

Country-by-country reporting in the EU Parliament today

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I am taking part [in a conference in the EU parliament](#) marking the anniversary of the Panama Papers today. I am talking about the role of country-by-country reporting in tackling illicit financial flows. These are my slides:

Tackling illicit flows: Country-by-country reporting

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What CBCR is

- * CBCR is accounting data: it is not tax data
- * CBCR shows what a multinational corporation does in each country in which it operates
- * It does this by publishing:
 - * An abbreviated income statement including sales, profit and tax information
 - * Some employment data
 - * Limited cash flow data
 - * Some balance sheet information
 - * And some narrative explanation (hopefully)
- * This permits a tax risk assessment
- * But more importantly it is about holding global corporations to account locally

What CBCR does

CBCR changes:

- * The way we look at multinational corporations:
- * They are not monolithic entities but a patchwork of local enterprises that are integrated into something bigger than the parts

- * The way that multinational corporations account:
- * Their responsibility is no longer just to shareholders but to all their local stakeholders as well

- * Our understanding of tax:
- * Taxes are not a lump sum paid by one multinational company but are the sum of all the individual payments made in a great many places, and we have to understand them all

- * Corporate behaviour:
- * What we measure counts. If multinational corporations have to account locally it will change their behaviour in those places

Why CBCR will work

CBCR will work because:

- * It exposes who uses tax havens:
- * And no one enjoys that now

- * If MNCs know that their tax abuse can be exposed by CBCR they will change their behaviour:
- * No one wants to be shown to be cheating

- * It is easy to use:
- * And the work I am doing at City, University of London (and with others) intends to make that easier still

- * MNCs will know they can be held to account locally:
- * They will improve their local performance to meet stakeholder expectations as a result