

March 6, 2020

Mr. Angel Gurría
Secretary-General, OECD
2, rue André Pascal
75016 Paris
France

RE: Public Consultation: Review of Country-by-Country Reporting (BEPS Action 13)

Dear Secretary-General Gurría,

Thank you for the opportunity to comment on the OECD country-by-country reporting rules as part of your review process. As Members of Congress, we are focused on making the tax system fairer for working families by ensuring that multinational corporations are paying their fair share. The OECD country-by-country reports are an important first step, and we encourage you to build on this progress by strengthening the standards for country-by-country reporting and requiring public disclosure of these reports.

Country-by-country information should be publicly available

Large multinational corporations use a variety of accounting maneuvers to shift profits into tax haven countries to avoid taxes in countries like the United States where they operate. Country-by-country reports from individual corporations are not currently public, but the Internal Revenue Service has published alarming figures on tax haven abuse by aggregating the data it receives in these reports. For example, U.S. corporations booked \$32 billion of profits in Bermuda in 2017, despite having only 547 employees there.

Public country-by-country reports would show which corporations are booking profits in tax havens, and better inform future policy changes regarding international corporate taxation. Investors face heightened financial risk when they lack access to complete information about a company's tax strategy, valuation, and management approach. In the U.S. and countries around the world, policymakers, investors, and citizens would all benefit from more transparency from multinational corporations.

Reporting standards should be aligned with the Global Reporting Initiative (GRI) model

GRI sets reporting standards used by 78 percent of companies in the Dow Jones Industrial Average and 75 percent of NASDAQ 250 companies, and the GRI country-by-country reporting standard that should inform your deliberations. GRI developed this standard in consultation with multinational corporations, accounting firms, academics, and other stakeholders in addition to investors. Broadly speaking, aligning the various country-by-country standards would ease recordkeeping burdens for businesses and present a clearer picture to users of these reports.

The GRI standard requires multinational corporations to report their operations in each country on a consolidated basis, rather than an aggregated basis, which presents a more accurate picture of corporate activity in each country. When a corporation has multiple subsidiaries in the same country that engage in transactions with each other, aggregated reports can present an exaggerated picture of the level of business activity in that country.

Requiring more multinational corporations to file reports deserves serious consideration

The OECD's current standard currently requires country-by-country reports from companies with annual revenues of at least €750 million (\$850 million), exempting many large multinational corporations that may be engaged in tax avoidance. We are pleased to see the OECD considering a lower threshold for requiring multinational corporations to report country-by-country information. A more complete picture of multinational corporate finances would improve tax administration and enforcement, especially with regard to developing countries with fewer very large corporations.

Thank you for your consideration.

Sincerely,

Chris Van Hollen
United States Senator

Cindy Axne
Member of Congress

Sheldon Whitehouse
United States Senator

Lloyd Doggett
Member of Congress

Richard J. Durbin
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