AmCham EU

# AmCham EU's response to the public consultation on further corporate tax transparency

CONSULTATION RESPONSE

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*AmCham EU speaks for American companies committed to Europe on trade, investment and competitiveness issues. It aims to ensure a growth-orientated business and investment climate in Europe. AmCham EU facilitates the resolution of transatlantic issues that impact business and plays a role in creating better understanding of EU and US positions on business matters. Aggregate US investment in Europe totalled €2 trillion in 2014 and directly supports more than 4.3 million jobs in Europe.*

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**American Chamber of Commerce to the European Union (AmCham EU)**
Avenue des Arts 53, B-1000 Brussels, Belgium
Register ID: 5265780509-97
Tel: +32 (0)2 513 68 92 | www.amchameu.eu

Secretariat Point of Contact: [Stéphanie Brochard]; [sbr@amchameu.eu] +32 (0)2 289 10 15

8 September 2015

## 1/ INFORMATION ABOUT YOU

**Are you replying as*:**

☐ As a private individual
☒ An organisation or a company
☐ A public authority or international organisation

**Name of your organisation*:**
American Chamber of Commerce to the European Union (AmCham EU)

**Contact email address:**
eje@amchameu.eu

**Is your organisation included in the Transparency Register?***

☒ Yes
☐ No

**If so, please indicate your Register ID number*:**
5265780509-97

**Type of organisation*:**

☐ Academic institution
☐ Consultancy, law firm
☐ Company, SME, micro-enterprise, sole trader
☐ Consumer organisation
☒ Industry association
☐ Media
☐ Non-governmental organisation
☐ Think tank
☐ Trade union
☐ Other

**Where are you based?***
Belgium

**Do you represent interest or carry out activity at*:**

☐ National level (your country only)
☒ EU level
☐ International level
☐ Other

**Field of activity or sector (if applicable – at least one)*:**

☐ Accounting
☐ Auditing
☐ Business
☐ Investment management
☐ Reporting

☒ Tax
☐ Other
☐ Not applicable

**Contributions received are intended for publication on the Commission's website. Do you agree to your contribution being published?***
☒ Yes, I agree to my response being published under the name I indicate (name of your organisation/ company/public authority or your name if your reply as an individual)
☐ No, I do not want my response to be published

## 2/ YOUR OPINION

### Introductory questions

**1. In terms of corporate tax transparency, which of the following assertions would you support?***

☐ Current tax transparency requirements in the EU are sufficient (*In the EU, enterprises have to make public their annual financial statement and consolidated financial statement which contains limited information on taxes. In addition, a country-by-country reporting has to be prepared and made public by extractive and forestry industries under the Accounting and Transparency Directives. And finally, financial institutions have to prepare and make public annually a country by country reporting under the Capital Requirement Directive*)
☐ The EU should try to achieve that further transparency initiatives are taken at international level, but it should not act alone and should leave the implementation to Member States
☒ The EU should implement international initiatives (e.g. BEPS...) at the same pace and to the same extent as its global partners in order to ensure a level playing field
☐ The EU should be in the forefront and possibly go beyond the current initiatives at international level, for example by extending the current requirements to disclose tax information to the public to all other sectors
☐ No opinion
☐ Other

**2. A possible new EU initiative on corporate tax transparency would aim at a spectrum of objectives.**

**2A) Do you agree with the following objectives?***

| | Yes | No | No opinion |
|---|---|---|---|
| 1. To increase pressure on **enterprises** to geographically align taxes paid in a country with actual profits, by enhanced scrutiny and decisions of either citizens or tax authorities ("enterprises should pay tax where they actually make profit") | ☐ | ☐ | ☒ |
| 2. To increase public or peer pressure on **countries** to take measures that contribute to more efficient and fairer tax competition between Member States, thus ensuring that the country where profits are generated is also the country of taxation ("Member States should stop | ☐ | ☐ | ☒ |

