Country-by-Country Reporting in ATI Partner Countries

Miroslav Palanský
Head of Research
Tax Justice Network

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Country-by-country reporting

- Proposed by Tax Justice Network in 2003, now part of Action 13 of OECD BEPS
- Large multinational corporations (MNCs) with turnover >€750 million have to report on their economic activity and reported profits in countries around the world
- Implementation in ATI partner countries varies: only 6 countries now fully implemented

Source: OECD

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Value of CbCR data

- Crucial tool for understanding MNCs‘ tax abuse
- Aggregate data available via OECD: substantial geographical misalignment of economic activity and reported profits
  - Separate accounting and arm‘s length pricing is not achieving its objectives
- >$300 billion lost in tax revenue annually (Tax Justice Network‘s State of Tax Justice, 2023)
  - Impact disproportionately large on lower-income countries: 6.5% of current tax revenue is lost, compared to 1.6% for higher-income countries
- At the company level:
  - Which companies are responsible
  - Which low-tax jurisdictions are used
  - What will be the impact of reforms, incl. Pillar II, and how should these reforms be implemented

Challenges

- Implementation:
  - Technical and operational (data management, IT infrastructure, compliance and enforcement, technical staff capacity
  - Legal and regulatory (legislation, harmonization, international standards)
  - International cooperation (information exchange, data analysis)
- Multinationals‘ tax abuse:
  - Pillar 2 implications (global minimum tax), Pillar I
  - Unitary taxation with formulary apportionment
  - UN Tax Convention

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Thank you

miroslav@taxjustice.net

Tax Justice Network,
C/O Godfrey Wilson Ltd, 5th Floor Mariner House, 62 Prince Street,
Bristol, England, BS1 4QD, Registered in England and Wales, No. 05327824

www.taxjustice.net
@taxjusticenet
info@taxjustice.net