

Country by country reporting

2016/0107(COD) - 30/09/2021 - Council position

The Council adopted its position at first reading with a view to the adoption of 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.

The purpose of this proposal is to amend Directive 2013/34/EU with a view to supplementing the current financial reporting obligations of companies and thereby increasing public tax transparency.

Increased transparency of corporate income tax information

The proposed amending directive requires certain multinational enterprises to disclose publicly, through country-by-country reporting, the income taxes they pay and other tax information.

Multinational enterprises with a turnover in excess of EUR 750 million will have to comply with these additional transparency requirements. Non-EU MNEs operating in the EU will also be subject, through their subsidiaries and branches, to the same reporting obligations as EU MNEs.

The Council's position does not change the existing rules on non-financial reporting and sectoral PSDs for the banking sector and for the extractive and forestry industries. However, it introduces an exemption to avoid imposing a double reporting obligation for the banking sector, which is already subject to strict disclosure rules under EU banking legislation.

Content of the report on income tax information

The published information should include:

- the name of the ultimate parent undertaking or the standalone undertaking, the financial year concerned, the currency used for the presentation of the report and, where applicable, a list of all subsidiary undertakings consolidated in the financial statements of the ultimate parent undertaking established in the EU or in tax jurisdictions included in Annexes I and II to the Council conclusions on the revised EU list of non-cooperative jurisdictions for tax purposes;
- a brief description of the nature of their activities;
- the number of employees on a full-time equivalent basis;
- the sum of the net turnover;
- the income as defined by the financial reporting framework on the basis of which the financial statements are prepared, excluding value adjustments and dividends received from affiliated undertakings;
- the amount of profit or loss before income tax;
- the amount of income tax accrued during the relevant financial year;
- the amount of income tax paid on a cash basis;
- the amount of accumulated earnings at the end of the relevant financial year.

The information should be presented using a common template and electronic reporting formats which are machine-readable. The Commission will, by means of implementing acts, lay down that common template and those electronic reporting formats.

Safeguard clause

Member States may allow for one or more specific items of information otherwise required to be disclosed to be temporarily omitted from the report where their disclosure would be seriously prejudicial to the commercial position of the undertakings to which the report relates. All information omitted should be made public in a later report on income tax information, within no more than five years of the date of its original omission.

Statutory auditor's statement

The Council's position is that the audit can only consist of a factual check of the publication of the report, not of its content.

Review clause

No later than five years and six months after the date of entry into force of the amending Directive, the Commission will present a report on compliance with the reporting obligations and their impact. It will, in particular, assess the appropriateness of extending the obligation to report corporate income tax information to large groups and of extending the content of the report to include additional

A deadline of 18 months has been set for transposition.