A Blueprint for Responsible and Transparent Tax Behaviour

CSR EUROPE

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About:

CSR Europe

As the leading Business Network on Corporate Social Responsibility, CSR Europe has been working on transparency and responsible tax behaviour since 2016, with the objective of contributing to this discussion and look at companies' total impact on society. The project aims at scaling up corporate tax transparency and establishing responsible tax behaviour as one of the main pillars of the corporate social responsibility (CSR) strategy.

PwC Netherlands

PwC Netherlands helps organisations and individuals create the value they're looking for. We are a member of the PwC network of firms in 158 countries with more than 236,000 people. We are committed to delivering quality in assurance, tax and advisory services. We believe that fiscal transparency is not only about highlighting technical details, figures and performances, but also about explaining the company's broader outlook towards its strategy and tax risk management.

Table of Contents

Foreword

Why we believe in responsible and transparent tax behaviour

Taxes are one of the ways in which business contributes to society. It allows investments in essential resources and conditions that businesses need to strive for, not the least the well-being of the population.

Tax responsibility is also an essential tool for businesses to achieve the UN Sustainable Development Goals and have a positive impact on the societies where they operate, as identified by the SDG Multi-Stakeholder Platform in their contribution to the EC Reflection Paper "Towards a Sustainable Europe by 2030". This has become evident in recent times, when due to multiple tax abuse revelations, the alleged amount of taxes that big multinational companies actually pay to governments has come under increased public scrutiny and became an emerging topic for sustainability managers worldwide.

We believe that responsible and tax-transparent companies are key to rebuilding social trust and addressing the growing expectations from the public and policymakers alike. Increasing the coherence between tax behaviour and the wider sustainable business strategy also has the potential to better show a company's total contribution to society, manage its reputation and increase its social credentials.

This is why in 2016, CSR Europe – as the leading European business network for corporate social responsibility – building upon its work and expertise on managing corporate transparency and governance, decided to launch a project on "Tax Transparency and Responsible Tax Behaviour" aiming to scale up corporate tax transparency and establishing responsible tax behaviour within companies as one of the pillars of good governance.

It is within this framework that we wished to find out more about existing academic research and practical examples of how companies are integrating responsible tax behaviour into their business operations. The main findings of this research are a step towards building capacity in this field and aim to inspire other companies to start their journey in this direction.

We are extremely grateful to the participating companies (BBVA, Iberdrola, Naspers, Unilever and Vodafone Group Plc) for sharing their experience with us, and to PwC Netherlands for their advice and support in putting this report together. Our hope is that it will be of use to CSR and Tax Managers to start working more closely together to embed sustainability in tax decisions and practices. Our commitment is to continue supporting them in this process through peer-to-peer exchanges and best practice sharing in order to make responsible and transparent tax behaviour the new normal. CSR Europe has also developed a service offer to individual companies which includes an assessment of the company's approach to tax, based on the principles outlined in this report.

Stefan Crets
Executive Director CSR Europe

Executive Summary

Enhanced transparency and disclosure of tax-relevant information on (responsible) tax behaviour are subject to an intense public debate. Tax as part of a company's wider corporate social responsibility (CSR) is increasingly becoming the new standard for business.

Since the financial crisis and the growing public scrutiny following a number of high-profile tax abuse revelations, supranational organisations such as the G20, the OECD and the EU, as well as national governments, introduced new enhanced tax transparency and anti-abuse initiatives for large companies. In parallel, voluntary initiatives and standards for companies on tax governance and transparency, have been proactively developed by different stakeholder groups such as business leaders, NGOs and international organisations.

It is in this game-changing context that CSR Europe initiated its project on Tax Transparency and Responsible Tax Behaviour back in 2016. Through the present Blueprint, prepared with the support of PwC Netherlands, CSR Europe aims at:

- Contributing to the debate and highlighting the various mandatory and voluntary initiatives, principles and guidelines that already exist concerning responsible tax behaviour;
- Helping CSR/Sustainability managers in their efforts to embed tax more firmly in the company's sustainability strategy;
- Supporting tax managers to more seamlessly internally recalibrate and align tax with the company's strategic priorities.
- Facilitating more effective cooperation between departments on the company's tax issues, and externally with today's changed stakeholder demands.

This Blueprint clarifies the concept of responsible and transparent tax behaviour by breaking it down into six theme areas:

- **AREA 1 – TAX PLANNING STRATEGIES**
  Aligning taxation with value creation
- **AREA 2 – TAX FUNCTION MANAGEMENT AND GOVERNANCE**
  Developing the right processes to manage tax
- **AREA 3 – PUBLIC TRANSPARENCY AND REPORTING**
  Disclosing relevant tax related information to the public
- **AREA 4 – INTERACTION WITH TAX AUTHORITIES**
  Managing relationships with tax authorities & digital transformation of tax administrations
- **AREA 5 – TAX INCENTIVES**
  The impact on public finances
- **AREA 6 – BUILDING A NARRATIVE TO ACCOMPANY A TAX STRATEGY**
  How to engage stakeholders with a company's approach to tax

The Blueprint also analyses and assesses examples of specific measures which have been implemented by the companies that kindly agreed to contribute: BBVA, IBERDROLA, NASPERS, UNILEVER and VODAFONE GROUP PLC. Finally, it outlines key takeaways to inspire companies that wish to invest further in responsible and transparent tax behaviour.

Blueprint takeaways:

Companies are confronted with both challenges and opportunities when deciding to start their journey towards tax transparency. Both existing sources and the practices of the companies featured in this publication have revealed that significant efforts are being made to make the tax strategy an integral part of their corporate responsibility policy.

We identify the following trends:

- **Publication of Tax Strategy or Tax Policy documents** endorsed and approved at Board level.
- **Enhanced collaboration between the CSR and Tax departments:** the cases collected in this publication showed a trend towards increased collaboration between these teams as a way to embed tax into the sustainability strategy of companies.
- **A growing preparedness for enhanced transparency and tax reporting requirements:** companies have to deal with an increased amount of mandatory and voluntary tax reporting / disclosure requirements, some in the public domain and some outside of it.
- **Building co-operative compliance relations with tax authorities:** Companies are starting to communicate publicly their position and attitude towards managing their relations with tax authorities.
- **A more open and "pedagogical" approach towards many stakeholders:** Information on a company's tax position are usually very technical and difficult to understand. However, companies have started to try to explain better the workings of tax systems and the role they play in those systems. They are engaging in building a clear and easier to understand narrative on a company's tax strategy, and in some instances even voluntarily extending this to all other taxes a company pays.

Other aspects remain more challenging:

- **Role of the tax function within a company:** the dependence of the tax department on the finance or legal department, commonplace in many companies, causes mismatches between the various functions and their objectives.
- **Implementing the tax strategy and monitoring its execution:** it remains challenging for companies to ensure the proper implementation of the tax strategy, the execution of its underlying principles by all employees as well as continued monitoring against set Key Performance Indicators (KPIs).
- **Use of technology for tax governance and management:** tax departments are not always included in discussions on technology or digital transformation projects, despite the importance of the technology for proper tax management and governance (implementation and monitoring of the Tax Control Framework).
- **Digital transformation of tax administrations:** tax administrations are relying more and more on new technologies to support their tax compliance enforcement strategies. For a multinational group it is quite challenging to keep pace with every single local tax administration's digital requirements and systems upgrades.
- **Assessing the impact of tax incentives:** since tax incentives are usually granted outside the public domain, it is difficult to assess to what extent special arrangements exist and consequently what their effects are. In addition, methodologies to measure the impact of these arrangements on public finances and society at large are still scarce. It would, therefore, be useful to invest more in (academic) research for the further development of such methodologies to effectively measure the combined (macro-)economic and social impacts of tax incentives and tax-driven decisions by companies.

CSR Europe plans to build on the positive examples and trends identified in this Blueprint and offer additional support to interested companies through stakeholder dialogues, peer-to-peer learning and exchange of best practices.

Introduction

Enhanced transparency and disclosure of tax-relevant information on (responsible) tax behaviour are subject to an intense public debate. Tax as part of a company's wider corporate social responsibility (CSR) is increasingly becoming the new standard for business.

Since the financial crisis and the growing public scrutiny following tax abuse revelations,[1] intergovernmental and supranational organizations such as the OECD, the G20 and the EU, as well as national governments, introduced a number of new enhanced tax transparency and anti-abuse initiatives for large companies in recent years.

In parallel, voluntary initiatives and standards for companies on tax governance and transparency reporting (including to the public), have been proactively developed by different stakeholder groups such as business leaders, NGOs and international organisations.

It is in this game-changing context that CSR Europe, as the leading European business network for CSR, initiated its project on Tax Transparency and Responsible Tax Behaviour back in 2016. The project is aimed at scaling up corporate tax transparency and responsible tax behaviour within companies as one of the pillars of CSR. The project developed a Self-Assessment Tool on tax transparency and responsibility based on six thematic areas.[2] The Tool helps identify whether a company has adequate and appropriate internal processes and measures in place to implement its (responsible) tax strategies. The Tool was developed in close interaction with, and validated by, several leading multinational companies from different sectors, allowing them to self-assess their performance against a list of indicators that define the concept of tax responsibility.

