

Why country-by-country reporting is the way forward fro...

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I made [my debut in Tax Analysts](#) this morning, arguing that as for as tax is concerned the real importance of the Lough Erne declaration was the support it showed for country-by-country reporting.

The [conclusion to my 3,000 odd word article](#) (which is behind a paywall) is:

What country-by-country reporting is intended to do is show whether a supposed true and fair result reflects, when allocated to states, the true level of economic activity that really arises there and, therefore, whether base erosion and profit shifting is occurring.

That, with regard to tax, is what country-by-country reporting is about. It is not a tax assessment system. It is an accounting system. But like all good accounting data, it is intended to help the user of the data make informed decisions on the allocation of resources. In this case, the user is a tax authority and the resource is investigation time to maximize the yield from inquiries.

I think country-by-country reporting will work against this criteria for assessing its value. The G-8 obviously does too, and the OECD would not have been tasked with this exercise without some prior indication of willingness on its part, I am sure. That also has to be good news. But precisely because this is bad news for multinational corporations, an enormous kickback on this issue should be expected from them.

Country-by-country reporting exists only because civil society picked up an idea and ran with it. Now we have to be willing to fight for it and defend it. Our next challenge is to raise the funding to make that possible when we'll be severely outgunned on a dollar-by-dollar basis when it comes to resources allocated to this task. The backing of the G-8 has been a massive win, but it was victory in a battle, not the war. That's still to be brought to a conclusion. But the next campaign is opening now, and this time it's the multinational corporations that are on the defensive.

That the CBI is already counter-attacking is obvious: [the FT has reported it this morning](#). But the fact that they are already seeking, in vain, to maintain the status quo shows

how rong footed they have been. The time for change has arrived, and as I will be arguing more than once this week, almost all the solutions are in the portfolio of civil society this time.