European Commission - Press release

Tax transparency: Commission welcomes agreement reached by Member States for the automatic exchange of information on country-by-country reports (CbCR) of multinational companies, subject to UK scrutiny

Brussels, 8 March 2016

The Commission welcomes today's political agreement by Member States on the automatic exchange of tax-related financial information of multinational companies, known as country-by-country reporting, subject to UK parliamentary scrutiny.

The agreement was reached at a meeting of Economic and Financial Affairs ministers in Brussels, less than two months after the European Commission presented its ambitious proposal.

The new rules will apply to multinational companies which operate cross-border in the EU. Once implemented, all Member States will have the information they need to protect their tax bases and to effectively address companies that try to escape paying their fair share of taxes where they make their profits.

Pierre Moscovici, Commissioner for Economic and Financial Affairs, Taxation and Customs, said: *"I very much welcome today's agreement as another major step forward towards enhancing transparency on tax matters. The automatic exchange of information on country-by-country reports will provide national authorities with the necessary insight to combat aggressive tax planning structures. After the agreement reached October last year on tax rulings, this is another important signal that the EU is ready to deliver on our common goal of fair and effective taxation.*"

The new rules reflect the current global political and economic approach to corporate taxation and will add to the implementation of OECD guidelines on Base Erosion and Profit Shifting (BEPS). The rules also respond to calls from the European Parliament and other interested parties for further transparency on multinational groups.

As part of a separate work stream, the Commission is currently finalising its impact assessment on public CbCR and will present a proposal in April.

Background

The new rules are a key part of the Anti-Tax Avoidance Package adopted by the European Commission on 28 January 2016. We aim to combat tax avoidance and aggressive tax planning by imposing greater transparency requirements on multinational groups, and by obliging more information-sharing among Member States.

Under the rules, multinational groups will have to provide certain, tax-related information on an annual basis for each tax jurisdiction in which they do business. The information includes: the amount of revenue, the profit or loss before income tax, the income tax paid and accrued, the number of employees, the stated capital, the retained earnings and the tangible assets of the group. The parent company will provide this information to the tax authorities of its country of establishment in Europe, where applicable; otherwise, EU-based subsidiaries will be obliged to request that information from their parent company.

Member States will also be required to share the information with the other Member States concerned.

The Commission will regularly receive the information it needs to monitor the implementation of the new rules and to ensure that Member States are complying with their responsibilities.

Member States will have 12 months to transpose the new rules into national law after its entry into force, which is expected for spring 2016.

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