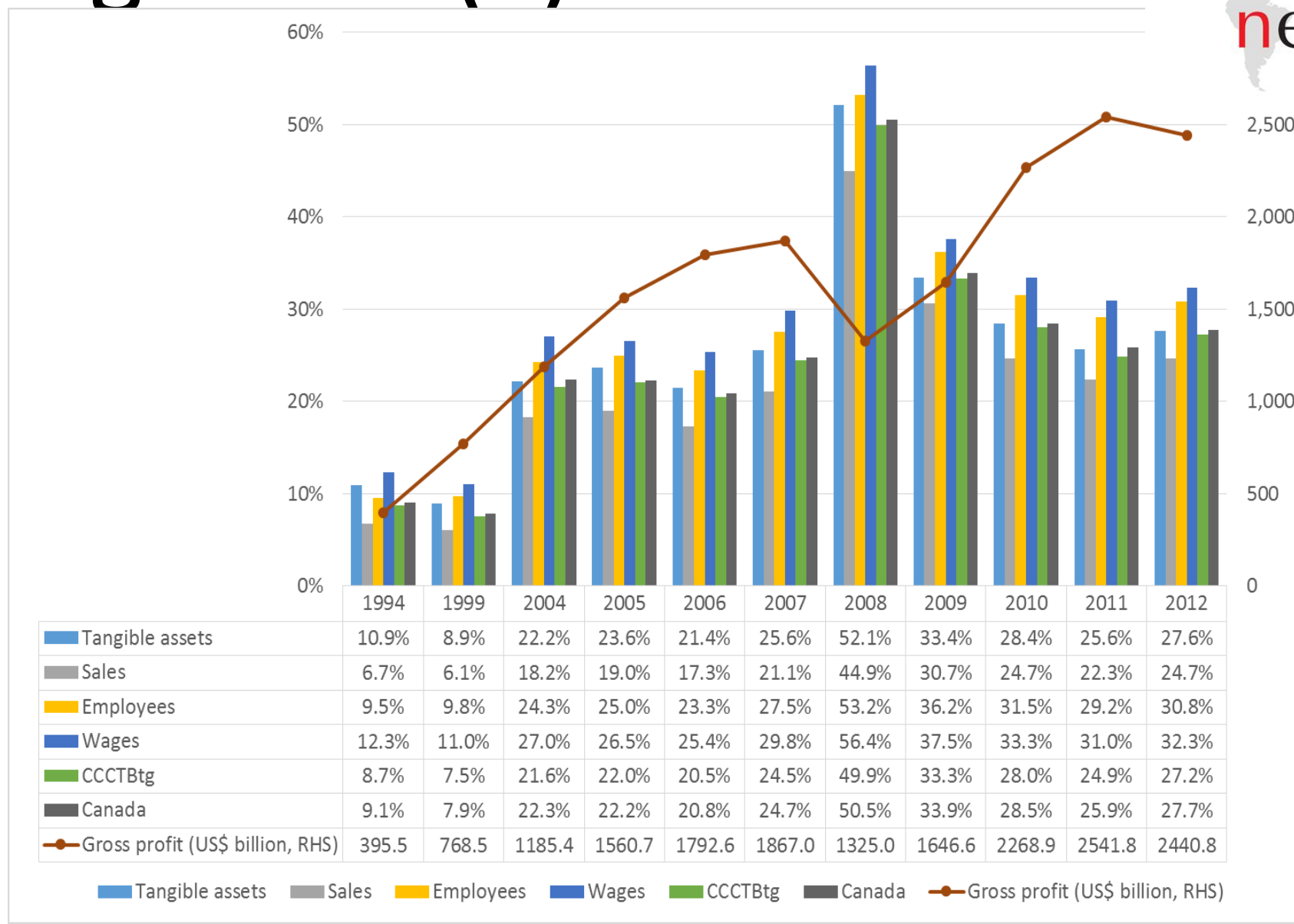
1. **Identity**: Name, type of entity, place of incorporation and principal activity...
2. **Locations** in which reporting entity and related parties operate
3. Value of **sales** made by the reporting entity and its related parties in each state in which they are located split between third parties and intra-group
4. the value of intra-group **purchases** made by reporting entity and related
5. the value of local **resources, be they labour or natural**, utilised by the reporting entity and its related parties in each state in which they operate
6. the corporate **profits** generated in each location...
7. the **taxes** on corporate profit paid by the reporting entity and its related parties in each state in which they operate