| | | | |
|---|---|---|---|
| harmful tax competition") | | | |
| 3. To assist **tax authorities** in orienting their tax audits in view of targeting tax evasion or avoidance, i.e. business decisions whereby tax liabilities are circumvented ("help tax authorities orientate their audits on enterprises") | ☒ | ☐ | ☐ |
| 4. To align **corporate tax planning practices** with multinational enterprises' own commitment / statement to corporate responsibility, such as their contribution to local and social development ("enterprises should act as they communicate in terms of contribution to welfare through taxation") | ☐ | ☐ | ☒ |
| 5. To ensure that **enterprise structures and investments** are more founded on economic motivations and not exclusively on corporate tax-related motivations ("enterprises should structure their investments based on real economic reasons, not just to avoid taxes") | ☐ | ☐ | ☒ |
| 6. To **remedy market distortions** based on corporate intransparency and multinational companies' comparative advantage **over SMEs** when engaging in aggressive tax planning ("fairer competition between multinational enterprises and SMEs") | ☐ | ☐ | ☒ |

**2B) Would you add other objectives, and if so, which ones? Please explain briefly.**
*1000 character(s) maximum*

While, as matters of high level principle, we agree with these statements, we would like to make clear that our answers do not indicate that we also agree that country by country reporting would achieve these objectives, or that they are appropriate objectives for a transparency initiative. Indeed, most multinational enterprises will already act in ways consistent with these objectives, without the need for enhanced transparency requirements.

We have answered "no opinion" to question 2A6 because we are not sure what "market distortions" are being referred to.

The whole initiative needs to be balanced insofar as countries should also take measure to help taxpayers protect their rights (such as mandatory binding arbitration which currently lacks consensus in the BEPS discussion). Overall, we need to ensure we have a fair and level playing field.

**3. The following options have been identified by the Commission services (Please note that certain options may be mutually exclusive).**

*Transparency towards tax authorities:*
*Note: OECD BEPS Action 13 recommends that, at State level, very large multinational enterprise (turnover > EUR750m) provide from 2017 onwards a Country-by-country*
*Report (CBCR) to the relevant tax authority. Tax authorities of G20 and OECD members will then exchange the CBCR submitted to them.*

*a. OPTION A: No EU Action*
*Please note that even if there is no EU action, some Member States may implement OECD BEPS Action 13 recommendations. This would allow tax authorities to obtain tax-related information and exchange that information with other participating countries. However, not all Member States may implement BEPS 13 – especially as not all EU Member States are OECD Members.*

*b. OPTION B: Implementation of BEPS 13 at EU level*
*The EU would recommend or require, as recommended by BEPS 13 , that enterprise disclose tax-related information on a country-by-country basis to the relevant tax authorities. Each ultimate parent enterprise filing a tax return with any of the relevant EU tax authorities would be covered. Its own worldwide consolidated operations would be reported.*

*Transparency towards the public:*
*c. OPTION C: Publication of anonymised/aggregated data by the EU tax authorities*
*The EU would recommend or require the disclosure by enterprises of tax-related information to tax authorities (possibly based on BEPS 13 recommendations ). Moreover, aggregated or anonymised data would be made available to the public in order for the public to have access to tax-related information.*

*d. OPTION D: Public disclosure of tax-related information by either enterprises or tax authorities.*
*The EU would require enterprises to disclose tax-related information on a country-by-country basis. The information would be made available to the public either directly (e.g. as part of their annual reporting obligations) or by national tax authorities in, for example, a public register. This option may consist in extending to all sectors the country-by-country reporting requirements currently in place for financial institutions.*

*e. OPTION E: Publicly available corporate tax policies*
*The Commission would require enterprises to report on their approach towards tax compliance and planning (tax management).*

**3A) Are there other appropriate options in relation to extending corporate tax transparency, such as reporting requirements for tax advisors? Please explain briefly.**
*1000 character(s) maximum*
AmCham EU supports the consistent implementation of OECD Action 13. No further reporting/transparency requirements should be proposed or implemented until the impact of the OECD's proposals can be seen.

