Country-by-country reporting

FTC virtual briefing, 6 December 2016
@alexcobham
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


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)

Effective tax rate

Share of declared profit 'misaligned' from elsewhere
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

<table>
<thead>
<tr>
<th>Identity</th>
<th>The ideal</th>
<th>OECD CbyCR</th>
<th>CRD IV</th>
<th>Dodd Frank</th>
<th>Canada</th>
<th>EITI</th>
<th>EU</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Group name</td>
<td>Group name</td>
<td>Group name</td>
<td>Payee name</td>
<td>Payee name</td>
<td>Group name</td>
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<tr>
<td>Countries</td>
<td>Countries</td>
<td>Countries</td>
<td>Countries</td>
<td>Countries</td>
<td>Legal and institutional framework</td>
<td>Countries</td>
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<tr>
<td>Nature of activities</td>
<td>Nature of activities</td>
<td>Nature of activities</td>
<td>Projects (as in: by contract)</td>
<td>Same data required per project as well as per country</td>
<td>Allocation of contracts and licenses</td>
<td>Projects (as in: by contract)</td>
<td></td>
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<tr>
<td>Names of constituent companies</td>
<td>Names of constituent companies</td>
<td>Receiving body in government</td>
<td>Subsidiaries if qualifying reporting entities</td>
<td>Exploratio and production</td>
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### III. Multiple standards

<table>
<thead>
<tr>
<th>Activity</th>
<th>Third party sales</th>
<th>Third party sales</th>
<th>Social and economic spending</th>
</tr>
</thead>
<tbody>
<tr>
<td>(By default)</td>
<td>(By default)</td>
<td>Turnover</td>
<td></td>
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<tr>
<td>Number of employees FTE</td>
<td>Number of employees FTE</td>
<td>Number of employees</td>
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<tr>
<td>Total employee pay</td>
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<tr>
<td>ASSETS??</td>
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<table>
<thead>
<tr>
<th>Intra-group transactions</th>
<th>Intra-group sales</th>
<th>Intra-group sales</th>
<th>Intra-group sales</th>
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<tbody>
<tr>
<td>Intra-group purchases</td>
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<td>Intra-group royalties rec'd</td>
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<tr>
<td>Intra-group royalties paid</td>
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<tr>
<td>Intra-group interest rec'd</td>
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<tr>
<td>Intra-group interest paid</td>
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</tbody>
</table>
### III. Multiple standards

<table>
<thead>
<tr>
<th>Key financials</th>
<th>Profit or loss before tax</th>
<th>Profit or loss before tax</th>
<th>Profit or loss before tax</th>
<th>Profit or loss before tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Payments to/from governments</td>
<td>Tax accrued</td>
<td>Tax accrued</td>
<td>Tax accrued</td>
<td>Tax accrued</td>
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<tr>
<td>Tax paid</td>
<td>Tax paid</td>
<td>Tax paid</td>
<td>Income taxes paid</td>
<td>Tax paid</td>
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<td>Any public subsidies received</td>
<td>Any public subsidies received</td>
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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.
November 2016

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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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