I. Origin and purpose

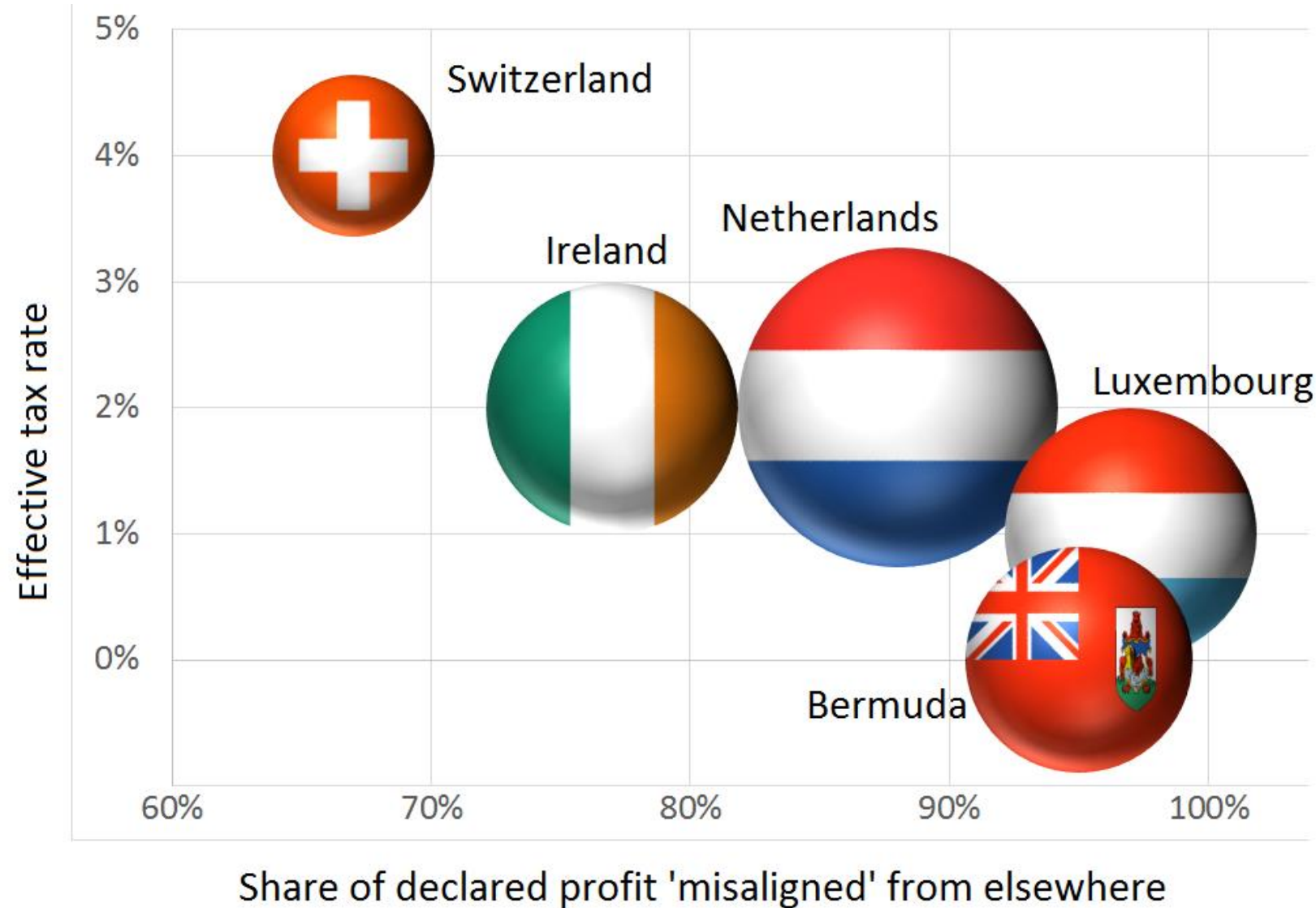
Aims? Accountability

1. Multinationals, general (who are you, where are you and what do you do there? We know much less about multinationals than single entity with public accounts)
2. Multinationals, tax (alignment with real economic activity)
3. Jurisdictions, tax (alignment with real economic activity)
 - a. Undermining taxing rights of others?
 - b. Asserting own taxing rights?

Misalignment (1)



Misalignment (2)





I. Origin and purpose

Users

- Citizens and civil society groups
- Journalists and media organisations
- Researchers and academics
- Companies and investors
- Public institutions (e.g. tax authorities!), international organisations

II. Advocacy progress

- Extractive sector: initial lead, but capture by companies led to narrowest accountability interpretation:
 - Payments to government as denominator for government-declared revenue and spending (focus: *corruption*), instead of
 - Payments to government with denominator of activity, extraction, profit (focus: *tax justice*)
- Pick-up by media (Guardian frontpage splash: 2007) and development groups (Christian Aid, ActionAid campaigns '08)
- GFC
- G20, G8... OECD: BEPS 2013

II. Advocacy progress

- But access to OECD CBCR is so limited, deliberately, that it is fundamentally flawed as it stands:
not levelling the playing field, but exacerbating existing global inequalities in taxing rights

See TJN report on 'Access to CBCR', launched later this week

III. Multiple standards

Table 2: Comparison of data fields in CbCR standards

	The ideal	OECD <u>CbyCR</u>	<u>CRD IV</u>	<u>Dodd Frank</u>	Canada	<u>EITI</u>	<u>EU</u>
Identity	Group name	Group name	Group name	Group name	Payee name	Payee name	Group name
	<input type="text"/>					Legal and institutional framework	
	Countries	Countries	Countries	Countries	Countries		Countries
	Nature of activities	Nature of activities	Nature of activities	Projects (as in: by contract)	Same data required per project as well as per country	Allocation of contracts and licenses	Projects (as in: by contract)
