

**London, March 2018**

***Subject: EU negotiations on European Commission's proposal for public country by country reporting***

*Rt. Hon. Greg Clark MP*

*Rt. Hon. Philip Hammond MP*

We are writing to you on behalf of civil society organisations based in the UK, regarding the ongoing discussions within the European Council on much-needed measures to improve corporate transparency. The UK has shown global leadership by backing public country-by-country reporting (CBCR) in principle and is seeking to secure a multilateral agreement to introduce it. We hope the UK can lead on these reforms and then continue to implement them after the UK leaves the EU.

We express our strong concern that negotiations on rules to implement public CBCR have stalled since the legislative proposal was first presented by the European Commission in 2016, despite the adoption of a European Parliament position on 4 July 2017. As new governments are formed following recent elections in Italy and Germany, now is the time to tackle aggressive corporate tax planning through greater transparency. We urge the UK to support public CBCR by extending the reporting requirement for multinationals to all countries on a worldwide basis.

Scandals such as LuxLeaks, the Panama Papers and the most recent Paradise Papers have shown how large corporations are able to conceal where they do business and how much they are paying in tax. Public CBCR is a tool that can put an end to the current secrecy surrounding multinationals' activities. This measure requires a simple thing from large multinational companies: disclose where they do business, make profit and how much they pay in taxes and other payments, for each country in which they operate. With this information, corporations will no longer be able to hide the low amount of taxes they pay in some countries behind complex tax schemes. Importantly, public CBCR also provides the opportunity to help move developing countries away from dependency on aid, by giving their tax authorities the necessary resources to increase the domestic tax take.

Leaders of the EU institutions and European citizens have been calling for increased transparency for a long time. However, despite long deliberations in the Council, Member States have not agreed a position that would allow the start of negotiations with the European Parliament and Commission.

A year ahead of the next European elections, European citizens need to see that the issue is taken seriously and that concrete and swift measures are taken to tackle unsustainable tax practices. We believe that with the support of the newly formed governments, enhanced corporate transparency through public CBCR can become a reality. It is now up to all European leaders to tackle this issue. We urge you to show leadership and push this legislation further.

Please find enclosed with this letter a more detailed analysis of the Commission's legislative proposal, including additional recommendations. We are happy to provide more information, or meet in person, to discuss this further. Please contact Robert Palmer, Executive Director, Tax Justice UK in relation to this letter: [robert@taxjustice.uk](mailto:robert@taxjustice.uk) or Tax Justice UK, 81A Endell Street, London, WC2H 9DX.

Signed by:

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