The present Blueprint was prepared with the support of PwC Netherlands and leverages on the CSR Europe project. It aims to contribute to the debate and highlight the various voluntary initiatives, principles and guidelines in this area that already exist and that are listed in the Inventory. The report aims to help CSR/Sustainability managers in their efforts to embed tax behaviour more firmly in the company's sustainability strategy. It also aims to help tax managers to more seamlessly internally recalibrate and align the role of the tax function with the C-Suite's strategic priorities, as well as with opportunities for more effective cooperation between departments on the company's tax issues, and externally with today's changed stakeholder demands. This Blueprint analyses and assesses examples of specific measures and initiatives that have been implemented by the companies that kindly agreed to contribute to this report: BBVA, IBERDROLA, NASPERS, UNILEVER and VODAFONE GROUP PLC.

The report clarifies the concept of responsible and transparent tax behaviour by breaking it down into six theme areas (comparable to those of CSR Europe's Tool) that represent the main elements of tax responsibility in a business environment:

THEME AREA	KEY ELEMENT
AREA 1 TAX PLANNING STRATEGIES	Aligning taxation with value creation
AREA 2 TAX FUNCTION MANAGEMENT AND GOVERNANCE	Developing the right processes to manage tax
AREA 3 PUBLIC TRANSPARENCY AND REPORTING	Disclosing relevant tax related information to the public
AREA 4 INTERACTION WITH TAX AUTHORITIES	Managing relationships with tax authorities & digital transformation of tax administrations
AREA 5 TAX INCENTIVES	The impact on public finances
AREA 6 BUILDING A NARRATIVE TO ACCOMPANY A TAX STRATEGY	How to engage stakeholders with a company's approach to tax

For each of the five participating companies, several targeted questions were developed and then discussed in interviews. All chapters first provide a high-level snapshot / objective observation of the current market practice in each of the six identified areas. The report then zooms in on where the participating companies currently stand with respect to the thematic area, including in particular the company's tax attitude and strategy and practical experience. Area 5 does not include a practical example due to the complexity involved in assessing the tangible impact of the use of tax incentives on public finances; however, in our view, this thematic area deserves close consideration within the context of this Blueprint.

The concluding part of the report looks to identify some useful takeaways for inspiration to companies that wish to invest further in responsible and transparent tax behaviour.

CSR Europe plans to build on the positive examples and trends identified in this Blueprint and offer additional support to interested companies through stakeholder dialogues, peer-to-peer learning and exchange of best practices.

AREA 1

TAX PLANNING STRATEGIES:

Aligning taxation with value creation

Multinational enterprises operate on a global scale with a local presence. Tax planning enables multinationals to manage their global tax structure to avoid double or even multiple taxation. However, tax planning can also result in (double) non-taxation when utilising mismatches or using locally available preferential tax regimes and tax incentives intended for other purposes.[3] Exploring the outer limits of tax regulations and the international tax system as part of the management of the group's tax position has led to artificial structures with 'tax savings' as their only objective. This "aggressive" tax planning has led to the erosion of local tax bases and profit shifting across jurisdictions. This, in turn, has triggered a wide range of policy responses by the OECD, the EU, tax authorities and others, and profound academic debate.[4]

According to the OECD, common tax planning practices include:[5]

- Legal presence with no or little economic substance in no- or low-tax jurisdictions ("tax havens");[6]
- Using existing gaps and mismatches in the international tax system resulting in a lower tax burden;
- Using generic and/or specific incentives granted by local governments resulting in a lower tax burden;
- Using preferential tax regimes in non-low tax jurisdictions resulting in a lower tax burden; and
- Bespoke agreements with local tax authorities (e.g. Advance Pricing Agreements ("APAs"), or other tax rulings).

In 2013 the OECD, mandated by the G20, started its Base Erosion and Profit Shifting ("BEPS") project, aimed at tackling tax planning practices that exploit gaps and mismatches in the international tax system by artificially shifting profits to low or no-tax jurisdictions with little or no economic activity.[7]

A substantial part of the OECD's anti-abuse recommendations resulting from the BEPS project in 2015 has also been introduced in the EU through the Anti-Tax Avoidance Directives ("ATAD") I and II.[8]

Other anti-abuse measures resulting from the BEPS project, such as the general anti-abuse rule based on the Principal Purpose Test ("PPT"), the Limitation-on-Benefits ("LOB") test, and measures against the prevention of the permanent establishment status, have been implemented, or will be, in (qualifying) bilateral tax treaties through the Multilateral Instrument.[9]

Another recently introduced regulatory measure aimed at tackling tax avoidance is the EU's mandatory reporting requirement for potentially aggressive cross-border tax arrangements (i.e. tax arrangements that meet certain identified "hallmarks") with an EU nexus. This measure has been adopted by the EU through the latest amendment to the EU Directive on Administrative Cooperation ("DAC6"), which has been in force since 25 June 2018.[10]

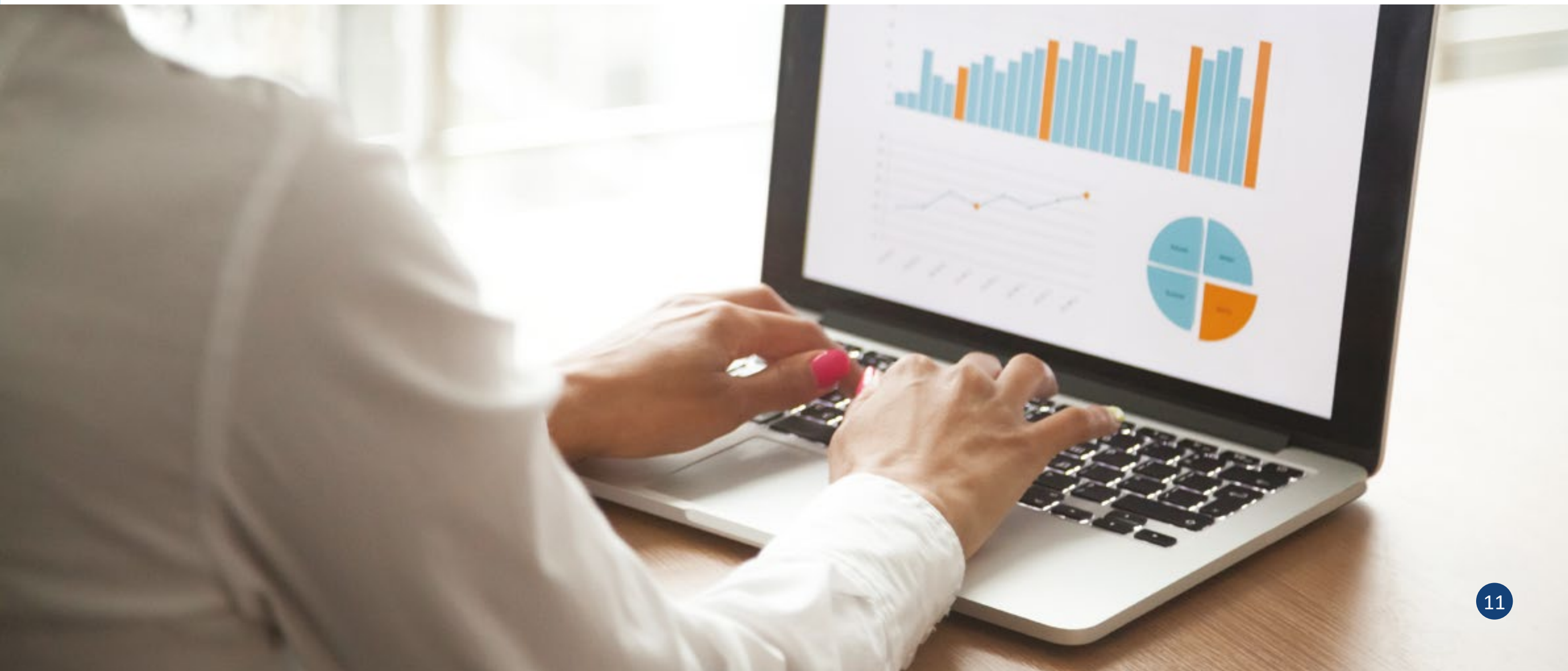
The existing different anti-abuse measures and initiatives basically revolve around two pillars:

1. Aligning taxation with the nexus of value creation. This means a business structure should be connected to the location(s) where the multinational substantially has real economic activities. Furthermore, the set-up of a certain structure should be commercially driven and not mainly intended to lower taxes.

2. Creating transparency on local (non-)taxation. International tax arrangements, including agreements concluded with tax authorities, such as patent and innovation boxes and tax rulings, together with the related party transactions within a multinational group, need to be documented, shared upon request, or filed with local tax authorities.[11]

In addition to these regulatory measures, there are several initiatives by non-governmental organisations addressing aggressive tax planning practices and calling on multinationals to adopt more responsible tax behaviour.[12]

Some multinationals already proactively communicate transparently and publicly on their principles concerning tax management and tax planning in their tax strategy or other (tax) policy documents. In addition, there is a trend towards closer collaboration between the tax and CSR functions to ensure that the company's tax principles are embedded and in line with the company's commitment to the UN's Sustainable Development Goals.



