



Brussels, 31 March 2016

Dear President Juncker,

On behalf of the Greens / EFA group, we would like to address you with some proposals on public country by country reporting (CBCR), since we have recently been made aware of the possible European Commission plan on this matter. Adopting an effective corporate tax transparency mechanism in Europe is a necessary first step to tackle corporate tax avoidance and ensure companies pay taxes where their actual economic activity is taking place.

**We welcome the fact that your proposal calls for large companies to publicly disclose key information about their tax affairs.** As mentioned in the study you commissioned from PwC in 2014, the existing public reporting requirements for banks are expected to have a small positive economic impact, as a result of the increase in transparency and public confidence. We are glad to see that the European Commission is finally joining the European Parliament in demanding greater corporate transparency towards European citizens. However, based on a leaked draft of your plan that we have seen, we would like to raise a few concerns which we hope will be taken on board when presenting your final plan in April. The upcoming proposal should only go beyond the standard already set for the banking sector.

**We need disaggregated data for activities in non-EU countries.** The draft proposal seems to suggest that companies will disclose information for each of the European countries but will only mention aggregated data for the rest of the world. This means that we will be able to know what companies do in European countries but their activities in the Cayman Islands or Panama will continue to occur in the dark. With this limitation, there is a huge risk that offshore jurisdictions become even more attractive for European companies seeking to avoid taxes. This suggestion is also contrary to the very spirit behind country by country reporting and it is even more surprising since we know that major European banks already disclose information about their activities in non-EU countries. Several banks confirmed to the European Parliament that they had no problem complying with their public reporting obligations and we therefore urge you to ensure that the final proposal will contain at least a similar obligation for large multinationals in all sectors and all countries.

**We support the proposal that both European and non-European companies will be covered by this obligation but this should not be done at the expense of quality reporting.** We believe that it is important that companies willing to operate in the European market comply with our values of transparency and tax fairness. Therefore, even if these companies already publish information in another State, they should still comply with European public CBCR standards, which only require the publication of very basic financial information that any large company is expected to possess.

**We would like to ask you to pay special attention to what information companies will have to disclose.** While we welcome the information already included in the draft proposal, we see some elements missing like for example assets, sales or public subsidies received, which are essential for the detection of potential corruption cases.

**The scope of your proposal should not be limited to companies with a turnover superior to €750 million.**

While we understand that you chose this threshold to comply with the Base Erosion and Profit Shifting proposal on CBCR, we believe these proposals are two different things and do not serve the same purpose. As this proposal is a modification of the accounting directive, we call on you to respect the criteria for large undertakings mentioned in the directive.

**The fight against corporate tax avoidance has increased considerably in the EU over the past years and we congratulate the Commission for the leadership it has taken on this matter.** The pressure for public transparency has never been stronger and we call on you and your services to review your draft and present a comprehensive public CBCR proposal in a couple of weeks. A strong move on tax transparency is the first step towards fighting corporate tax avoidance and achieving the greater tax fairness that European citizens deserve.

Yours sincerely,

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