

# 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  
18 March 2021



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**GLOBTAXGOV**  
A NEW MODEL OF GLOBAL GOVERNANCE IN INTERNATIONAL TAX LAW MAKING



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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

# Access – basic figures

1. Total activated: 4902

2. Hypothetical 249 jurisdictions: 61752

→ ca. 7% currently activated

1. Hypothetical all Inclusive Framework: 19182

→ ca. 25% currently activated

The table below will be regularly updated as further jurisdictions activate their bilateral exchange relationships.

*Last updated: 12 March 2021*

|                     |   |
|---------------------|---|
| From jurisdiction : | <input type="text" value="Select All"/> |
| To jurisdiction :   | <input type="text" value="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 |

1 2 3 4 5 6 7 8 9 10 ...

# Comparison with the Analytical Database on Individual Multinationals and Affiliates

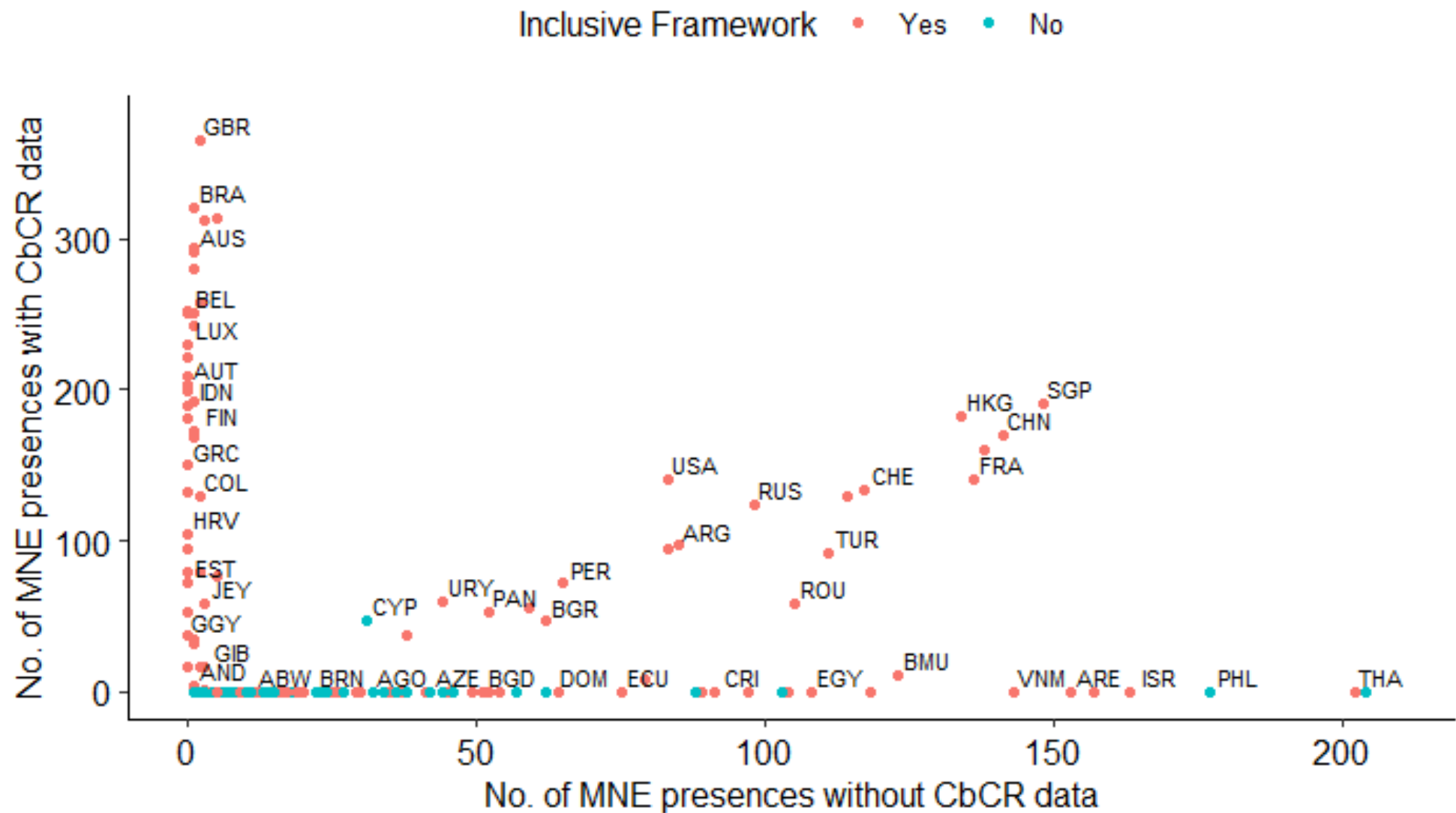
- 500 biggest MNEs (out of ca. 1950 MNEs potentially subject to CbCR globally?)
- Headquartered in 36 different countries:
  - USA: 207
  - EU: 76
  - China: 49
  - Japan: 39