COMPANY CASE Iberdrola

Iberdrola's tax strategy ensures compliance with applicable tax laws and regulations and seeks to establish an appropriate coordination of tax practices, all within the framework of fulfilling the corporate interest and supporting a long-term business strategy that avoids tax risks and inefficiencies in the implementations of business decisions.[13] With respect to tax planning, the company optimises its tax arrangements by looking closely at its substance and the real economic value of activities in each country. Iberdrola commits to engaging only in those (intercompany) transactions that have a sound business rationale.

The company monitors all international tax transparency developments and anti-tax-avoidance initiatives on an ongoing basis. Following the OECD/G20's BEPS project, Iberdrola pays close attention to the substance of business transactions and avoids artificial structures. Concretely, one of the "good tax practices" in relation to tax planning included in its Corporate Tax Policy reads: "*not to use artificial structures unrelated to the Group's business for the sole purpose of reducing its tax burden, nor enter into transactions with related entities solely to erode the tax basis or to transfer profits to low-tax territories*".

Iberdrola follows two main principles in relation to tax planning:

1. Respect of legislation (i.e. tax planning within the boundaries of law); and
2. No use of artificial structures (i.e. a conservative and prudent approach to tax planning).

Iberdrola publicly discloses its tax planning principles in its Corporate Tax Policy. In the process of defining those principles, the company took into account the opinions and comments of various external stakeholders, including the results of a group of large Spanish business taxpayers taking part of the "Code of Best Tax Practices" initiated by the Spanish tax authorities.[14] Internally, the tax department engages with Iberdrola's CSR function, among others, to ensure the Corporate Tax Policy's alignment with the company's overall vision and values in the short, medium and long term. The CSR function is consulted, asked to provide feedback and suggest improvements also stemming from the interaction with different stakeholder groups.

The company's tax principles are continuously reviewed, and they are mentioned in Iberdrola's Sustainability Report together with a clarification of all tax incentives and subsidies it receives.[15] The group monitors changes in legislation to ensure the tax policy is compliant and aligned with that legislation at any time.

Iberdrola says it has a robust governance structure in place to oversee the implementation of its tax principles within the group. Depending on the nature and significance of a certain transaction, this must be signed off by either the local and/or global Head of Tax or the Board of Directors.

In addition, Iberdrola is also planning to improve internal communications on its tax planning principles in order to raise its employees' awareness. Learning sessions and training for employees are part of the future direction they would like to take.

AREA 2

TAX FUNCTION MANAGEMENT AND GOVERNANCE:

Developing the right processes to manage tax

Multinationals' tax functions are trying to keep pace with new evolving trends whilst still having to manage their daily operations. They are faced with enhanced tax transparency demands coming from tax administrations[16] and initiatives from various other stakeholders.[17] In this current game-changing environment, the need for robust management of the tax function and to be in control of tax is perhaps more important from a reputational point of view than before.[18] There is no one-size-fits-all tax governance model, as every company is different in terms of its structure, its governance model (centralised vs. decentralised), available resources, business processes, level of technological maturity, vision on society etc. However, many companies have already started to develop a corporate vision on tax. Our observation of current practice indicates three areas for consideration in the field of effective and efficient management of the tax function:

1. Tax strategy;
2. The Tax Control Framework (TCF); and
3. Tax Technology.

Many multinationals publish their tax strategy online. In some jurisdictions, e.g. in the UK, this is required by law.[19] The tax strategy defines a company's attitude towards tax, its principles and appetite for tax risk-taking. To be effective and credible, the OECD has stated that a tax strategy needs to be aligned with the company's overall business vision and philosophy, mission and values.[20] The tax strategy is often (but not always) drafted in consultation with internal and external stakeholders and is often approved by the management board. Also, an increased collaboration with the CSR department is emerging as a way to ensure consistency with the overall company sustainability strategy. Monitoring the implementation of and adherence to the tax strategy has become an integral part of the management and governance by many tax functions. This could also entail reviewing business transactions against the tax principles and tax risks as identified and defined in the tax strategy, before management and governance decisions can be taken.[21]

Three enablers to develop the right processes to manage tax:

In terms of governance, a centralized management structure of the tax department and sufficient resources are necessary to effectively implement the tax strategy. In terms of reporting lines, it is also important to grant sufficient independence to the tax departments, which is presently often still a part of the finance function, in order to increase autonomy and decision-making power of tax managers.[22]

The second area to enable companies to manage tax risks and be in control of tax is the concept of Tax Control Framework (TCF).[23] The OECD defines TCF as "the part of the system of internal controls that assures the accuracy and completeness of the tax returns and disclosures made by an enterprise".[24] The concept itself is quite general and broad. The OECD's Forum on Tax Administration has issued the following guidance, where a TCF is based on six building blocks:

1. Tax strategy;
2. Applied comprehensively (TCF needs to be embedded in all day-to-day business operations);
3. Responsibility assigned (roles and responsibilities are clearly defined and properly resourced);
4. Governance documented (risk management);
5. Testing performed (ongoing monitoring, testing and maintenance); and
6. Assurance provided

These six building blocks are consistent with existing enterprise-wide design and implementation models for internal business control such as COSO.[25] Though generic in nature, the underlying key six blocks coherently summarize what is needed. They include all essential elements required for an effective and efficient tax risk management system. In practice, we see that companies often have various elements of the TCF already in place, for example, a governance model with roles and responsibilities, tax risk management and procedures for control testing, monitoring, etc.

The third important enabler for robust tax function management and governance, besides a tax strategy and a TCF, is tax technology. Technology is an enabler for proper data management. Supporting technology tools are used for data analytics, data storage and processing. Technology is also used for tax reporting, audit, monitoring and control purposes.[26]

With new compliance and data requirements, data warehousing and tax data storage is becoming a key feature of a tax technology strategy. With a greater number of national initiatives on cooperative compliance (type) agreements, technology for monitoring TCF is being developed to meet (local) tax administration requirements.[27]

With the digital tax transformation of tax administrations around the world kicking in, it can be challenging for multinationals to stay abreast of and keep pace with all rapid developments at a global scale.[28]

COMPANY CASE Unilever

Unilever publishes its tax strategy with key underlying principles online. The company aims to pay the right amount of tax at the right time on the profits it makes and in the countries where it creates the value that generates those profits. The tax strategy is based on the company's vision and values towards consumers and supporting sustainability. Unilever's Board of Management approves the tax strategy and the nine underlying principles that are framed around:

- Compliance;
- Transparency;
- Transfer pricing;
- Structure;
- Tax havens;
- Tax rulings;
- Relationships with governments;
- Accountability;
- Governance.

In drafting the tax strategy and the tax principles, the tax function has involved various internal stakeholders, including the communication and sustainability department in order to adequately reflect the company's responsible tax behaviour. Unilever's tax principles were defined in the early 2000s and have since then been improved and completed to take into account evolving tax transparency initiatives as well. The company has always proactively involved external stakeholders to further improve its tax strategy and principles as well, including a number of NGOs and non-profit organizations, such as the B Team.

The company has taken several measures to monitor and ensure that the whole Unilever organization lives by the principles. First, all tax managers and senior finance staff within the company are to follow a mandatory online training on the tax principles to enable them to apply the principles to their daily practice. Second, the company has developed a principles scorecard that tax staff are required to consult and use before taking decisions. The scorecard needs to be signed off by two employees to make sure that the decision is in line with the tax principles. Third, the company conducts an annual self-assessment survey, which includes questions pertaining to the tax principles so as to monitor and make sure that all transactions and processes are in line with the principles. Using the same self-assessment survey, the company also checks the timely and complete filing of all tax returns.

With respect to tax risk management, Unilever's tax function has implemented tax controls in three different areas: direct taxes, indirect taxes and customs. Those controls are tested regularly and are monitored by the internal audit department. Much of the indirect tax compliance has been automated with controls that have been developed in SAP.

Unilever has a centralized tax function with clear roles and responsibilities that are assigned both by HQ and at the local level. All local tax directors report (in)directly to the central team, and the Head of Tax discusses all relevant tax issues with the CEO and CFO on a quarterly basis.

There is a dedicated tax technology person within the central tax leadership team. The company uses several technology tools for monitoring tax compliance. For example, the tax function uses a web-based tool that collects all contingent tax positions and tax risks. With technology evolving at its current rapid rate, it remains a challenge, even for a globally renowned company as Unilever, to keep pace with all the digital trends and developments.

AREA 3

PUBLIC TRANSPARENCY AND REPORTING:

Disclosing relevant tax related information to the public

Over the past years, companies have been confronted with an ever-louder call for tax transparency. Stakeholders increasingly expect companies to report not only to the tax authorities but also to the public on their tax strategy and how and where they pay their taxes in a meaningful and understandable way.[29] This was triggered by two events or developments. Firstly, due to the financial crisis starting in 2008, governments have generally become much more focused on raising revenue, increasing compliance and preventing the erosion of their national tax base due to tax planning, fraud and abuse. Secondly, the growing public interest in large businesses paying their 'fair' share of tax. This has led to a surge in new – either mandatory or voluntary – reporting and disclosure requirements and initiatives related to tax, both within the non-public domain as well as outside it.

