Implementation of the country-by-country reporting exchange system: Obstacles to data access and use

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Country-by-country reporting: Assessment of tax avoidance and policy challenges
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Introduction

- Focus on:
 - Current system of confidential exchanges of CbCR
 - Narrow purpose of CbCR: Helping tax authorities to detect tax avoidance by big MNEs
 - Two challenges: Access and use

Access – basic figures

Total activated: 4902

Hypothetical 249 jurisdictions: 61752

→ ca. 7% currently activated

Hypothetical all Inclusive Framework: 19182

→ ca. 25% currently activated

The table below will be regularly updated as further jurisdiction	s activate their bilateral exchange	elationships
Last updated: 12 March 2021		

From jurisdiction :	Select All	~
To jurisdiction :	Select All	~

From jurisdiction	To jurisdiction	Legal instrument
Andorra	Argentina	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Australia	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Austria	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Belgium	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Brazil	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Canada	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Chile	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Colombia	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Croatia	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017
Andorra	Cyprus	CbC MCAA activated - Effective for taxable periods starting on or after 01 January 2017

<u>1</u> 2 3 4 5 6 7 8 9 10 ...

Comparison with the Analytical Database on Individual Multinationals and Affiliates

• 500 biggest MNEs (out of ca. 1950 MNEs potentially subject to CbCR globally?)

• Headquartered in 36 different countries:

- USA: 207

- EU: 76

- China: 49

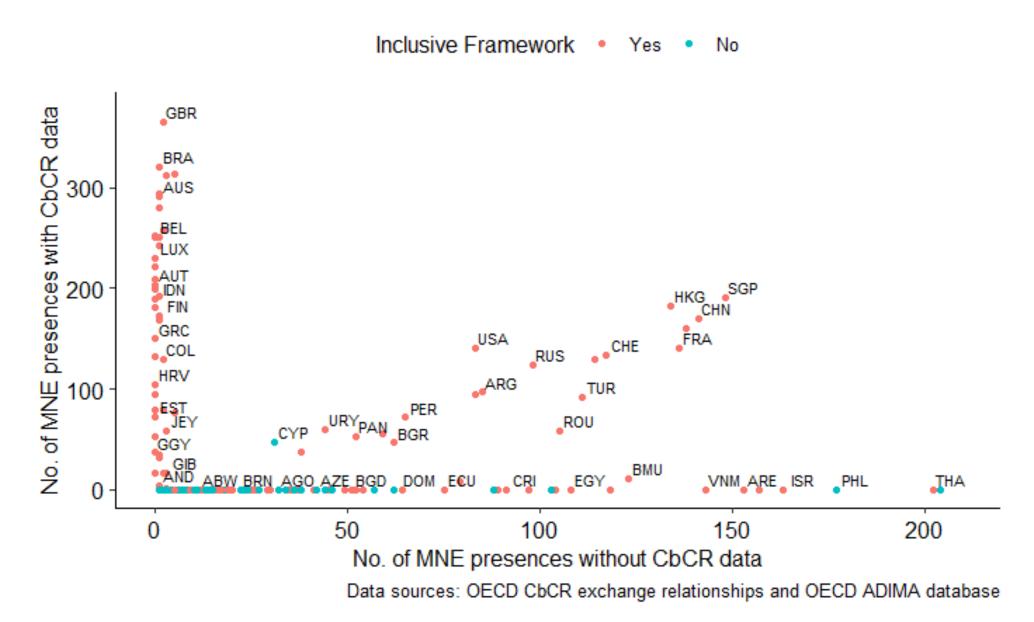
- Japan: 39

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> Entrepreneurship and busines statistics	Mea	suring Multir	national En	terprises			
> Financial statistics							
> International trade and balance of payments statistics							ere they pay taxes is crucial for a currently available on individual
> Labour statistics							l Multinationals and Affiliates
> Leading indicators and tendency surveys	(ADIMA	 using a number of oper 	n big data sources the	it can provide new ir	nsights on individ	ual MNEs an	d their global profiles.
> National accounts	FINDIN	G THE ADIMA DATA					
> Prices and purchasing power parities (PPP)	ADIMA	includes 500 of the world's	largest MNEs each o	lownloadable here:			
> Productivity statistics	Financi	al year 2019					
	> Digita > Indica > Monit	ical Register: Providing a al Register: Providing a vie ators: Harmonised indicato tor: Events which may corr ates of trade, GDP and FD	ow of all websites below ors at the global level to espond to large comp	nging to each MNE for each MNE		early warnin	gs of potential significant change:
	Financi	al year 2018					

		Physical + Digital, only Inc. Framework	Physical, all	Physical, only Inc. Framework
Total presences	16438	14540	13757	12458
Presences currently covered by CbCR exchange in %	58	65	61	67