**3B) Please rate below how well each option would achieve the identified primary objectives**
*Please use the following possibilities:*
*Insert a + (plus) to indicate that the option achieves the objective*
*Insert a 0 (zero) to indicate that the option has no effect with respect to the objective*
*Insert a - (minus) to indicate that the option runs counter to the objective*
*Leave empty to indicate that you have no opinion*

| | 1. Enterprises should pay tax where they actually make profit | 2. Member States should stop harmful tax competition | 3. Help tax authorities orientate their audits on enterprises | 4. Enterprises should act as they communicate in terms of contribution to welfare through | 5. Enterprises should structure their investments based on real economic reasons, not just to avoid | 6. Fairer competition between multinational enterprises and SMEs |
|---|---|---|---|---|---|---|

| | | | | taxation | taxes | |
|---|---|---|---|---|---|---|
| A) No EU action | 0 | 0 | 0 | 0 | 0 | 0 |
| B) Implementation of BEPS 13 at EU level | + | 0 | + | + | + | 0 |
| C) Publication of anonymised/aggregated data by the EU tax authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| D) Public disclosure of tax-related information by either enterprises or tax authorities | 0 | 0 | 0 | 0 | 0 | 0 |
| E) Publicly available corporate tax policies | + | 0 | 0 | + | + | 0 |
| F) Other (as described in 3A) | | | | | | |

**3C) In your opinion, which would be the most appropriate option(s)? Please select one or several options**

☐ OPTION A: No EU Action
☒ OPTION B: Implementation of BEPS 13 at EU level
☐ OPTION C: Publication of anonymised/aggregated data by the EU tax authorities
☐ OPTION D: Public disclosure of tax-related information by enterprises
☐ OPTION E: Publicly available corporate tax policies

## Option B: EU initiative on transparency towards tax authorities, based on OECD BEPS

*This section examines the option where the EU would foster the BEPS 13 at EU level by way of an EUspecific initiative. Each ultimate parent enterprise filing a tax return with any of the relevant EU tax authorities would be covered. Its own worldwide consolidated operations would be reported. Ultimately, tax authorities would share this information.*
*Note: OECD BEPS Action 13 recommends that, at State level, very large multinational enterprise (turnover > EUR750m) provide from 2017 onwards a Country-by-country Report (CBCR) to the relevant tax authority. Tax authorities of G20 and OECD members will then exchange the CBCR submitted to them.*

**4. What information should necessarily be disclosed by enterprises to the tax authorities? Please select one or several options**

☒ BEPS 13 information (Name, Nature of activities, Location, List of subsidiaries of the parent enterprise operating in each country, Revenue, Revenues split between related and unrelated parties, Number of employees, Profit or loss before tax, Income tax paid and accrued, Stated Capital, Accumulated earnings, Tangible assets)

☐ Public subsidies received
☐ Explanatory narrative information on tax-related information
☐ Other
☐ No opinion
☐ None

**5. What EU entities should be covered? Please select one single option**
☒ Very large enterprises with revenue of EUR 750M or larger enterprises + (as recommended in the BEPS 13)
☐ At least large enterprises or groups (to be defined more specifically)
☐ Other
☐ No opinion

**6. At enterprise level:**
**6A) How would you assess the extent to which enterprises will need to change their tax planning or structure as a result of being more transparent towards tax authorities? Please select one single option**
☐ This will have no effects on enterprises' tax planning
☐ This will ensure that enterprises comply with tax rules and do not use tax gaps, mismatches and/or loopholes in tax rules in order to minimise the taxes they pay
☐ Enterprises will voluntarily shift profits back to where they are generated so that they have to pay more taxes than they did before
☒ Other
☐ No opinion

**Please specify in what other ways enterprises will need to change their tax planning or structure as a result of being more transparent towards tax authorities:**
*1000 character(s) maximum*
The impact of the country-by-country proposals will differ by company. For the majority of taxpayers (that already comply with international tax rules), we do not expect that the reporting of country-by-country data will have a noticeable impact on tax management. For compliant groups, profits will already be reported where substantive activities take place (as determined by relevant tax legislation). For more aggressive taxpayers, the reporting requirements may have some impact on their practices.

**6B) Please explain which mechanism would incentivise enterprises to change:**
*1000 character(s) maximum*
Consistent implementation of other OECD BEPS Actions will likely have a greater impact on where multinationals pay tax. The Transfer Pricing proposals specifically are intended to focus on aligning taxation with substance. Other proposals, such as those relating to Permanent Establishment status, are likely to increase tax paid in 'source' states. Again, other proposals, for example, those relating to interest deductibility, will deny tax deductions in some cases, rather than 'incentivising' change. Greater focus on 'cooperative compliance' relationships between taxpayers and tax administrations would have a positive impact.