|   | Physical + Digital, all countries | 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                            |

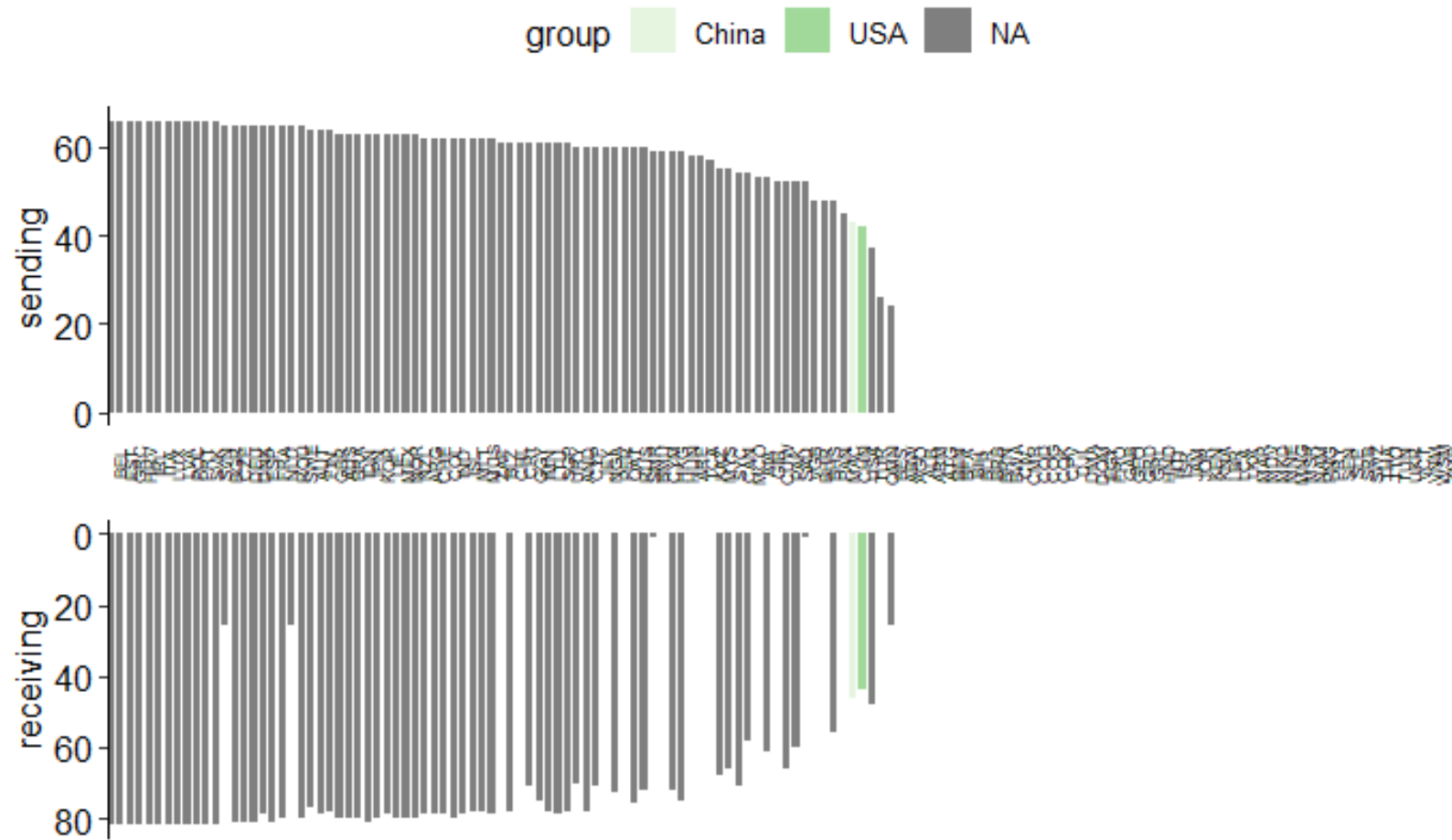
Presence = existence of one or more subsidiaries/physical presence/website of an MNE in a foreign country

