

The EU did not rise to the challenge of country-by-coun...

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I [wrote yesterday about the negotiation that was scheduled on country-by-country reporting in the EU](#) which, it was hoped would bring a favourable outcome by the end of the day.

If you believed the FT's headline a breakthrough was made. [They said:](#)

EU seals pact on forcing multinationals to report profits and tax

Brussels hails long-delayed rules as breakthrough in cracking down on corporate avoidance

The reality was somewhat different. The clue as to what country-by-country reporting requires is in the name: it requires accounting by a multinational corporation for every country in which it has an operation, without exception. And that is not what the EU agreed to deliver. They are demanding a form of country-by-country reporting that requires accounting for every EU country and for those places on the somewhat halfhearted EU tax haven list.

In other words, if a multinational corporation has an operation outside the EU that is not in a tax haven it gets dumped into the 'rest of the world' bucket that will include the US, Japan, Australia, and many of the world's largest tax havens (Singapore, Hong Kong, and so on) and we will be no better off in knowing whether or not true profit shifting has taken place, or not.

This is especially damaging for those who want to know if developing countries are being abused by multinational corporations. They will not now know.

Many campaigners are treating this as a major setback. And let's be clear, it is. The aim was full country-by-country reporting and US opposition, in the main, seems to have prevented that. But I also do not see this as a complete disaster. I have lived with this idea longer than anyone. It has taken 18 years to get this far. Of course, I wanted the real thing. But after 18 years I know that wins come in stages. This step will not be

reversed. Every step forward has been followed by another. It's absurd that the EU is not willing to stand up to big companies and make them account properly, but in time they will. Simple familiarity with the data will help.

And let's not forget that some of the worst tax havens are in the EU: this will expose Ireland, Luxembourg, Malta, Cyprus and the Netherlands. That is a win.

The question is, will the UK now join in? The law is already in place requiring it to do so. But will it be changed?