**7. What consequences would further tax transparency towards tax authorities have in terms of public finance? Please select one or several options**
☐ Reallocation of tax bases within Europe

☐ Increase in tax paid in Europe
☐ Decrease in tax paid in Europe
☐ Increase in tax paid outside the EU
☐ Decrease in tax paid outside the EU
☒ Other

**Please specify what other consequences would further tax transparency towards tax authorities have in terms of public finance:**

*1000 character(s) maximum*

It is very difficult to say with any reliability how the transparency proposals (e.g. OECD BEPS Action 13) will impact taxes paid in the EU. Given that transparency measures will be implemented at the same time as other BEPS/international tax proposals, it will be almost impossible to trace any increase or decrease in taxes paid to one specific initiative. That being said, there have been many comments from business stakeholders that the full BEPS package of proposals will likely increase taxes paid in 'source' (mostly non-EU) states, and decrease taxes paid in 'resident' (mostly EU) states.

**Please explain briefly, if possible with figures, your answer on the possible further consequences tax transparency towards tax authorities would have in terms of public finance?:**

*1000 character(s) maximum*

It is impossible to say with any accuracy or reliability what impact transparency measures will have on public finances. The OECD has explained the substantial difficulties in measuring the economic impact of BEPS or countermeasures. Caution should be used when relying on estimates.

**8. Can you provide an estimation of any additional costs and resources that will be incurred by enterprises in preparing a consolidated CBCR in accordance with BEPS 13? Please explain, with details of what information is not currently available and if possible with figures:**

*1000 character(s) maximum*

Although AmCham EU supports the adoption of the BEPS Action 13 proposals within the EU, the country-by-country reporting requirements will often require multinational enterprises to invest in new (IT/accounting) systems and processes to gather the requisite data. Evidence was presented to the OECD that upfront and ongoing compliance costs will likely run into tens of millions of Euros for larger enterprises.

**9. What consequence would tax transparency towards tax authorities have in terms of fostering a growth friendly environment and the attractiveness of the EU as a place to invest? Please select one single option**

☒ Constitute a feature of a growth friendly environment and foster the attractiveness of the EU as a place to invest.
☐ No consequence
☐ Hamper the fostering of a growth friendly environment and negatively impact the attractiveness of the EU as a place to invest.
☐ No opinion

**Please explain briefly your answer on the consequence tax transparency towards tax authorities would have in terms of fostering a growth friendly environment and the attractiveness of the EU as a place to invest:**

*1000 character(s) maximum*
Implementation of OECD Action 13 could have a positive impact on the attractiveness of the EU as a place to invest. However, this relies on the reported information being treated as confidential, and tax authorities only using the information for highlevel risk assessment purposes (rather than proposing tax adjustments). If this tool is used properly, it should foster trust between tax administrations and taxpayers, and allow tax administrations to focus on the areas of greatest risk.

## Options C and D: EU initiative towards further public transparency of tax-related information

*This section examines the options where further tax-related information would be made fully or partially available to the public.*
*Reminder:*
*OPTION C: Publication of anonymised/aggregated data by the EU tax authorities.*
*The EU would recommend or require the disclosure by enterprises of tax-related information to tax authorities (possibly based on BEPS 13 recommendations ). Moreover, aggregated or anonymised data would be made available to the public in order for the public to have access to tax-related information.*
*OPTION D: Public disclosure of tax-related information by either enterprises or tax authorities.*
*The EU would require enterprises to disclose tax-related information on a country-by-country basis. The information would be made available to the public either directly (e.g. as part of their annual reporting obligations) or by national tax authorities in, for example, a public register. This option may consist in extending to all sectors the country-by-country reporting requirements currently in place for financial institutions.*

**10. How would you describe the potential benefits / disadvantages of a public disclosure of information by enterprises as compared to disclosure towards tax authorities only? Please explain briefly:**
*1000 character(s) maximum*
The OECD's Action 13 reporting requirements could result in the disclosure of confidential or commercially sensitive information. AmCham EU supports the confidential disclosure of this information to tax authorities only. Confidential disclosure is more likely to encourage relationships between taxpayers and tax authorities that are based on trust. The automatic public disclosure of tax information could have a negative impact on the EU's attractiveness for investment.