	Names of constituent companies	Names of constituent companies		Receiving body in government	Subsidiaries if qualifying reporting entities	Exploration and production	

III. Multiple standards



Activity	Third party sales	Third party sales					Social and economic spending	
	(By default)	(By default)	Turnover					
	Number of employees FTE	Number of employees FTE	Number of employees					
	Total employee pay							
	ASSETS??							
Intra-group transactions	<input type="checkbox"/> Intra-group sales	Intra-group sales						
	Intra-group purchases							
	Intra-group royalties rec'd							
	Intra-group royalties paid							
	Intra-group interest rec'd							
	Intra-group interest paid							

III. Multiple standards

Key financials	Profit or loss before tax	Profit or loss before tax	Profit or loss before tax				
Payments to/from governments	Tax accrued	Tax accrued					
	Tax paid	Tax paid	Tax paid	Income taxes paid	Tax paid	Profits taxes	taxes levied on the income, production or profits of companies
	Any public subsidies received		Any public subsidies received				

III. Multiple standards

Risk:

- *Complexity without consistency* – data end up much less valuable for multiple user groups, and in terms of accountability, than their compliance costs would warrant

IV. Towards an open global database



What Do They Pay?

Towards A Public Database for Mapping the Tax Contributions
and Economic Activities of Multinational Companies

DRAFT. Version 0.1.

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tax justice network





IV. Towards an open global database

- Nov 16: Expert group meeting
- Dec 16: Data sprint
- White paper and user stories to be circulated for comment
- Q1 2017:
 - Publication of white paper
 - Further development of database
 - Public launch of database
- All inputs welcome! And please follow and sign up for #OD4TJ at <http://datafortaxjustice.net>



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