MANDATORY NON-PUBLIC DISCLOSURES

In the non-public domain, companies now need to comply with the three-tiered transfer pricing documentation requirements resulting from the OECD BEPS Action 13 recommendations of 2015, including country-by-country reporting of income, taxes paid and certain measures of economic activity.[30] In 2016, EU Member States agreed to implement BEPS Action 13 into EU law through an amendment of the EU Directive on Administrative Cooperation ("DAC").[31] Other amendments to DAC have introduced, amongst others, mandatory automatic exchange of information and administrative cooperation between EU tax administrations with regard to cross-border rulings and advance pricing agreements[32] and mandatory disclosure of potentially aggressive tax planning schemes with an EU nexus.[33]

MANDATORY PUBLIC DISCLOSURES

Since 2013, companies in certain industries within the EU are required to publicly report on the corporate taxes they pay. Credit institutions and investment firms are required to publish information on the taxes on profit or loss, turnover, number of employees and the nature of their activities under the EU's Capital Requirements Directive IV ("CRD4").[34]

Companies in the extractive and logging industries are required to report corporate tax related information under the EU's Accounting and Transparency Directives[35] that is comparable to the information to be disclosed under the United States Dodd–Frank Act (Section 1502)[36] and the global Extractive Industries Transparency Initiative ("EITI").[37]

Following the growing public outrage in the aftermath of LuxLeaks and the Panama Papers revelations in particular, the European Commission issued its draft EU directive on public country-by-country reporting ("public CBCR") for large companies from additional industry sectors operating within the EU in April 2016.[38] The Commission has presented this as a proposed amendment to the EU's Accounting Directive. If adopted by the European Parliament and the Council, this directive would go further than the other EU directives mentioned earlier in that it includes requirements on companies to publicly report e.g. third party revenue, intercompany revenue and tangible assets per EU jurisdiction[39] (and on an aggregate basis for other tax jurisdictions). At the same time, EU Member States want the reportable information to be exhaustive and limited to "what is necessary to enable effective public scrutiny, in order to ensure that disclosure does not give rise to disproportionate risks or disadvantages for undertakings".[40] Some NGOs, however, are of the opinion that the proposal falls short of much-needed transparency, as companies will only have to make data available about their tax and profits in EU countries and a limited amount of other countries characterised as tax havens.[41]

VOLUNTARY NON-PUBLIC DISCLOSURES

Examples of voluntary tax transparency initiatives within the non-public domain include the growing number of (national) co-operative compliance arrangements worldwide between tax authorities and multinationals.[42] Another example is the International Compliance Assurance Programme ("ICAP"), a pilot the OECD started together with eight jurisdictions worldwide in 2018.[43] ICAP is a voluntary programme that will use country-by-country reports and other information to facilitate open and co-operative multilateral engagements between multinationals and tax administrations, aiming to provide early tax certainty and assurance.[44]

VOLUNTARY PUBLIC DISCLOSURES

Some NGOs, Members of the European Parliament[45] and business leaders[46] are calling on companies to become front-runners and to be voluntarily more transparent about how and where they pay their taxes worldwide, as this would underpin companies' commitment to responsible tax behaviour, tax transparency and CSR. A number of these external stakeholders also believe that mandatory public CBCR is inevitable in light of the current developments, and that, by being early movers, companies will be able to mitigate the future adaptation and compliance costs once mandatory public CBCR is implemented.[47] In order to get the complete picture of a company's total contribution to public finances, some of these external stakeholders believe that corporate income tax, withholding tax, value added tax ("VAT"), wage tax and all other taxes paid should be included as part of a company's public voluntary tax disclosure.[48]

Voluntary standards for companies on tax reporting are also designed by global non-profit groups composed of business leaders and international organisations, the latest in a series being GRI's new draft Standard on Tax and Payments to Governments.[49] Whilst companies can opt to follow one of the available voluntary standards, we also observe in practice that some companies decide to voluntarily disclose additional tax information in annual reports or sustainability and CSR reports, as well as in separate, stand-alone tax transparency or total tax contribution reports.

The table below features a comparison of some of the existing and proposed reporting requirements on a per-country basis.

	EITI Standard	EU CRD IV	OECD BEPS Action 13	GRI Tax & Payments to Governments	EU Public CbCR
1. Name and year concerned					
2. Tax Jurisdiction					
3. Revenues – total					
4. Revenues – third parties					
5. Revenues – related parties / intra-group transactions					
6. Profit (loss) before icome tax					
7. Income Tax paid (on cash basis)					
8. Income Tax accured – current year					
9. Stated capital					
10. Accumulated earnings					
11. Number of employees					
12. Tangible assets or other than cash ans cash equivalents					
13. List of all constituent entities per tax jurisdiction, including their main business activities					
14. Reasons for the difference between corporate tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax					
15. Significant tax incentives					
16. Total employees remuneration for each tax jurisdiction					

COMPANY CASE BBVA

BBVA is one of the largest banks in Spain and as a financial institution it is required to publicly report certain tax-related information under the EU Capital Requirements Directive IV ("CRD IV") since 2013. The bank is required to disclose the corporate tax on profit or loss, turnover, number of employees and the nature of their activities for each country in which BBVA has an establishment.

BBVA started to publish tax information on a country-by-country basis before the legal obligation in 2011. Since then, it has published an annual Total Tax Contribution ("TTC") report on its economic contribution to public finances, which goes beyond the information it is required to disclose under CRD IV. The TTC report includes information on the tax payments made by BBVA and covers corporate income tax, VAT, wage tax and other taxes. BBVA believes that the TTC report enables all its stakeholders to have a good understanding of the company's tax payments, that it represents a forward-thinking approach and shows BBVA's commitment to corporate responsibility. By using the TTC, BBVA aims to assume a leading role on tax transparency and increase the understanding of NGOs and other external stakeholders of its tax reporting where necessary in order to help rebuild public trust in the financial sector.

One of the main benefits of publishing the TTC report has been that, over time, BBVA says it has come to be recognized as a "best practice" for tax transparency by its peers in Spain. This incentivizes the company to continue publishing the TTC report and develop the methodology it uses for it further. Furthermore, when CRD IV was first introduced, BBVA was already prepared with regard to the adaption and compliance costs in connection with implementing the new regulations, as its TTC report included all the information that became mandatory to disclose under the directive.

As a substantial amount of data needs to be collected and managed for the purposes of the annual TTC report, as well as for the mandatory reporting under CRD IV and Country-by-Country reporting,[50] BBVA has engaged an external IT service provider to digitalize the process of data collection and management. However, ultimately, BBVA aims to automate the process of tax data collection in-house. To ensure the accuracy of the reported data, BBVA has set up several internal controls. The current data collection system, for instance, indicates significant differences from country to country and, if necessary, raises "red flags" that require further analysis. Furthermore, only a limited group of employees has access to the data collection system and is allowed to process the relevant data. Though there are robust internal controls in place, improving the quality of the reported data further continues to be of huge importance to BBVA and additional controls are being developed.

Since the TTC report is available to the public, as part of its internal control system, BBVA analyses the data reported per country to ensure full alignment with the information in its publicly available Corporate Tax Strategy.

AREA 4

INTERACTION WITH TAX AUTHORITIES:

Managing relationships with tax authorities & digital transformation of tax administrations

Tax authorities are important stakeholders in the global tax arena. They are instrumental in implementing and applying tax rules and monitoring tax compliance. They play a vital role in ensuring the socio-economic cohesion of societies. Like taxpayers, tax authorities are under unprecedented scrutiny and pressure from the societies they serve. They are pressured into being more transparent on how they help their countries' overall health and stability, economic growth and attractiveness to investors.[51]

The changing tax landscape for both tax authorities and taxpayers, which includes the rapid technological developments we observe, encourages both parties to rethink how they can best achieve their common objectives. These are in general:

- A high-level of tax compliance;
- A transparent and effective tax compliance infrastructure; and
- Reduced (cost of) compliance burdens.[52]

Two major trends we see to achieve these objectives are the co-operative compliance framework and the digital transformation of tax administrations. Below we will briefly elaborate on both.

