

The ICAEW whitewashes country-by-country reporting

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The ICAEW had a breakfast seminar two weeks ago to discuss [country-by-country reporting](#). The summary of [what occurred is here](#).

I asked to attend this seminar. As an ICAEW member and the creator of the country-by-country reporting concept I thought that a pretty fair thing to ask. But I was not allowed to do so. Christian Aid were also told they could not attend. One representative from civil society who was allowed to speak for 5 minutes was deemed to be sufficient input.

But note the Big 4 accountants had seven people present.

And note what Michael Izza, ICAEW CEO, had to say about [this on his blog](#):

The financial crisis has generated demands for greater transparency in international taxation, pushing tax avoidance up the political agenda. In the hunt for a solution, country-by-country reporting is being mooted as part of the new financial infrastructure to be constructed in the wake of the crisis. Some think of it as a means to bring about 'tax justice' and better government for developing countries; some expect it to tackle tax avoidance; others expect it to improve investor relations;

In an effort to shed more light on this complex and politically charged issue, the ICAEW hosted a breakfast event yesterday, bringing together a senior Treasury adviser with the IASB, tax justice campaigners, accountants, auditors and institutional investors.

Our contributors spelled out the complexities of implementing country-by-country reporting. First there is the sheer complexity of producing accurate data; the cost of audit could spiral. It's not yet clear exactly which taxes and other benefit streams should be reported. Some governments in the developing world may not even want some of this information made public — confidentiality might be breached, to the detriment of nation states and companies.

There is also the question of whether new accounting standards can really solve the

problem of tax avoidance. As one contributor suggested, these are two separate issues, and tax avoidance needs to be tackled with more than just a new IAS.

In the face of this uncertainty, it is heartening that the Treasury is consulting with the City and other major stakeholders before any binding decisions are taken. Those with an interest in these issues should seize opportunities such as this morning's event, or the IASB's current consultation on country-by-country reporting in the extractive industries, to ensure that those decisions are as well-informed as they can be.

First, tax justice campaigners were not present. Publish What You Pay are anti-corruption campaigners. That's good stuff, but not the same.

Second, a tax justice campaigner was not allowed to be present — which is not noted.

Third, the Treasury may be consulting the City but it is not consulting with civil society. Why is that?

Fourth, to claim that tax and accounting are two separate issues is wholly untrue. Tax is paid on corporate profits shown in accounts. How can the CEO of the Institute of Chartered Accountants in England and Wales make such a claim when it is so obviously wrong?

Fifth, of course a new IAS will not stop all tax abuse. But if it helps, what is wrong with that?

Sixth, I dispute entirely the complexity of producing data. That data has to be available for tax. It is therefore available already.

Seventh, if audit costs increase it will be because auditors will actually have to do their job and audit both the subsidiaries of multinational corporations and intra-group transactions. I think most investors would be shocked to know how little attention is given to many such issues now.

And I agree that the Publish What You pay demand for data is confusing — but the tax justice one [is unambiguous and clear](#) — which is no doubt why the ICAEW did not want an accountant to present the case for it.

If the ICAEW call this a consultation I don't. They have a long way to go before they learn what engaging with civil society is all about — and telling things as they really are would help a great deal as well.