If creating a tax system that threatens to reallocate s...

Published: January 14, 2026, 3:32 am

Once upon a time country-by-country reporting was just an idea. But that was a long time ago in January 2003. Now country-by-country reporting is international politics. Which means US politics, and all that entails.

Alex Cobham, a long time collaborator on tax justice issues and now the Tax Justice Network's director of research, has written an excellent review of the current state of country-by-country reporting politics on his own blog. I'd strongly recommend reading it. It's not all depressing, even if quite a lot is. In the EU there is hope, and business is also, I think, getting the message that nothing less than country-by-country reporting will do. The Fair Tax Mark is playing its part in that process.

What is deeply depressing is the attitude of the US right wing, which is, of course, powerful in Congress. Alex quotes extensively from joint letter to Treasury Secretary Jack Lew from the chairs of the Senate Finance Committee and the House Ways and Means Committee (Republicans Orrin Hatch and Paul Ryan, respectively) which sets out a range of concerns about the BEPS process — and make a fairly explicit threat to take a different path from the administration:

Regardless of what the Treasury Department agrees to as part of the BEPS project, Congress will craft the tax rules that it believes work best for U.S. companies and the U.S. economy… We expect that as we move forward on U.S. tax reform, U.S. tax policy will not be constrained by any concessions to other nations in the BEPS project to which Congress has not agreed.

And as Alex says:

It is the specifics which are most revealing. While there are passing references to rules on permanent establishment and controlled foreign companies, the bulk of the text refers to concerns over country-by-country reporting.

This is what the two US politicians had to say on country-by-country reporting:

[W]e are concerned about the country-by-country (CbC) reporting standards that will

contain sensitive information related to a U.S. multinational's group operations. We are also concerned that Treasury has appeared to agree that foreign governments will be able to collect the so-called "master file" information directly from U.S. multinationals without any assurances of confidentiality or that the information collection is needed. The master file contains information well beyond what could be obtained in public filings and that is even more sensitive for privately-held multinational companies. […]

And they continue:

Some recent press reports have indicated that the Treasury Department believes it currently has the authority under the Internal Revenue Code to require CbC reporting by certain U.S. companies and that Internal Revenue Service (IRS) guidance on this reporting will be released later this year. We believe the authority to request, collect, and share this information with foreign governments is questionable. In addition, the benefits to the U.S. government from agreeing to these new reporting requirements are unclear, particularly since the IRS already has access to much of this information to administer U.S. tax laws. Therefore, we request that, before finalizing any decisions, the Treasury Department and IRS provide the tax-writing committees with a legal memorandum detailing its authority for requesting and collecting this CbC information from certain U.S. multinationals and master file information from U.S. subsidiaries of foreign multinationals. We also request that you provide a document: (i) identifying how the CbC reporting and other transfer pricing documentation obtained by the IRS on foreign multinationals operating in the United States will be utilized, and; (ii) providing the justification for agreeing that sensitive master file information on U.S. multinationals can be collected directly by foreign governments. In the event we do not receive such information, Congress will consider whether to take action to prevent the collection of the CbC and master file information.

This is an extraordinary letter in all sorts of ways.

At one, rather basic level it shows the folly (also recently discussed by Alex and me) of the OECD's approach to sharing CBCR data via a multinational corporations' parent company location. If the file simply had to be delivered to all jurisdictions where the MNC traded this US objection would fade away over night. The ball is in the OECD's court to change this: they wrote their current rules to pacify the US and if they don't succeed in that aim the the OECD will have to change them; it is as obvious as that.

But more obviously the letter reveals a paranoia based on a loathing that is quite extraordinary. The paranoia is about sharing the wealth of US corporations: the loathing of those who it might be shared with. On a day when the IMF is saying that there is a need for a new bias to the poor in the world this letter is about maintaining the status quo that ensures that the world's wealth trickles upwards. That objection to country-by-country reporting is, of course, pure politics.

But I can confirm that country-by-country reporting is political. If anyone can say that I can: I created the idea. And the aim was to ensure that the world's poorer countries could hold global corporations to account locally to ensure that tax is paid in the right place, at the right rate and at the right time so that the poorer communities of the world could have the healthcare and education that the IMF says that they need to ensure that they too can enjoy the benefits of growth. Unambiguously that is what country-by-country reporting is primarily about. And to achieve that I did, of course, want to use formula based calculations to show that weightings based on where sales, employees and assets are would reveal that profit was not apportioned to states in the same ratio, suggesting artificial profit shifting was taking place. The US right wants to outlaw that exercise being undertaken with country-by-country reporting data: hence the demand in the letter for explanation as to what the data will be used for.

If my aim was political, so be it.

If creating a tax system that threatens to reallocate some of the world's wealth to those most in need of it is a crime, I am guilty.

But it's the up to all decent people, who care about others and not about the protection of the power and privileges of wealth to come into the dock as well, and to stand up and to plead guilty too. And to then say that we challenge these bastions of privilege to justify their abuse of power, because that's what's going on right now.