Ressort: Politik

Multinationals have to declare what taxes they pay in EU

Rome, 03.06.2021 [ENA]

Legislators sealed a deal obliging multinationals to publically declare what taxes they pay in each EU country, overcoming five years of foot-dragging by some governments. The deal marks a significant step towards tax transparency. With the public Country-by-Country Reporting Directive — which obliges big corporations operating in the EU to disclose their tax information — society's calls have been answered.

The foundations for tax transparency in the EU with this deal have been laid, and this is just the beginning. The deal struck on Tuesday night between European Parliament and Council negotiators sets in place rules that require multinationals and their subsidiaries with annual revenues of over EUR 750 million, and which are active in more than one country, to publish and make accessible the amount of taxes they pay in each member state. The information will also need to be made available on the internet, using a common template, and in a machine-readable format.
After five years waiting for the Council to unblock the file, the European Parliament managed to bring positions closer on the obligation to report, the accessibility

to information, the duration of the safeguard clause and the terms of the review clause, to name a few. The Parliamenmt had a responsibility to seize the political window of opportunity opened by the Portuguese presidency to make major progress towards approving and developing a directive that makes public country-by-country reporting mandatory for multinationals and increases the transparency on where they pay their taxes.
To facilitate the use of the information provided and increase transparency, the data provided will need to be broken down into specific items, including the nature of the company's activities, the number of full-time employees, the amount of profit or loss before income tax, the amount of accumulated

and paid income tax and accumulated earnings.
Subsidiaries or branches falling below the revenue threshold will also be required to report if they are deemed to exist only to help the company avoid the reporting requirements.
Some provisions allow room for manoeuvre for multinationals to be temporarily exempt from some reporting requirements, but these are nonetheless strongly circumscribed.
The tax transparency reports should also extend to the EU list of non-cooperative jurisdictions for tax purposes outside the EU (countries on the so-called EU "black" and "grey" lists), says the agreed text.
Although the Parliament wanted stronger provisions to tackle profit shifting to non-EU tax havens,

Redaktioneller Programmdienst:
European News Agency

Annette-Kolb-Str. 16
D-85055 Ingolstadt
Telefon: +49 (0) 841-951. 99.660
Telefax: +49 (0) 841-951. 99.661
Email: contact@european-news-agency.com
Internet: european-news-agency.com

the new rules will still shed some light on taxes being lost to tax havens. In January 2021, Parliament agreed that 6 of the 20 largest tax havens are EU countries, with two of the top five spots occupied by member states. Also, a study by the Director of the EU Tax Observatory concludes that about 80% of the profits shifted in the EU are shifted to EU tax havens.
One of the most difficult points for negotiators was on full disaggregation on country-by-country reporting. Parliament negotiators underlined that these rules are a first step in achieving tax transparency and secured a strong and robust review clause that allows rules to be revisited in 4 years and extended after an assessment.

The text now needs to be endorsed by the Committees on Economic and Monetary Affairs and Legal Affairs and the Parliament as a whole, as well as Council. The vote in plenary is expected after the summer recess.

Bericht online lesen:
https://www.european-news-agency.de/politik/multinationals_have_to_declare_what_taxes_they_pay_in_eu-81498/

Redaktion und Verantwortlichkeit:
V.i.S.d.P. und gem. § 6 MDStV: Dr. Carlo Marino

Redaktioneller Programmdienst:
European News Agency

Annette-Kolb-Str. 16
D-85055 Ingolstadt
Telefon: +49 (0) 841-951. 99.660
Telefax: +49 (0) 841-951. 99.661
Email: contact@european-news-agency.com
Internet: european-news-agency.com