**11. What information would it be absolutely necessary to include in a publicly available CBCR (option D)? Please select as many options as necessary among the following 6 categories:**

1/ Information required both under CRD IV and BEPS 13 ( this information is already publicly disclosed by financial institutions):
- ☐ Name
- ☐ Nature of activities
- ☐ Location
- ☐ Revenue
- ☐ Number of employees
- ☐ Profit or loss before tax
- ☐ Income tax (paid and accrued)

2/ Additional BEPS 13 information (normally to be made available to tax authorities):
☐ Revenues split between related and unrelated parties
☐ Stated Capital
☐ Accumulated earnings
☐ Tangible assets
☐ List of subsidiaries of the parent enterprise operating in each country

3/ Additional information currently required from financial institutions:
☐ Public subsidies received

4/ Information normally exchanged between tax authorities:
☐ Tax rulings (based on definition as proposed by the Commission in March 2015)

5/ Options provided for in the Accounting Directive:
☐ Employees working through subcontractors
☐ Pecuniary tax-related penalties administered by a country

6/ Other tax-related information:
☐ Narratives explaining certain key features of the tax-related information
☒ None
☐ Other information
☐ No opinion

**Please explain briefly your answer on what information would it be absolutely necessary to include in a publicly available CBCR:**
*1000 character(s) maximum*
As noted above, AmCham EU does not support the public disclosure of country-by-country reporting data.

**12. In the case of tax authorities publishing aggregated/anonymised information based on returns filed by enterprises with them (OPTION C), what information should be provided by those authorities (on a country-by-country basis)? Please select one or several options**
☐ Aggregated revenue
☐ Aggregated number of employees
☐ Aggregated income tax paid and accrued
☐ Aggregated tangible assets
☐ Ratio: Aggregated income tax paid or accrued/aggregated profit or loss before tax
☐ Ratio: Aggregated income tax paid or accrued/aggregated revenue
☐ Analysis per sectors of activity
☐ None
☒ Other
☐ No opinion

**Please specify what other information should be provided by those authorities (on a country-by-country basis), in the case of tax authorities publishing aggregated/anonymised information based on returns filed by enterprises with them:**
*1000 character(s) maximum*

The information identified in the above options is likely to be largely meaningless without substantial analysis and economic context. The results might also be very difficult to explain given the complexities of crossborder international taxation (e.g. the impact of timing differences and micro/macroeconomic factors on tax). AmCham EU can understand the potential value of disclosing statistics related to the gathering of OECD country-by-country reporting data (e.g. number of reports received, efficiency of sharing data with tax authorities etc.) to ensure that the submission and sharing process is effective. That being said, AmCham EU believes that the EU should consider the OECD's work on BEPS Action 11, to ensure that any data collection and sharing is consistent with the internationally agreed consensus.

**13. Would you or your organisation have an interest in receiving further corporate tax-related information (detailed or aggregated)? Please select one single option**

☐ Yes
☒ No
☐ No opinion

**14. What entities should be covered?**
**14A) Size - Please select one single option**

☐ Very large enterprises with revenue of EUR 750M or larger enterprises + (as recommended by the BEPS 13)
☐ At least large enterprises or groups (to be defined more specifically)
☒ Other
☐ No opinion

**Please specify what other entities size provisions you would consider:**
*1000 character(s) maximum*
AmCham EU supports the implementation of the OECD BEPS Action 13 proposals that would require large company disclosure on a confidential basis to tax authorities only. No company should be required to make public disclosures.

**14B) Connection with EU markets - Please select one or several options**

☐ Enterprises with securities listed in the EEA
☐ Enterprises established in the EEA
☐ If feasible, enterprises not established in the EEA and controlling operations in the EEA
☒ Other
☐ No opinion

**Please specify what other connections with EU markets you would foresee:**
*1000 character(s) maximum*
AmCham EU supports the implementation of the OECD BEPS Action 13 proposals that would require large company disclosure on a confidential basis to tax authorities only. No company should be required to make public disclosures.