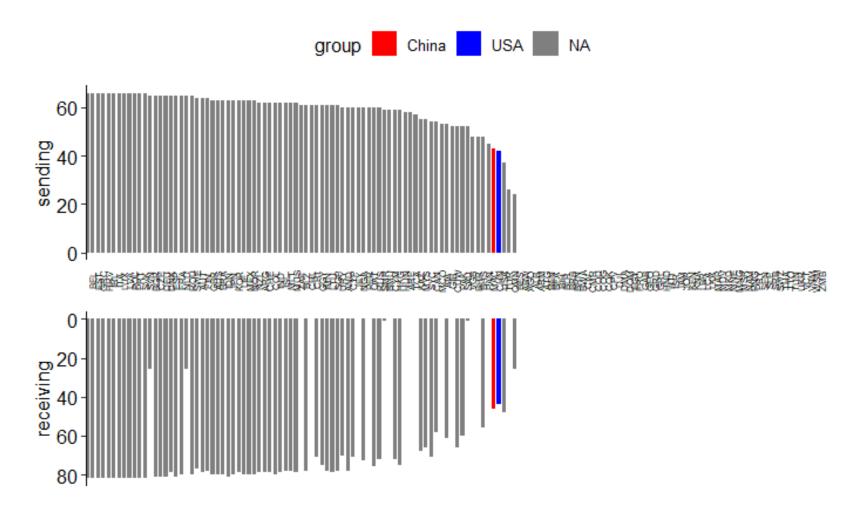
Presence = existence of one or more subsidiaries/physical presence/website of an MNE in a foreign country Data: OECD CbCR exchange relationships and OECD ADIMA database

Countries differently affected



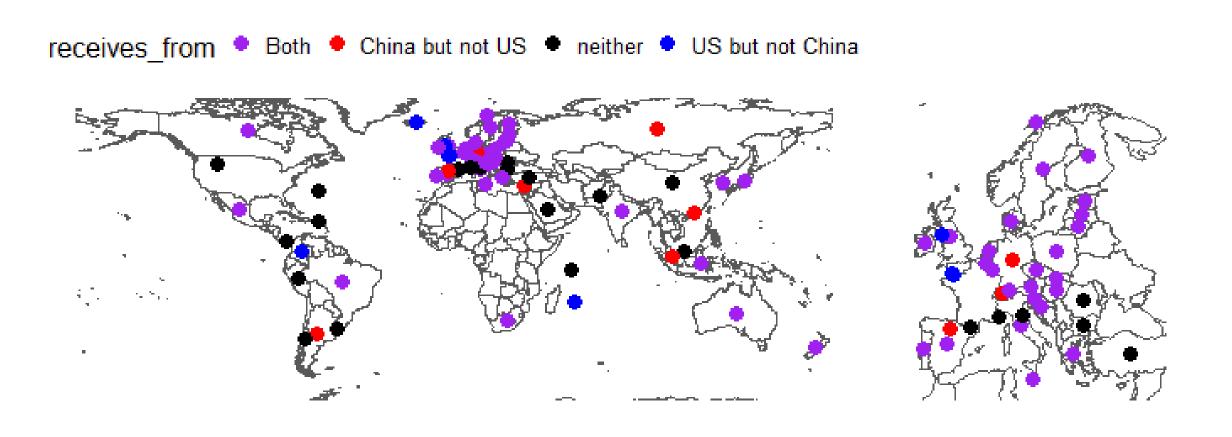
Reasons for lack of access

- Non-signature of CbC MCAA or other legal instrument
- Election for nonreciprocal exchange relationship (countries without CIT but also others)
- Bilateralized mode of application of CbC MCAA



Data: OECD CbCR exchange relationships and OECD ADIMA database Inclusive Framework countries only

Countries which do not receive information from China and US



Use of information

- Capacity / Separation of functions (appropriate use conditions)
- 2021 Report EU Court of Auditors on five EU countries
- Differences accounting rules / tax rules
- Unequal access -> availability bias?

Impact of hypothetical scenarios on access on data from 500 biggest companies

	Physical + Digital, all	Physical + Digital, only Inc. Framework	Physical, all countries	Physical, only Inc. Framework
Total presences	16438	14540	13757	12458
Presences currently covered by CbCR exchange in %	58	65	61	67
Presences covered with public CbCR in EU in %	68	72	70	73
Presences covered with multilateralized application of current system in %	70	79	74	81
Presences covered with public CbCR in EU applicable to all MNEs with physical presence in EU in %	99	99	99	99

Presence = existence of one or more subsidiaries/physical presence/website of an MNE in a foreign country Data: OECD CbCR exchange relationships and OECD ADIMA database

Solutions to problems of data use

- Capacity building
- Open source software development?

Thank you!

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