



## EUROPEAN COMMISSION PROPOSES PUBLIC COUNTRY-BY-COUNTRY REPORTING

On April 12, 2015, a proposal directive was released by the European Commission on public country-by-country (“CbC”) reporting. The proposal contains a public reporting requirement for multinational groups operating in the European Union (“EU”) with global revenues exceeding EUR 750 million.

The proposal requires such multinational groups to publish key information on where they make profits and where they pay their tax in the EU and in the tax-havens on a country-by-country basis. The same rules will also apply to non-European multinationals doing business in Europe. In addition, multinational groups will be required to publish aggregate figures for outside the EU and tax-havens. This information will be made available in a stand-alone report accessible to the public for at least 5 years on the company’s website. Companies will also be required to file the report with a business register in the EU.

### Aim of the proposal

This proposal is a simple, proportionate way to increase large multinationals’ accountability on tax matters without damaging their competitiveness. It will apply to thousands of large firms operating in the EU, without affecting small and medium-sized companies.

The proposal also provides for stronger transparency requirements for companies’ activities in countries which do not observe international standards for good governance in the area of taxation. In essence, the main objective of the proposal is to ensure that companies that have activities in the EU pay their fair share of tax. The Commission will build on its External Tax Strategy with the aim of establishing the first common EU list of such tax jurisdictions as rapidly as possible.

### Way forward

This proposal for the directive has been submitted to the European Parliament and the Council of the EU and the Commission hopes that this will be swiftly adopted in the co-decision process. Once adopted, the new directive will have to be transposed into national legislation by all EU Member States, within one year after the entry in force.