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Council approves greater corporate transparency for big multinationals

The EU is taking measures to enhance corporate transparency of big multinational companies. Member states’ ambassadors mandated the Portuguese presidency to engage in negotiations with the European Parliament for the swift adoption of the proposed directive on the disclosure of income tax information by certain undertakings and branches, commonly referred to as the public country-by-country reporting (CBCR) directive.

The directive requires multinational enterprises or standalone undertakings with a total consolidated revenue of more than €750 million in each of the last two consecutive financial years, whether headquartered in the EU or outside, to disclose publicly in a specific report the income tax they pay in each member state, together with other relevant tax-related information.

Banks are exempted from the present directive as they are obliged to disclose similar information under another directive.

In order to avoid disproportionate administrative burdens on the companies involved and to limit the disclosed information to what is absolutely necessary to enable effective public scrutiny, the directive provides for an complete and final list of information to be disclosed.

The reporting will have to take place within 12 months from the date of the balance sheet of the financial year in question. The directive sets out the conditions under which a company may obtain the deferral of such disclosure for a maximum of six years.

Source:

Council of the EU, **Press release of 3 March 2021**

Keywords

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