CONSULTATION RESPONSE

AmCham EU Response to the Commission Consultation on the Potential Economic Consequences of Country-by-Country Reporting

Executive Summary

AmCham EU believes that it is likely that there will be inconsistencies in CRDIV reporting requirements across EU Member States as the requirements set out in the directive are not adequately clear or prescriptive. Such inconsistencies will increase the administrative burden and cost associated with compliance (especially where duplicative reporting may be required). Such potentially substantial costs are disproportionate to the benefits that will be achieved. We are also concerned that creating an un-level playing field with additional disclosure requirements for groups operating within the EU will likely decrease the attractiveness of the EU as a location for investment (due to the substantial burden and cost associated with compliance).

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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 2013 and directly supports more than 4.3 million jobs in Europe.

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1. **What will be the economic consequences of the requirement in Article 89 (1) (d) Profit or loss before tax for financial institutions to disclose this information on a country-by-country basis? Please address where possible in your response the economic impact of these requirements: a) Generally, b) On competitiveness, c) On investment, d) on credit availability; and e) on the stability of financial system.**

The country-by-country disclosure requirements have only been in effect for a short period of time, and only for a limited number of groups operating in the EU. We therefore believe that it is difficult to provide definitive responses to the questions answered. Our responses below reflect our expectation of how the proposals could impact multinationals subject to the requirements. We would recommend a review similar to this in the future (perhaps in two years' time) to better assess the implications of the disclosure requirements.

a) We believe it is likely that there will be inconsistencies in CRDIV reporting requirements across EU Member States as the requirements set out in the directive are not adequately clear or prescriptive. Such inconsistencies will increase the administrative burden and cost associated with compliance (especially where duplicative reporting may be required). Such potentially substantial costs are disproportionate to the benefits that will be achieved. The potential for the requirements to be legislated differently across Member States also increases the risk of information being reported in different ways across different countries, which could unnecessarily further increase public misunderstanding (and mistrust) of reporting organisations. Where additional reporting requirements are introduced by the EU, we believe that those requirements should be adopted into local legislation in a consistent way to mitigate some of the substantial compliance burden and cost.

b) We believe that creating an un-level playing field with additional disclosure requirements for groups operating within the EU will likely decrease the attractiveness of the EU as a location for investment (due to the substantial burden and cost associated with compliance), reducing its attractiveness in the global market. We do not expect a substantial impact on competitiveness between groups operating within the EU.

c) We do not expect a substantial impact on investment decisions.

d) We do not expect a substantial impact on credit availability.

e) We do not expect a substantial impact on the stability of the financial system.

2. Same question as above for Article 89 (1) (e) Tax on profit or loss.

As above.

3. Same question as above for Article 89 (1) (f) Public subsidies received.

For the subsidies, the reporting could create additional inflows into the countries that are now publicly listed as granting the most subsidies, which could disadvantage other Member States.

4. Are there any other impacts, positive or negative, that the public disclosure of the CbCR data by financial institutions might have?

As noted above, given that the disclosure requirements are subject to varying interpretation, they are unlikely to be implemented consistently across the EU. There is a risk, therefore, of increasing public misunderstanding or that the disclosures will be disregarded resulting in the administrative burden outweighing any benefits.