**Please explain briefly your answer on the connection with EU markets:**
*1000 character(s) maximum*

**15. What operations should be covered? Please select one single option**

☐ Enterprises' operations within the EEA only
☐ Enterprises' operations in the EEA and outside the EEA when controlled from the EEA
☐ If feasible, enterprises' operations in the EEA and outside the EEA even if not controlled from the EEA.
☒ Other
☐ No opinion

**Please specify what other operations should be covered:**

*1000 character(s) maximum*

AmCham EU supports the implementation of the OECD BEPS Action 13 proposals that would require large company disclosure on a confidential basis to tax authorities only. No company should be required to make public disclosures.

**Please explain briefly your answer on the coperations that should be covered:**

*1000 character(s) maximum*

**16. Considering that the EU may have stricter rules on tax transparency towards the public than other countries, is there a risk of placing enterprises established/listed in the EU at a competitive disadvantage vis-à-vis non-EU multinational companies operating in the EU? Please select one single option**

☒ Yes
☐ No
☐ No opinion

**What would be the scale and consequences of such a disadvantage? Please explain briefly:**

*1000 character(s) maximum*

Implementing proposals that go beyond the OECD's consensus recommendations will likely have a detrimental impact on the EU as a location for investment for both EU and non-EU companies. It is impossible to estimate the impact in financial terms except to say that it will likely be negative for tax revenues, economic growth and jobs.

**What could be done to mitigate the risk? Please explain briefly:**

*1000 character(s) maximum*

**17. Is there a risk that tax transparency towards the public could have other unintended negative consequences on companies? Please select one single option**

☒ Yes
☐ No
☐ No opinion

**Please explain briefly the risks and their consequences on companies implied by tax transparency towards the public:**

*1000 character(s) maximum*

AmCham EU is concerned that public disclosure of country-by-country data before tax returns have been considered and adjusted/finalised by the relevant tax authorities would give a misleading picture. Many areas of tax law are complex, and subject to more than one interpretation that should first be discussed by taxpayers and tax authorities. Furthermore, timing differences and macro/micro economic events in any one year (in addition to multiple other factors) could result in the reported data not reflecting the true tax position of a group.

**18. Would you expect measures for enhanced public transparency on tax information in the EU to have an impact on relations with third countries (Developing countries, OECD members, ...)? Please explain briefly:**

*1000 character(s) maximum*

If OECD BEPS Action 13 is implemented consistently, third countries will have access to the data where appropriate treaty relationships exist. This is important in protecting the confidentiality of commercially sensitive or confidential information. Tax authorities that do not have relevant treaty relationships will be encouraged to develop closer working relationships with EU Member States which would be beneficial for all parties. Therefore, we do not believe there would be noticeable benefit to third countries of public disclosure. On the contrary, full public disclosure could have a detrimental impact on relations with third countries – as those countries could view public transparency as a threat to the confidentiality of sensitive information of and, accordingly, to the competitiveness of domestically headed multinationals.

**19. At enterprise level:**

**19A) How would you assess the extent to which enterprises will need to change their tax planning following further tax transparency towards the public? Please select one single option**

☒ This will have no effects on enterprises' tax planning
☐ This will ensure that enterprises comply with tax rules and do not use tax gaps, mismatches and/or loopholes in tax rules in order to minimise the taxes they pay
☐ Enterprises will voluntarily shift profits back to where they are generated so that they have to pay more taxes than they did before
☐ Other
☐ No opinion

**Please explain briefly your answer on how would you assess the extent by which enterprises will need to change their tax planning following further tax transparency towards the public:**

*1000 character(s) maximum*

Although public reporting is unlikely to have an impact on tax management (over and above reporting to governments), it will create a substantial additional burden for multinationals, who will be required to invest substantial resources in preparing explanations of their tax positions (with no likely discernible benefit to the public purse).

**20. What additional effect, if any, on public finance would tax transparency towards the public have in addition to transparency for tax authorities only? Please select one or several options**

☐ Reallocation of tax bases within Europe
☐ Increase in tax paid in Europe
☒ Decrease in tax paid in Europe
☐ Increase in tax paid outside the EU
☐ Decrease in tax paid outside the EU
☐ Other
☐ No opinion

**Please explain briefly your answer on the possible additional effect tax transparency towards the public would have on public finance in addition to transparency for tax authorities only:**
*1000 character(s) maximum*
Public tax transparency which puts European businesses at a disadvantage in relation to non-EU companies will inevitably impact investment into Europe, and tax revenue. The magnitude of any impact is impossible to estimate.