CO-OPERATIVE COMPLIANCE FRAMEWORK

In recent years, more emphasis has been placed on establishing a more productive and more efficient relationship between tax authorities and large taxpayers.[53] If a relationship with tax authorities is based on transparency, cooperation, (defined) trust and mutual understanding, the common objectives will generally be easier to achieve.[54] This concept was developed by the OECD and is called the 'co-operative compliance framework'.[55] Justified trust is a cornerstone of this concept. Tax authorities trust taxpayers when they are in control of their tax function and have implemented a TCF.[56] We notice more and more tax administrations implementing risk-based supervision strategies based on the quality of the taxpayer's TCF. The quality of the TCF decides if and how to adjust their audit strategy (intensity of the audit based on the maturity of the TCF). A robust TCF helps to qualify a taxpayer as low-risk. Consequently, this leads to fewer and lower intensity audit interventions or reduced amounts of documentation to be reviewed by tax authorities. In theory, the co-operative compliance framework should lead to a win-win situation for both taxpayers and tax authorities. Advantages could include advance certainty and fewer audit interventions for taxpayers and more efficient resource management and improved tax compliance enforcement strategies for tax authorities.[57]

The co-operative compliance framework is recognised by practitioners and academics as a leading strategy to build open, transparent and trusted relationships between tax authorities and large taxpayers worldwide.[58]

Transparency initiatives[59] on tax are not limited to multinational companies. We see societies demanding increased transparency about the relationship between large taxpayers and tax authorities[60]. Today, both parties are expected to openly communicate the underlying principles for working relationships. We see that this information is communicated and published in:

1. Tax Strategy;[61]
2. Tax Codes of Conduct or other sets of conventional principles and expectations that are considered binding on any person who is a member of a particular group;[62] or
3. Standards for tax transparency as set up by various organisations.[63]

DIGITAL TRANSFORMATION OF TAX ADMINISTRATIONS

In the digital age, technologies are also affecting and changing the traditional ways of communication between companies and tax administrations. Tax administrations are becoming digital as well and increasingly rely on new technologies to enforce and closely monitor tax compliance.[64] They are driven towards more automated work processes due to:

- The war on talent: it is difficult to find (the right) people
- A data tsunami caused by globalisation, digitisation of the economy, and new regulations.

Technology is an enabler of efficient, effective and real-time tax compliance. Tax authorities increasingly relying on technologies for each step of the tax compliance process. Not only for structured and unstructured data analytical purposes, but also for 'taxpayer friendly communication platforms'. Formats are introduced to file tax returns like the Standard Audit Files (SAF-T) for VAT. The introduction of (new) technologies by tax administrations will change how taxpayers communicate and work with them. Companies are already preparing for the digital tax transformation and new means of communication and building working relationships with tax authorities.[65]

The risk we see is that the potential benefits of the digital transformation of tax (administrations) could be nullified if tax administrations fail to come up with coherent, synchronised international initiatives leading to interoperable systems. If many tax administrations each develop and implement their own tools (per type of tax), this may very well lead to increased costs of compliance and less efficiency.

COMPANY CASE Naspers

Naspers aims to be a committed member of the communities it serves and operates in. The company is committed to positive and constructive relationships with key internal and external stakeholders. These include tax authorities, and Naspers is committed to managing its tax affairs efficiently and effectively, with honesty and integrity.

In its publicly available Group Tax Policy, Naspers communicates its principles on tax compliance. These include: **building a good, honest and open working relationship with tax authorities and disclosing information that is legitimately required**. Naspers proactively seeks to discuss its tax policy with tax authorities. The company has zero tolerance for non-compliance. The company considers tax authorities to be important stakeholders alongside (among others) investors, shareholders and employees and seeks to balance the needs of its many stakeholders.

The company strongly believes that its tax objectives align with those of the tax authorities. Both:

1. Believe that paying taxes locally is an important contribution to the societies in which they operate;
2. Aim to collect / pay the right amount of taxes due on time;
3. Want to improve the efficiency of the tax compliance processes; and
4. Want to increase public trust and decrease the reputational risk of non-compliance.

Though an effective and efficient cooperation between the company and tax authorities is not always easy in practice, Naspers believes that cooperation can be achieved through trust and transparency. That is why the company embraces the OECD's concept of co-operative compliance. In countries where such programmes are available, Naspers actively engages with local tax authorities to participate in them. In other countries where tax authorities have not yet introduced co-operative compliance, the company is in discussions with them on how to do so together. Naspers closely monitors the developments in this area with tax authorities in all key countries of its operations.

Naspers actively supports and participates in several international initiatives focused on capacity building of tax authorities, such as the CapaBuild project of the IBFD and initiatives by the African Industry Taxpayers Association (AITA). With the support of the other AITA member companies, Naspers took the initiative to draft a Model Tax Code of Conduct aimed at providing guidance on building better relationships and enhancing trust between companies and tax authorities. This Model Tax Code of Conduct specifies what a tax authority can expect from a multinational, and what a multinational can expect from a tax authority. Naspers believes that the Model Tax Code of Conduct is a great starting point in those countries where tax authorities do not have co-operative compliance models in place.

Naspers sees tax technology developments, increased tax data generation, and processing and changing compliance strategies by tax authorities as the biggest trends and challenges for the coming years. There is a growing number of compliance and reporting obligations focused on data in a digital format. The company recognises the tension for tax authorities between the focus on co-operative compliance models for tax, and the focus on technology and data. Naspers believes that automation efficiency is only achieved when context can be provided with the data, and that close co-operation in a co-operative compliance context can produce that context. This is why co-operative compliance combined with digitisation (with a focus on data) is a perfect marriage.

The company advises companies and tax authorities to closely work together to combine both trends – technology-driven data analysis and understanding the context in which the data must be seen. This is best achieved by open and transparent communication between parties who trust each other (a co-operative compliance model).

AREA 5

TAX INCENTIVES:
The impact on public finances

As seen in previous chapters, tax transparency is discussed at various levels of society. The debate not only concerns the tax strategies of multinationals, but also the tax policies of governments. One example is the use of tax incentives. Why are they granted and how are they used?[66]

What are tax incentives? No universal definition exists for the term 'tax incentive'.[67] In general terms, tax incentives are exceptions to the general tax regime that reduce the tax burden of enterprises to induce them to invest in particular projects or industries.[68] They can be introduced in different forms, resulting in a favourable tax treatment or a reduced overall tax burden for companies. Common types of tax incentives include:[69]

1. Tax holidays (e.g. tax exemptions for a certain period of time);
2. Capital investment incentives (e.g. grants and loans at below market interest rates, (accelerated) tax depreciation, enhanced deductions, research and development tax credits, intellectual property box regimes);
3. Reduced tax rates and subsidies (e.g. on electric cars)[70]; and
4. Special economic zones.

Countries introduce the tax incentives to achieve two ultimate objectives:

(i) attracting foreign investments; and

(ii) fostering economic growth.[71]

By attracting (foreign) investments and stimulating innovation, countries aim to improve their economic foundations and international competitiveness. Investments and innovations should lead to increased employment and stimulate economic growth and prosperity in countries. Well-designed and well-calibrated tax systems (including local tax incentives) also enable countries to attain the UN SDGs through the mobilization of domestic resources.[72] By paying taxes, companies contribute to the revenue collection that governments use to finance essential public services (such as education, health, social protection, security, etc.) and plan future national development plans.

Given the importance of tax incentives for the economic and social well-being of countries, a number of studies on their macroeconomic effects have seen the light.[73] The impact of tax incentives on the economic growth and revenue collection is not uniform and varies between countries.[74] While in some countries, tax incentives may play a positive role in attracting new foreign investments that contribute to economic growth and development, in others, a particular tax incentive may lead to little investment, resulting in significant costs to governments.[75] Several methodologies exist to calculate the (macro-)economic effects of tax incentives in countries[76] but certain challenges related to this type of assessment still remain.

By granting tax incentives, national governments (and parliaments) underline which areas they consider to be important or even vital for the national economy. This is essentially a political choice made by the ruling governments of sovereign countries, which can sometimes trigger political controversy.[77] Besides, tax incentives are usually not available to all taxpayers. They are often restricted to e.g. a certain industry or region. Because of its potentially selective nature, some stakeholders argue that the system of tax incentives should be closely monitored. Are certain groups influencing decision-making around tax incentives? And how does this influencing (lobbying) take place? What may be a 'sound tax policy' to some, can be seen as sheer 'blackmail' to others, for instance when companies refuse to establish themselves in a country / region or city without being granted certain exemptions.

USING TAX INCENTIVES AND ASSESSING THEIR IMPACT

As discussed earlier, the (effect of the) use of tax incentives has recently come under increased public scrutiny and criticism. As a result of this public pressure, we observe that some companies have started to include principles on their use of tax incentives and even 'tax lobbying' as a related topic in their tax strategy as part of their tax governance.[78] For instance, some companies are committing themselves going forward to accepting only tax incentives that are generally accepted as being available across the board and that have been approved by legislators.[79]

Because calculating the (macro-)economic impact of tax incentives can be extremely challenging, with results depending in part on each country's specific policies and circumstances, it could be useful to also look at the social and political effects of tax incentives. Such a more integrated assessment would be more challenging though, as, in order to be effective, it should probably also have to include more insightful information on the bilateral agreements between governments and multinationals. Since these bilateral agreements are usually outside the public domain, it is generally difficult to assess to what extent special arrangements exist and consequently what their effects on the society are. At the same time, demands for more tax transparency with regard to tax incentives and special (tax) arrangements are receiving more and more attention in today's tax debate.

It would, therefore, be useful to have more (academic) research into the development of methodologies that can effectively measure the combined (macro-)economic and social impacts of tax incentives and tax-driven decisions by companies.

COMPANY CASE

Given the lack of publicly available information on tax incentives and the current structural difficulties of empirically measuring the impact of such tax decisions on the economy and society at large, identifying a company case which could serve as a practical example for this thematic area proved impossible. Further developments in this area would therefore be required.

