



# GLOBTAXGOV

A NEW MODEL OF GLOBAL GOVERNANCE IN INTERNATIONAL TAX LAW MAKING

# CORPTAX



**Universiteit  
Leiden**  
The Netherlands



**CHARLES  
UNIVERSITY**

Online Research Workshop

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

-Summary-

On March 18<sup>th</sup>, 55 participants from all over the world gathered for an online Research Workshop on “Country-by-country reporting: Assessment of tax avoidance and policy challenges”, jointly hosted by the GLOBTAXGOV and CORPTAX research projects. The workshop comprised two sessions: the first session, moderated by Petr Janský (CORPTAX) discussed what country by country reporting (CbCR) reveals about tax avoidance, and about how much taxes MNCs really pay, and where. The second session, moderated by Irma Mosquera Valderrama (GLOBTAXGOV), sought to discuss possible policy challenges arising from, and linked to, CbCR. See the link to the programme [here](#).

The first session started with a presentation from Javier Garcia-Bernardo, who presented his findings on Worldwide Profit-Shifting of Multinational Corporations (MNCs). Some key takeaways included the scale of global profit-shifting, which they estimate at around 200-300 billion US dollars. However, he also stressed the importance of analyzing loss-making firms, stating that the high number of profits and losses being reported in the United Kingdom, Luxembourg and the Netherlands indicate that these countries are being used as conduits. He was followed by Prof. Johannes Voget, who compared the quality of information in the CbCRs published by European banks since the implementation of the CRD IV directive with the quality of the information previously available through the Orbis database. Based on the available information, he assumed that roughly 10% of global profits are currently being shifted, with some countries like the United Kingdom and France being especially affected by this form of tax avoidance. The final presentation of session 1 was held by Sarah Godar. From her work, the central question arose of whether those MNCs who voluntarily publish their CbC-reports pay higher ETR compared to those who don't. The first session closed with a discussion about

the presenters' findings, in which, among others, the comparatively higher troubles of developing countries in dealing with profit shifting in relation to their developed counterparts were discussed.

Irma Mosquera Valderrama opened the second session of the Workshop by shifting the focus to the legal perspective. She suggested three central questions for the second session, namely whether the contemporary discussion on public CbCR was still about the same type of CbCR exchange envisioned after the BEPS reports, whether data collected by CbCR will prove useful in practice, and whether it will be able to show what companies/MNCs are doing in terms of sustainability.

Danuše Nerudová started the presentations with her analysis of the Sustainability of the taxation systems in the EU. She called for a taxation model that moves on from taxing purely for growth to taxing for sustainable growth. To do so, special attention should be given to the dimension of institutional sustainability, as only an institutionally sustainable taxation system can hope to close the sustainability gaps currently present in European taxation systems. The second presentation was held by Saila Stausholm, who questioned the assumed usefulness of transparency in practice based on her research into CbCR reporting in the mining sector. Specifically, she warned that transparency fostered by CbCR might not prove useful in practice if companies are not required to publish information in a comprehensive manner, e.g., not only the amount of tax they paid, but also their respective revenue. Moreover, she pointed out that the particular circumstances of the mining sector in regard to tax consequences adopted via concession agreements or stability agreements resulted in exchange of data whose background could not be traced by looking into the tax jurisdiction of the country, and therefore obtaining comprehensive data was especially important.

A more positive perspective was offered by Franki Hackett, who argued that making CbCR data public could prove beneficial even if the quality of the information shared was not the best. While far from mitigating tax avoidance she stated that evidence indicates that public CbCR in the banking sector has contributed to counteracting the previous phenomenon of under-auditing. Furthermore, the implementation of a first CbCR standard has also provided vital information and some emerging best practices on how to formulate better future iterations of the standard. After this, Frederik Heitmüller discussed some issues arising from the confidential CbCR information-exchange system instituted by the OECD BEPS Project. He identified the two main problems as being related to access (not widely available) and use (not widely used, e.g. due to capacity constraints) by countries of the gathered data. Finally, Danuše Nerudová closed the presentations with a briefcase-study of the unavailability of CbCR data in the Czech Republic. While noting certain issues e.g. related to companies' interests in competitiveness, she nevertheless regretted the inaccessibility of CbCR data for Czech researchers, and called for a solution on the European level. After the presentations, the floor was opened for a discussion, in which topics ranging from the applicability of CbCR to the mining sector to the difficulties of African countries (and in general developing countries) in receiving CbCR information from local subsidiaries of MNCs were discussed.

For further information, a recording of the workshop can be found [here](#). The presentations of each speaker can be found under the [events](#) section of the GLOBTAXGOV-website.