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The global coalition against corruption

## New EU proposal on corporate tax is transparency only in name

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The European Commission's new proposal [1] on corporate tax disclosures fails to deliver meaningful information that would provide real transparency, according to Transparency International EU. Despite last minute concessions following the Panama Papers scandal, only a fraction of multinational companies' tax payments and other finances will be open to scrutiny. Companies will continue to evade accountability for their financial affairs in the world's poorest countries, which have suffered disproportionately from illicit financial outflows [2].

The new proposal falls far short of the Commission's stated commitments to transparency and fails to address public concerns following the Panama Papers leak, according to the group. Transparency International EU is calling on the European Parliament to stand up for corporate accountability and table a proposal for genuine public country-by-country reporting (CBCR).

*"The Commission has squandered a golden opportunity to make companies more accountable", said Elena Gaita, Policy Officer on Corporate Transparency at Transparency International EU. "The last minute addition of tax havens smacks of window dressing. Companies will still be able to strike favourable deals with governments in other parts of the world without public scrutiny," added Gaita.*

Under the draft legislation, multinationals will only be required to publish information on a country-by-country basis for activities inside the EU and for countries on a yet to be published EU list of tax havens [3]. For the rest of the world EU companies will only have to disclose an aggregate figure.

*"It's baffling why the Commission has proposed a cumbersome and contentious process to create a list of tax havens when there is already a simpler solution. Full public country-by-country reporting applying to the whole world would produce better results," added Gaita.*

Companies would only report on their activities in 28 countries and a few other selected ones. *"This proposal cannot be called public country-by-country reporting, if it does not include most of the world," said Gaita.*

The 750 million EUR threshold for companies' turnover is too high, according to Transparency International EU. *"The majority of multinational companies will not have to disclose any information about where they are located and what they are doing, including some of the*

*companies which were named in the Panama leaks [4]. The business of secrecy will continue as usual,” concluded Gaita.*

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### Notes:

[1] Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches

[2] Africa Progress Panel: [Equity in Extractives](#), 2013. One of the most detailed analytical studies, carried out by Global Financial Integrity, put the average annual loss to Africa between 2008 and 2010 at US\$38 billion. To place this figure in context, it was slightly higher than the flow of development assistance to the region over the same period. Put differently, Africa could double aid by eliminating trade mispricing. Another US\$25 billion is lost through other illicit outflows.

[3] This list will be compiled by the European Commission, empowered to adopt a delegated act. In June 2015, the EU published its first attempt of a tax haven blacklist. The list included the following countries: Andorra, Liechtenstein, Guernsey, Monaco, Mauritius, Liberia, Seychelles, Brunei, Hong Kong, Maldives, Cook Islands, Nauru, Niue, Marshall Islands, Vanuatu, Anguilla, Antigua and Barbuda, Bahamas, Barbados, Belize, Bermuda, British Virgin Islands, Cayman Islands, Grenada, Montserrat, Panama, St Vincent and the Grenadines, St Kitts and Nevis, Turks and Caicos, US Virgin Islands.

This list has been heavily criticised for not including countries and strategic EU allies, such as Switzerland and the USA.

[4] Transparency International EU: [Panama Papers show the EU must take action on corporate tax transparency](#)

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