AREA 6

BUILDING A NARRATIVE TO ACCOMPANY A TAX STRATEGY:

How to engage stakeholders with a company's approach to tax

Developing a clear narrative about a company's tax strategy is increasingly important in the context of the still intensifying global debate on tax transparency and responsible tax behaviour by corporates.[80] In this challenging environment, some companies have started to provide clarifications and context to accompany their tax strategy and tax principles. A narrative enables a company to describe the approach, internal processes and operations that support the implementation and execution of a tax strategy in greater detail.

In order to ensure that the various different stakeholders within a business are aligned around the need to be more transparent about a company's approach to tax, it is critical that those involved seek internal alignment with, and ensure the support of, all relevant functions involved in managing or communicating tax within the organisation. This will include, but may not be limited to, the tax department, investor relations, legal, sustainability or corporate responsibility, media communications, and the finance functions. In addition, the organisation's risk and audit committee, Executive Committee and the Board need to be aligned with the decision to publish detailed information on a company's tax position, particularly when this is done at a country-by-country level.

Collaboration between the departments mentioned above will be critical in ensuring that the narrative developed is clear, credible, provides useful context and clarifications, and offers specific insight into the organisation's approach to tax. Developing such a narrative can take time, will likely be an iterative process and will need to include the relevant senior management of any local country or divisions that are covered in the report.

Public interest in the decisions that companies make about the way they manage tax has heightened over the years. Increasingly, investors, NGOs, intra-governmental organisations, politicians, policy-makers, journalists and tax administrations want to know more about the strategy, principles and policies used by companies when determining their approach to tax.

If the decision is made to share more information about a company's tax position, an opportunity exists to consider the use of non-technical language to try to ensure that all interested stakeholders are able to understand what the company is setting out to achieve. There is also an opportunity to use the disclosure of a company's tax position to help to manage the potential reputation risk due to critics who believe a company may be trying to minimise or avoid taxes in a particular country.

If done well, such disclosures can be useful in helping to rebuild trust in business, as well as strengthening trust in corporate governance and in the tax system.

When a business determines its tax strategy, it considers a wide range of issues, including the businesses risk appetite. Increasingly, as companies begin to see the benefit of more detail public statements about their tax principles, they need to ensure that this is aligned with their overarching business vision and mission (or purpose) and strategy.

When deciding to publish supporting clarifications, it is important to consider that the narrative will be a critical reference for all stakeholders, internal and external, as they seek to understand more about that company's position on tax. It is possible to take a progressive approach on transparency, considering publishing the critical elements first and further extending that disclosure later on, as the company increases its understanding of what is useful and relevant and responds to feedback from external stakeholders.

In general, we observe that companies make sure they align their external communication on tax principles with their overall business vision and mission, values and principles on corporate social responsibility and sustainability objectives. When it comes to (good) tax governance and communication over the past years, various publications from a wide range of organisations have seen the light (please refer to the Inventory section). Those companies that seek to offer greater transparency with regard to tax often engage directly with a range of external stakeholders, particularly NGOs who are active in this field, both to seek to understand more about their concerns and to help inform their approach to transparent and responsible tax strategies and practices.

When publishing a tax transparency report, it is important to ensure that the organisation has taken the time to consider the likely reaction of any relevant audiences and is prepared to answer questions about what it describes. Working closely with the media relations and investor relations teams will be critical, as the external communications approach is determined.

COMPANY CASE Vodafone Group Plc

vodafone

Vodafone believes that transparent communication on tax is important to build public confidence and can help restore trust in the tax system. After public scrutiny of organisation's approach to tax in 2010/11, particularly in the UK, Vodafone decided that it would take the approach of explaining its tax strategy, policies and contribution, publishing its first tax report in 2013, a report that detailed its payments to governments on a country-by-country and cash-paid basis.[81] Since then, the company has set out to share increasing amounts of data and additional clarification of relevant areas to ensure that its stakeholders, which range from regulatory authorities to customers, have a set of meaningful data with relevant supporting narrative that uses non-technical language. Vodafone first published its tax code of conduct in 2007 and followed this up by its tax risk policy in 2009. Its transparency report, Tax and Our Total Economic Contribution to Public Finances Report, is published annually.

The reporting process is a collaboration between the tax and sustainability and communications teams within Vodafone. They recognised the need to align key internal stakeholders early on. While the decision to publish was taken at the Group (central) level, once the concept had been developed, Vodafone ensured that local teams were aware of the intention and were involved in the local market data disclosures.

While driven by the teams mentioned above, involvement of the finance, investor relations and external affairs and media relations teams was important, as was the alignment with the audit and risk committee, the CEO and CFO and the Executive Committee. All these parties provide input into or review the content produced ahead of its publication and care is taken to prepare a detailed briefing document to ensure that relevant teams are able to answer any questions that might arise post publication.

Vodafone has also actively sought the involvement of external stakeholders in the development of its tax disclosure. It discussed its proposed approach with a number of NGOs who were active in the tax debate and used the feedback to influence its approach. After the publication of the first disclosure, Vodafone continued to engage with those NGOs and other key stakeholders to understand their views on what had been developed as well as their ambition for further disclosures. Such dialogue has been valuable to all concerned, with the report supporting a more nuanced, informed and valuable discussion to take place.

Once Vodafone had established its position and continued to extend the amount of information it disclosed on a country-by-country basis, it was asked to collaborate with other organisations. Vodafone contributed to the Global Reporting Initiative (GRI) new draft standard on tax and payments to governments and helped to develop The B Team's Responsible Tax Principles.

Vodafone articulates a set of principles by which it operates and establishes its position on a corporate's responsibility to tax, stating that it believes it is possible 'to achieve an effective balance between a company's responsibilities to society and its obligations to shareholders'. In addition, it does not hesitate to address some of the more controversial aspects of tax, including the use of so-called tax havens, believing that a company should be prepared to explain the approach it takes and why it is appropriate for its organisation.

Vodafone has published its tax transparency reports for six years and continues to see the value in disclosing detailed country-by-country information on its tax payments, supported by narrative context and clarifications. This year, its disclosure includes its OECD BEPS country-by-country report, as submitted to HMRC, the first multinational to do so, as it believes this complements the decision it took to be open about its tax payments and strategy back in 2012.

Inventory of initiatives on tax transparency and responsible tax behaviour*

Given the increased public scrutiny and expectations of the society regarding companies' tax behaviour and tax transparency, a number of professional organisations came up with voluntary initiatives. Business associations, NGOs, non-profit initiatives and intergovernmental organisations have in recent years proactively developed guidelines, benchmarks and scorecards. The general principles that underpin these initiatives are quite similar, as can be gathered from the overview below. Overall, there are six overarching principles to be detected, common to each of these existing initiatives:

1. Tax Strategy;
2. Tax Function Management and Governance;
3. Public Transparency and Reporting;
4. Relationship with Tax Authorities;
5. Tax Incentives; and
6. Building a narrative accompanying a tax strategy.

In line with the Blueprint's aim to understand where companies are with regard to corporate tax transparency and (responsible) tax behaviour, we have leveraged these initiatives and overarching common principles in this report.

Table 1. Selected examples of proposed rules and guidelines for companies developed by intergovernmental organisations

Organisation, document title, year of publication	Summary	Main Elements
1. OECD *'Co-operative Tax Compliance -Building Better Tax Control Frameworks', 2016*	The report outlines the essential features of a Tax Control Framework (TCF) in the context of co-operative compliance and addresses tax authorities' expectations of TCFs. The TCF is defined as the part of the system of internal control that assures the accuracy and completeness of the tax returns and disclosures made by a company.	The building blocks of the TCF: **1.** Tax Strategy Established **2.** Applied Comprehensively **3.** Responsibility Assigned **4.** Gov ernance Documented **5.** Testing Performed **6.** Assurance Provided
2. EU *'Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches', 2016*	In April 2016, the European Commission issued a proposal for a directive, which requires multinational groups to disclose publicly in a specific report the income tax they pay together with other relevant tax-related information (public country-by-country reporting). In addition, they would be asked to disclose on an aggregate basis how much tax they pay on the business they conduct outside the European Union. The directive has not been adopted by the European Parliament and the Council of the EU.	A set of information to be disclosed on a country-by-country basis (Article 48c 'Content of the report on income tax information' of the proposal).

* This is by no means an exhaustive list and merely gives an indication of the many projects in the field of tax transparency and responsible tax behaviour.

Organisation, document title, year of publication	Summary	Main Elements
3. G20/OECD *'Transfer Pricing Documentation and Country-by-Country Reporting, BEPS Action 13', 2015*	The report contains revised standards for transfer pricing documentation incorporating a master file, local file, and a template for country-by-country reporting of revenues, profits, taxes paid and certain measures of economic activity.	G20/OECD Base Erosion and Profit Shifting (BEPS) Action 13 minimum standard. This is mandatory within the EU via Directive 2016/881/EU of 25 May 2016.
4. OECD *'Guidelines for Multinational Enterprises', 2011*	The Guidelines provide legally non-binding principles and standards for responsible business conduct of companies and aim to promote positive contributions by companies to economic, environmental and social progress worldwide.	Principles on taxation state that: **1.** Enterprises should comply with both the letter and spirit of the tax laws and regulations of the countries in which they operate **2.** Enterprises should treat tax governance and tax compliance as important elements of their oversight and broader risk management systems.

