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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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
- \rightarrow ca. 7% currently activated
- 1. Hypothetical all Inclusive Framework: 19182
- \rightarrow 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 : 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

123456789

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

3»	OECD.org		Data	Publications	More sites	•	News	•	Job vacancies
BETTER	POLICIES FOR BE		6© »					> A to Z Google	Z Custom search
OEC	O Home	About	Countries ~	Topics \sim	Coronaviru	s (COVID-19			> Franç
	Statistics and Data encurship and business		national trade and balance of p			erprises			
statistics			0		1				
> Internati	 > Prancial statistics > International trade and balance of payments statistics November 2020 - Understanding where Multinational Enterprises (MNEs) are, how they operate, and where they pay taxes is crucial for sound policy making and sound macro-economic statistics. However, surprisingly little official statistics are currently available on individual MNEs. 								
 Labour s Leading tendency s 	indicators and		To fill this gap the OECD has begun to develop a new database – the Analytical Database on Individual Multinationals and Affiliates (ADIMA) – using a number of open big data sources that can provide new insights on individual MNEs and their global profiles.						
> National	accounts	FINDING	THE ADIMA DATA						
> Prices and parities (Pl	nd purchasing power PP)	ADIMA in	ADIMA includes 500 of the workd's largest MNEs each downloadable here:						
	vity statistics	> <u>Physic</u> > <u>Digital</u> > <u>Indica</u> > <u>Monito</u>	al year 2019 cal Register: Providing a vie tors: Harmonised indicato pr. Events which may corre- tites of trade, GDP and FD	w of all websites belo rs at the global level f espond to large comp	nging to each MNE or each MNE		early warning	s of potential	i significant change:

Financial year 2018

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

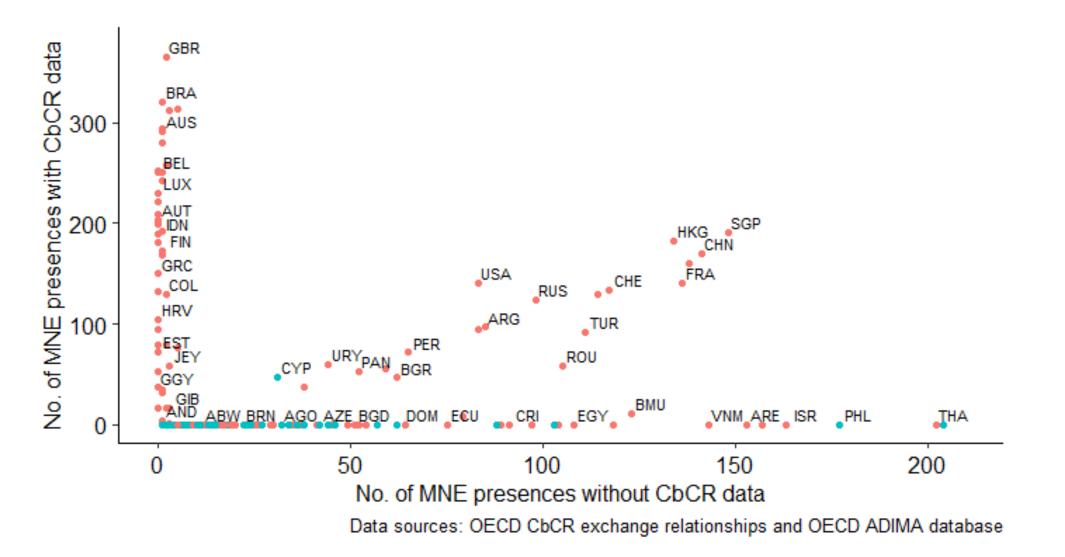
Presence = existence of one or more subsidiaries/physical presence/website of an MNE in a foreign country

Countries differently affected

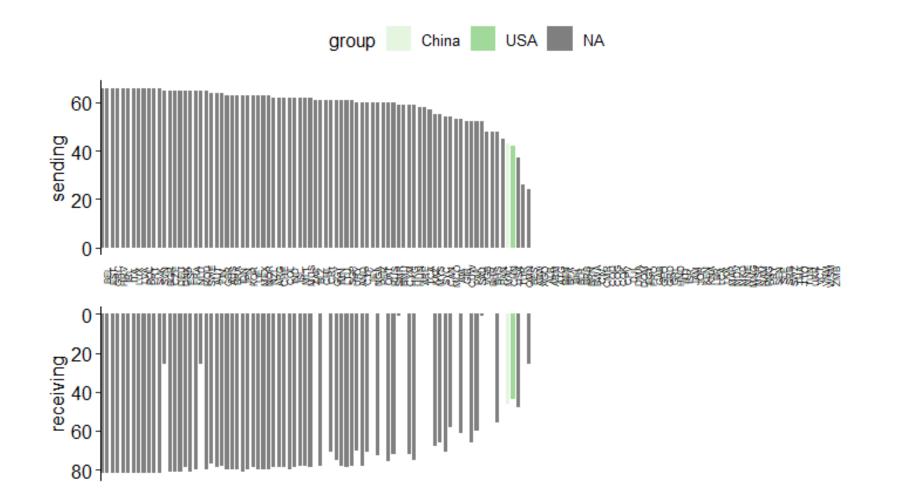
Inclusive Framework

Yes

No



Reasons for lack of access (1)

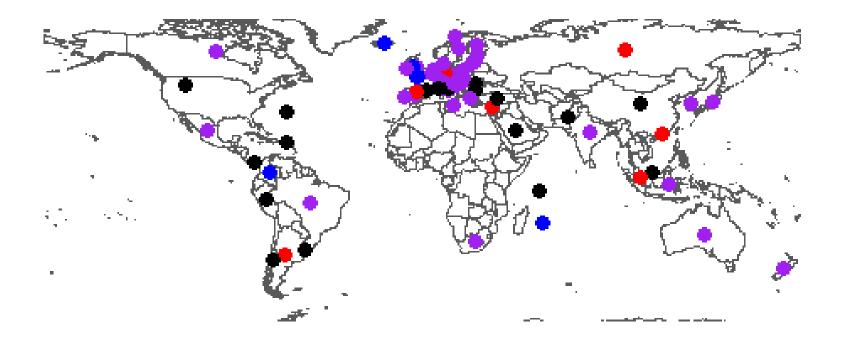


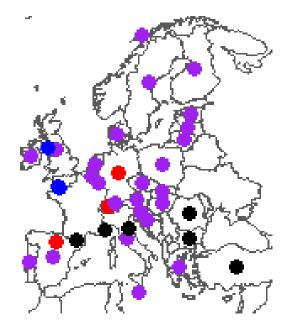
Reasons for lack of access (2)

- 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	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
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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