Six Reasons Why Tax Inspectors Want Public Country-by-Country Reporting

The European Union is currently debating proposals to make corporate tax more transparent, making it clearer if a multinational is paying tax where it should be. BusinessEurope keeps claiming that this measure, known as public country-by-country reporting, would undermine tax administrations. They wrote a letter to the chair of the European Parliament's economic affairs committee saying as much. James Watson, the business confederation's Director of Economics again made the claim at a recent parliamentary hearing.

What they fail to mention is that those working in tax administrations support public country-by-country reporting. The trade unions that represent tax inspectors have long advocated for this vital corporate transparency tool. EPSU, the European Federation of Public Service Unions, which represents the majority of unionised tax inspectors in Europe, is fully behind a public CBCR, with full global coverage. Why BusinessEurope feels it can speak on behalf of tax administrations remains unclear.

Tax inspectors want it because they know it will help, not hinder, them in their work. Here's six reasons why, from tax inspectors and/or their representatives from civil service trade unions organising tax administrations :

1. Tax inspectors need political support to go after complex cases of multinational tax dodging

Dounia Zaouche National Secretary UFSE-CGT and Alain Parisot National Secretary UNSA Fonction Publique, France

"Tax inspectors are often not encouraged by their hierarchy to pursue the more complex cases of multinationals' tax dodging because the resources are not there, or because of broader vested interests. Tax inspectors need public country-by-country reporting so that civil society organisations, journalists, trade unions and citizens can see if multinationals are paying their taxes and hold politicians to account when they promise to fight tax avoidance by multinationals."

2. Tax inspectors need to be better equipped to do their job

Reinhard Kilmer, retired Tax Auditor and Tax Investigator from North-Rhine-Westphalia, Germany, member of Ver.di.

"Between 2008 and 2012 staff in tax administrations were cut by an average of 9.6% across Europe.[i] Politicians often promise to crack down on tax dodging then do not follow through by giving tax administrations the staff and resources they need. Public CBCR would create the political pressure needed on governments to keep their word and fully resource the fight against tax dodging."

3. It will protect public servants

Ángeles Villaverde, International coordinator, FESP-UGT, Spain.

"The EU and the OECD are implementing secret CBCR between tax administrations which means that more information will soon be available to tax administrations. The problem is that if tax inspectors see evidence of tax avoidance or evasion, but don't have the support of their hierarchy to deal with it, they have usually very limited means to do anything about it. Tax whistleblowers like Antoine Deltour have already faced conviction for doing the right thing and passing evidence of massive tax avoidance to journalists. Public country-by-country reporting protects tax inspectors by removing the pressure of being the only people with access to this information. Without public CBCR there will be more tax scandals and maybe more whistleblowers who face prosecution for doing the right thing."

4. Public CBCR is never going to replace tax inspectors, but it will help them

Johan Seynaeve, Tax Inspector in the 'Large Enterprises' Division of the Belgian Tax Administration, member of ACOD-AMiO Financiën.

"Oversight of multinationals' taxes by the whole of society will never replace the work of tax inspectors. Rather it helps them have the support, resources and legislation they need to do their job, particularly in a context of staffing cuts. In Belgium, staff diminished by 27,3 % between 2008 and 2017.[ii]* The job of tax administrations is to make sure all taxpayers pay what they should in line with equal treatment principle. Public CBCR should act as a deterrent to some of the most blatant corporate tax avoidance strategies. This will help tax inspectors in the fight to stem the flow of tax money out of public coffers and into tax havens. It could also increase public awareness of the importance of well-equipped and fully staffed tax administrations."

5. It's good for democracy

Linda Englund ,Tax Administration Employee and ST (Civil Service Union) representative, Sweden

"It is important for democratic accountability of governments and multinationals that citizens can see if taxes are being paid in their country. If CBCR isn't public this cannot happen. If it is, it will facilitate the public debate on multinational taxation. Society as a whole will be able to decide whether it wants to continue with a system where a nurse or firefighter can pay a higher proportion of tax than a giant multinational."

6. It's good for Europe and for developing countries

Bernard Adjei, Deputy General Secretary, Public Service Workers' Union of TUC, Ghana

"A truly global public CBCR will not only benefit tax administrations in Europe but also those in developing countries. At present the draft directive limits public disclosure to multinationals' operations in Europe. Extending the duty of transparency to multinationals' operations outside the EU, as EPSU calls for, will be very valuable to tax administrations in developing countries. Those countries rely more on corporate tax revenues but have fewer material and human resource to go after tax dodgers. Global public CBCR is a real asset for developing countries. It will also foster a good cooperation between tax administrations on the basis of global reliable data. "

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[i] Source: http://www.epsu.org/article/impact-austerity-tax-collection-one-year-later-and-still-going-backwards
[ii] Source: https://infocenter.belgium.be/nl/statistieken/fod-financien/tewerkstelling/personeelsbestand (FOD Beleid en Ondersteuning)