Table 2. Selected examples of guidelines for companies developed by professional organisations, business associations, NGOs and non-profit initiatives

Organisation, document title, year of publication	Summary	Main Elements
1. Global Reporting Initiative (GRI) *'A new draft Standard on Taxes and Payments to Governments', 2018/2019*	The voluntary disclosures are designed to help an organisation to better understand and communicate its strategy, governance, control, risk, and stakeholder engagement related to tax and payments to governments, as well as its income, tax, and business activities on a country-by-country basis.	The Standard includes: **1.** Management approach disclosures and **2.** Topic-specific disclosures (e.g. country-by-country reporting)
2. The B Team *'A New Bar for Responsible Tax', 2018*	The report aims to establish the principles and a voluntary approach to taxation that companies can endorse to demonstrate responsibility and play their part in creating a stable, secure and sustainable society. The principles offer a framework that details what good tax practice should look like and sets a new benchmark for businesses to work towards practicing.	The Responsible Tax Principles: **1.** Accountability & Governance **2.** Compliance **3.** Business Structure **4.** Relationships with Tax Authorities **5.** Seeking & Accepting Tax Incentives **6.** Supporting Effective Tax Systems **7.** Transparency
3. UN Principles for Responsible Investment (UN PRI) *'Evaluating and Engaging on Corporate Tax Transparency: An Investor Guide', 2018*	The report serves as an investor tool for engagements on tax, drawing on key trends and gaps observed in the current status of the corporate income tax disclosure practices. It enables investors to identify areas for further evaluation when assessing corporate data on tax; and structure their engagement questions based observed trends in reporting.	Proposed areas for investors' attention: **1.** Tax Policy **2.** Tax Governance and Tax Risk Management **3.** Tax Reporting

Organisation, document title, year of publication	Summary	Main Elements
4. Accountancy Europe *Providing support in tax controls and assurance 2018*	This publication examines recent developments in tax compliance – a more co-operative model where the taxpayer assesses tax risks and develops robust systems to reduce them. External assurance by a professional accountant on these systems provides comfort to both the taxpayer and tax authority that tax risks are minimised and thereby contributes to an enhanced relationship and transparency between taxpayer and tax authority.	Enhancing the relationship between taxpayer and tax authority by: **1.** Co-operative Compliance – enhanced transparency between both parties **2.** Tax Control Frameworks – enterprise systems to assess and manage tax risks **3.** Tax Assurance by professional accountants – increasing trust through external assurance of the TCF
5. Accountancy Europe *'Public Country-by-Country Reporting, A template for disclosing corporate tax information', 2016*	The proposed template outlines the basic information for companies to disclose when issuing a public country-by-country report. It aims to provide useful information required by stakeholders whilst minimising the costs of preparation and the risk of disclosing economically sensitive information.	A model template for disclosing to the public corporate tax information on a country by country basis.
6. Oxfam, Action Aid, and Christian Aid *'Getting to Good – Towards Responsible Corporate Tax Behaviour', 2015*	This discussion paper seeks to advance the debate about 'what good looks like' when assessing the tax behaviour of multinationals. It examines the different elements of companies' tax responsibility and makes recommendations for measurable and progressive improvement.	Propositions for responsible tax behaviour: **1.** Tax planning practices **2.** Public transparency and reporting **3.** Non-public disclosure **4.** Relationships with tax authorities **5.** Tax function management and governance **6.** Impact evaluation of tax policy and practice **7.** Tax lobbying/ advocacy **8.** Tax incentives
7. VBDO (Dutch Association of Investors for Sustainable Development) and Oikos *'Good Tax Governance in Transition, Transcending the tax debate to CSR', 2014*	The publication opens the debate on how tax could be regarded as part of a company's corporate social responsibility strategy. It shows the importance of corporate social responsibility on tax, provides an overview of the current status of reporting on tax and explores guiding principles for good tax governance.	Principles of good tax governance: **1.** Companies should define and communicate a clear strategy on Tax governance **2.** Tax must be aligned with the business and it is not a profit centre by itself **3.** Respect the spirit of the law. Tax compliant behaviour is the norm **4.** Know and manage tax risks **5.** Monitor and test tax controls **6.** Provide tax assurance

Organisation, document title, year of publication	Summary	Main Elements
8. Corporate Citizenship *'Tax: Time for action, a guide for companies on responding to the tax debate', 2014*	The publication examines why tax is an issue and sets out a step-by-step methodology to develop a responsible approach to tax and talk about the issue more effectively.	Methodology includes: • Step 1: Map – get the facts straight • Step 2: Principles – declare where you want to be • Step 3: Policy – organise to deliver your principles • Step 4: Communicate – entering the debate about fairness
9. EY *'Tax transparency, Seizing the initiative', 2013*	The publication frames the questions that Boards of Management should ask in order to prepare for the possibility of substantive tax transparency reporting for the first time or to improve their existing reports by enhancing data collection processes and financial statements and other disclosures.	The document sets what organisations could disclose in two main categories of tax transparency: **1.** Historical financial data and associated explanations above and beyond what is required by accounting standards in the financial statements, and **2.** Tax governance information that informs readers about the group's appetite for, and governance of, risk as well as its approach to tax in the context of its stated values.
10. Deloitte *'Responsible Tax, Sustainable tax strategy', 2013*	The report explores best practices and suggests practical steps to help companies arrive at a tax strategy that is aligned with their broader corporate and risk management strategy.	The practical steps include: **1.** Reviewing the current tax strategies **2.** Where differences emerge, working on how to close them **3.** Communicating the tax strategy **4.** Making the strategy work for the long term
11. Global CSR *'A brief on tax and corporate responsibility', 2012*	The brief explores the issue of tax seen from a corporate responsibility (CR) angle. It outlines how tax can be understood in the context of CR and describes the possible business case from the corporate perspective.	Principles for corporate responsibility on tax: **1.** Substance **2.** Structure **3.** Power **4.** Transparency **5.** Accountability **6.** Financial reporting **7.** Governance
12. ActionAid *'Tax responsibility, The business case for making tax a corporate responsibility issue', 2011*	The discussion paper aims to facilitate dialogue between business and tax campaigners by analysing the business case for tax responsibility and making recommendations for companies.	The proposed action plan for companies includes: **1.** Creating a company tax policy **2.** Board oversight **3.** Transparency **4.** Developing a code of conduct

Table 3. Selected examples of annual tax transparency benchmarks and scorecards

Organisation, benchmark / scorecard	Summary	Assessment criteria
1. VBDO and PwC Netherlands *Tax Transparency Benchmark*	Since 2014, the VBDO and PwC Netherlands conduct the annual Tax Transparency Benchmark. The aim of the benchmark is to enhance the existing understanding of corporate tax responsibility and to inspire how to communicate comprehensively on tax matters in publicly available documentation.	The benchmark criteria are based on the principles for good tax governance originally developed by the VBDO and Oikos in 2014.
2. S&P Dow Jones Indices (S&P DJI) and RobecoSAM *Dow Jones Sustainability Indices Review*	RobecoSAM assesses the world's largest companies via its annual Corporate Sustainability Assessment (CSA), which uses a consistent, rules-based methodology to convert an average of 600 data points per company into one overall score. This score determines inclusion in the Dow Jones Sustainability Indices review. In 2018, RobecoSAM made an update to the CSA methodology in the areas of Corporate Governance, Tax Strategy, and Climate Strategy.	The updated Tax Strategy criterion comprises three questions on: **1.** The company's Tax Strategy itself **2.** Tax reporting and **3.** The average effective tax rate
3. Responsible 100 *Scorecards*	Responsible 100 Scorecards cover a wide range of social, environmental and governance issues. Companies can use them to benchmark their performance and to better understand their responsibility policies and practices. The scorecard on Finance and Governance includes a question "Is your business transparent on tax?" last updated in January 2018.	UK businesses and organisations are asked whether they are transparent on tax (on the basis of question guidelines). For example, to receive a score "Excellent", a company should describe how it adopts a leadership position on tax transparency and discloses total tax payments to government – including all taxes and other payments such as royalties, infrastructure development, etc.
4. Fair Tax Mark *The Fair Tax Criteria and Standards*	The Fair Tax Mark certification scheme enables to recognise companies that pay the right amount of tax at the right time and in the right place. The Criteria and Standards assess the information business provides in order to measure its levels of transparency, quality of tax disclosures and the tax rate paid.	The Criteria and Standards cover: **1.** Basic transparency about company structure and ownership **2.** Ensuring full accounts are in the public domain **3.** Understanding what tax has been paid and why **4.** Looking for a tax policy that commits to good practice **5.** For multinationals only, public country-by-country reporting

Blueprint takeaways to inspire companies that wish to invest further in responsible and transparent tax behaviour

As seen in this report, companies are confronted with both challenges and opportunities when deciding to start their journey towards tax transparency.

Both existing sources and the practices of the companies featured in this publication have revealed that significant efforts are being made in different ways by companies to make the tax strategy an integral part of their corporate responsibility policy.