# Countries differently affected



Data sources: OECD CbCR exchange relationships and OECD ADIMA database

# Reasons for lack of access (1)

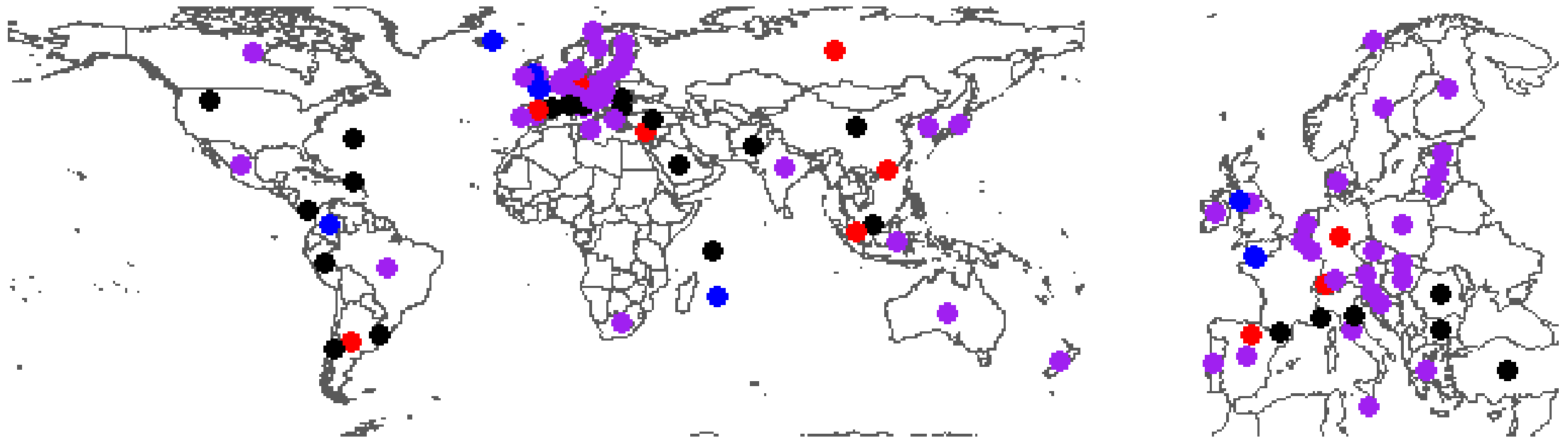


# Reasons for lack of access (2)

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

# Countries which do not receive information from China and US

receives\_from    ● Both    ● China but not US    ● neither    ● US but not China





# Use of information

- Capacity / Separation of functions (appropriate use conditions)
- 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 countries | 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                            |

# Solutions to problems of data use

- Open source software development?

# Thank you!

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