**21. What consequence would tax transparency towards the public have in terms of fostering a growth friendly environment and the attractiveness of the EU as a place to invest? Please select one single option**
☐ Constitute a feature of a growth friendly environment and foster the attractiveness of the EU as a place to invest.
☐ No consequence
☒ Hamper the fostering of a growth friendly environment and negatively impact the attractiveness of the EU as a place to invest.
☐ No opinion

**Please explain briefly your answer on the consequence tax transparency towards the public would have in terms of fostering a growth friendly environment and the attractiveness of the EU as a place to invest:**
*1000 character(s) maximum*
As noted above, going beyond the globally agreed standard could have a negative impact on investment due to additional compliance costs and the potential disclosure of sensitive information.

**22. Should the information prepared by enterprises be specifically verified by an independent assurance service provider (e.g. an auditor)? Please select one single option**
☒ No, the information should not be verified
☐ Limited verification is needed (existence of such report, consistency check)
☐ Extensive verification is needed (e.g. audited)
☐ Other
☐ No opinion

**23. Should there be additional safeguards in terms of specific rules for the protection of data and business secrets? Please note that in the absence of specific rules, the EU general EU data protection rules would apply. Please select one single option**
☒ Yes
☐ No
☐ No opinion

**If so, which safeguard are necessary in relation to which types of information? Please explain briefly:**
*1000 character(s) maximum*
Appropriate confidentiality requirements (as have been proposed by the OECD) are necessary to protect against the disclosure of sensitive information. Where more granular reporting requirements are proposed, the potential for the disclosure of confidential/sensitive information increases.

**24. Please estimate additional costs and resources entailed by the introduction of further transparency measures for enterprises compared to an implementation of OECD BEPS Action 13 at national level and identify information which is not currently available. You may distinguish between additional cost for public authorities and additional costs for enterprises, based on your preferred option(s). Please explain, if possible with figures:**
*1000 character(s) maximum*
Even with specific proposals, it is exceptionally difficult to estimate the cost of complying with new tax rules. It has been widely reported that the OECD's Action 13 proposals will result in additional compliance costs for multinational groups, often stretching into tens of millions of Euros. Governments participating in the OECD process have agreed to a more limited template (compared to the initial proposal) and flexibility over where data can be gathered from to mitigate some of the additional cost. Any requirement to provide more granular data over the OECD's proposals, or to publically disclose the information, will likely substantially increase thh cost of reporting.

## Option E: EU initiative towards public transparency of corporate tax policy

*This section examines the option where enterprises would make public statements regarding their policy/approach towards tax management. This is not part of the OECD BEPS 13 initiative.*

**25. Would you support a mandatory description of tax management policies by enterprises? Please select one single option**
☐ Yes, instead of any public disclosure of tax-related information
☐ Yes, in addition to further public disclosure of tax-related information
☒ No
☐ No opinion

**Please explain briefly your answer on your possible support a mandatory description of tax management policies by enterprises:**
*1000 character(s) maximum*
We are opposed to mandatory descriptions because we believe they are likely to turn into a 'box' ticking exercise where disclosures are aimed at satisfying a minimum standard this would become a meaningless exercise adding unnecessary cost to the compliance process.

## FINAL REMARKS

**26. Is there anything else you would like to bring to the attention of the Commission?**
*1000 character(s) maximum*

Many governments and supranational organisations are in the process of making proposals to address concerns relating to international taxation. Many of those proposals, including the EU's work on transparency, not only increase the compliance burden faced by businesses, but also increase the risk of disputes, tax controversy and litigation. So far, there has been disappointing progress to improve dispute resolution, which will be key to protect trade and investment. Commitments are needed to facilitate widespread adoption of mandatory, binding arbitration, to make substantial improvements to MAP best practices (with effective peer reviews or monitoring to ensure adoption) and encouragement of Cooperative Compliance programmes to foster more transparent relationships between taxpayers and tax administrations.