

Country by country reporting

2016/0107(COD) - 27/03/2019 - Text adopted by Parliament, 1st reading/single reading

The European Parliament adopted a legislative resolution on the proposal for a directive of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches (close of first reading).

Parliaments position adopted in first reading following the ordinary legislative procedure amended the Commissions proposal.

Members stressed that a coordinated and harmonised approach to the implementation of national tax systems is essential for the smooth functioning of the single market and for preventing tax evasion and the transfer of profits. Public country-by-country reporting is an effective instrument for increasing transparency in the activities of multinational enterprises.

The main amendments adopted in plenary were as follows:

Increased transparency of information

Ultimate parent undertakings governed by their national laws and having a consolidated net turnover of EUR 750 million or more should make publicly available free of charge a report on income tax information on an annual basis. Subsidiaries with a consolidated net turnover of EUR 750 million or more in their balance sheet in a financial year would also be subject to reporting requirements.

The report on income tax information would be published in a common template established by the Commission through an implementing act, available for free in an open data format and made accessible to the public on the companys website on the date of its publication in at least one of the EUs official languages. On the same date, the company shall also file the report in a public registry managed by the Commission.

Companies established only in the territory of a single Member State and in no other tax jurisdiction shall be exempted from the application of those rules.

The information shall be presented in the common template and comprise the following, broken down by tax jurisdiction:

- the name of the ultimate mother-company and, where applicable, the list of all its subsidiaries, a brief description of the nature of their activities and their respective geographical location;
- the number of employees on a full-time equivalent basis;
- fixed assets other than cash or cash equivalents;
- the amount of the net turnover, including a distinction between the turnover made with related parties and the turnover made with unrelated parties;
- stated capital;
- details of public subsidies received and any donations made to politicians, political organisations or political foundations;
- whether companies, subsidiaries or branches benefit from a preferential tax treatment from a patent box or equivalent regimes.

Where a Member State comprises several tax jurisdictions, the information shall be presented separately for each tax jurisdiction, including each tax jurisdiction outside the EU.

Temporary omissions

In order to protect commercially sensitive information and to ensure fair competition, Member States may allow that one or more of the specific items of information listed above be temporarily omitted from the report as regards activities in one or more specific tax jurisdictions when they are of a nature such that their disclosure would be seriously prejudicial to the commercial position of the companies.

The omission should be accompanied by a reasoned explanation and be subject to the prior approval of the competent national authority. Member States should notify the Commission of all temporary derogations. The Commission should monitor the use of this derogation. If the Commission concludes, after having carried out its assessment of the information received, that the requirement laid down is not fulfilled, the undertaking concerned shall immediately make the information publicly available.

Guidelines

The Commission shall, by means of a delegated act, adopt guidelines to assist Member States to define cases where the publication of information would be considered seriously prejudicial to the commercial position of the companies to which it relates.

Reporting

The Commission shall present a report on the compliance with and the impact of the reporting obligations. The report shall include an evaluation of whether the report on income tax information delivers appropriate and proportionate results, and shall assess the costs and benefits of lowering the consolidated net turnover threshold beyond which companies and branches are required to report on income tax information.

Review

No later than 4 years after the adoption of this directive, the Commission shall review the following:

- companies and branches required to report on income tax information, particularly whether it would be appropriate to enlarge the scope of this Chapter to include large companies;
- the content of the report on income tax information;

- the temporary derogations provided for in the directive.

The Commission shall submit the report to the European Parliament and to the Council, together with a legislative proposal, if appropriate.

Sanctions

Member States shall at least provide for administrative measures and penalties for the infringement by companies of national provisions.