We identify the following trends:

- **Publication of Tax Strategy or Tax Policy documents** endorsed and approved at Board level.
- **Enhanced collaboration between the CSR and Tax departments**: the cases collected in this publication showed a trend towards increased collaboration between these teams as a way to embed tax into a sustainable business strategy of companies and to strengthen the credibility of the CSR strategy and their commitment to the achievement of the UN SDGs.
- **A growing preparedness for enhanced transparency and tax reporting requirements:** companies are having to deal with an increased amount of mandatory and voluntary tax reporting / disclosure requirements, some in the public domain and some outside of it.
- **Building co-operative compliance relations with tax authorities:** Companies are starting to communicate publicly their position and attitude towards managing their relations with tax authorities.
- **A more open and "pedagogical" approach towards many stakeholders:** Information on a company's tax payments are usually very technical and difficult to understand. However, companies have started to try to explain better the workings of tax systems and the role they play in those systems. They are engaging in building a clear and easier to understand narrative on a company's tax strategy, and in some instances even voluntarily extending this to all other taxes a company pays as a way to inform stakeholders of a company's tax vision and behaviour. This could be further strengthened in a more general approach on impact reporting.

Other aspects remain more challenging:

- **Role of the tax function within a company: the dependence of the tax department on the finance or legal department**, commonplace in many companies, causes mismatches between the various functions and their objectives.
- **Implementing the tax strategy and monitoring its execution:** it remains challenging for companies to ensure the proper implementation of the tax strategy, the execution of its underlying principles by all employees as well as continued monitoring against set Key Performance Indicators (KPIs).

- **Use of technology for tax governance and management:** tax departments are not always included in discussions on technology or digital transformation projects, despite the importance of the technology for proper tax management and governance (implementation and monitoring of the Tax Control Framework).
- **Digital transformation of tax administrations:** tax administrations are relying more and more on new technologies to support their tax compliance enforcement strategies. On the one hand, for a multinational group it is quite challenging to keep pace with every single local tax administration's digital requirements and systems upgrades. On the other hand, the digital transformation of tax administrations does trigger some questions about the role of technology within the co-operative compliance framework.
- **Assessing the impact of tax incentives:** since tax incentives are usually granted outside the public domain, it is difficult to assess to what extent special arrangements exist and consequently what their effects are. In addition, methodologies to measure the impact of these arrangements on public finances and society at large are still scarce. It would, therefore, be useful to invest more in (academic) research for the further development of such methodologies to effectively measure the combined (macro-)economic and social impacts of tax incentives and tax-driven decisions by companies.

CSR Europe plans to build on the positive examples and trends identified in this Blueprint and will continue its work on tax supporting companies to build capacities and progress towards a more responsible tax behaviour through stakeholder dialogues, assessments of companies' level of transparency and responsibility, peer-to-peer learning and exchange of best practices. To this purpose, we have developed a service offer that includes an assessment of the companies' approach to tax, based on the principle outlined in this report.

Endnotes

1 Such as LuxLeaks and Panama Papers

2 https://www.csreurope.org/governance-and-accountability/tax-project-tax-transparency-responsible-tax-behaviour

3 For example preferential tax regimes such as IP, innovation and patent boxes, described in the OECD's Countering Harmful Tax Practices More Effectively, Taking into Account Transparency and Substance, Action 5 Final Report, 2015, available at: https://www.oecd.org/ctp/countering-harmful-tax-practices-more-effectively-taking-into-account-transparency-and-substance-action-5-2015-final-report-9789264241190-en.htm, or for instance local tax incentives to attract mining investment as described in: Intergovernmental Forum on Mining, Minerals, Metals and Sustainable Development, *Tax Incentives in Mining: Open for business or abuse?*, 2018, available at https://www.igfmining.org/tax-incentives-in-mining/

4 See for example: ZEW Discussion Paper No. 13-078 Profit Shifting and "Aggressive" Tax Planning by Multinational Firms: Issues and Options for Reform, Clemens Fuest, Christoph Spengel, Katharina Finke, Jost H. Heckemeyer, and Hannah Nusser, available at: http://ftp.zew.de/pub/zew-docs/dp/dp13078.pdf

5 See, for example, OECD, *Action Plan on Base Erosion and Profit Shifting*, 2013, available at https://www.oecd.org/ctp/BEPSActionPlan.pdf

6 E.g. jurisdictions listed in the common EU list of non-cooperative jurisdictions or jurisdictions blacklisted by Oxfam

7 OECD, *Addressing Base Erosion and Profit Shifting*, 2013, available at http://www.oecd.org/tax/addressing-base-erosion-and-profit-shifting-9789264192744-en.htm

8 EU Directive 2016/1164 of 12 July 2016 laying down rules against tax avoidance practices that directly affect the functioning of the internal market ("ATAD I"); and EU Directive 2017/952 of 29 May 2017 amending Directive (EU) 2016/1164 as regards hybrid mismatches with third countries ("ATAD II").

9 Multilateral Convention to Implement Tax Treaty Related Measures to Prevent Base Erosion and Profit Shifting, which entered into force on 1 July 2018.

10 Directive 2018/822/EU of 25 May 2018 amending Directive 2011/16/EU

11 As demonstrated by the three-tiered transfer pricing documentation requirements (Country-by-Country report, Master File and Local File) resulting from OECD BEPS Action Point 13 (2015), codified in Chapter 5 of the OECD Transfer Pricing Guidelines (2017); and the automatic exchange of tax rulings, resulting from OECD BEPS Action Point 5 (2015), codified in Council Directive (EU) 2015/2376 of 8 December 2015 amending Directive 2011/16/EU as regards mandatory automatic exchange of information in the field of taxation

12 See, for example, The B Team, *A New Bar for Responsible Tax*, 2018, p. 6.

13 See the company's Tax Policy available at https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/corporate_tax_policy.pdf

14 Available at https://www.agenciatributaria.es/AEAT.internet/en_gb/Inicio/_Segmentos_/Empresas_y_profesionales/Foro_Grandes_Empresas/Codigo_de_Buenas_Practicas_Tributarias/Codigo_de_Buenas_Practicas_Tributarias.shtml

15 See pages 292 and 346-347 for information about tax issues and page 345 for information about public grants/subsidies. See' Iberdrola's Sustainability Report – https://www.iberdrola.com/wcorp/gc/prod/en_US/corporativos/docs/IB_Sustainability_Report.pdf

16 For example new laws and regulations, digital transformation initiatives focused on real-time tax compliance and changing tax audit strategies by tax administrations, etc., see also: OECD, *The Changing Tax Compliance Environment and the Role of Audit*, 2017: http://www.oecd.org/tax/administration/the-changing-tax-compliance-environment-and-the-role-of-audit-9789264282186-en.htm

17 See the Inventory section

18 PwC, 'Global Tax Transparency and Risk Management', *the Tax Function of the Future* series 2015: https://www.pwc.nl/nl/tax/assets/documents/pwc-tax-transparency-and-risk-management.pdf

19 HMRC, *Publish your large business tax strategy*, guidance, published 24 June 2016: https://www.gov.uk/guidance/large-businesses-publish-your-tax-strategy

20 See for example: VBDO and PwC Netherlands, Tax Transparency Benchmark 2018, A comparative study of 76 Dutch listed companies (p. 34-36), available at https://www.pwc.nl/nl/actueel-publicaties/assets/pdfs/pwc-tax-transparency-benchmark2018.pdf

21 See for example: The B Team, A New Bar for Responsible Tax, 2018 (p.5): http://www.bteam.org/announcements/responsibletax-2/ Oxfam, Action Aid, and Christian Aid, *Getting to Good – Towards Responsible Corporate Tax Behaviour* 2015 (p. 26-27), available at https://www.oxfam.org/sites/www.oxfam.org/files/file_attachments/dp-getting-to-good-corporate-tax-171115-en.pdf

22 KPMG, *A look inside tax departments worldwide and how they are evolving*, 2016, (p.2), available at https://assets.kpmg/content/dam/kpmg/xx/pdf/2016/11/global-tax-benchmarking-survey.pdf

23 PwC, 'Global tax transparency and risk management', the *Tax Function of the Future* series, 2015, available at https://www.pwc.nl/nl/tax/assets/documents/pwc-tax-transparency-and-risk-management.pdf

24 OECD, *Co-operative Tax Compliance, Building Better Tax Control Frameworks*, 2016 (p. 7), available at http://www.oecd.org/publications/co-operative-tax-compliance-9789264253384-en.htm

25 'The Committee of Sponsoring Organizations' (COSO) 2013 Framework that helps organizations design and implement internal control, broaden the application of internal control in addressing operations and reporting objectives, and clarify the requirements for determining what constitutes effective internal control. https://www.coso.org/Pages/ic.aspx

26 See, for example, PwC, 'Unlocking the power of data and analytics', the *Tax Function of the Future* series 2015, available at https://www.pwc.com/gx/en/tax/publications/assets/PwC_TFoF_DataAnalytics_global_nov2015.pdf PwC, 'Your tax function – Automated and empowered', the *Tax Function of the Future* series 2018, available at https://www.pwc.com/gx/en/tax/publications/assets/tax-function-future-spotlight-automation.pdf

27 OECD, *Technologies for Better Tax Administration*, 2016, available at http://www.oecd.org/publications/technologies-for-better-tax-administration-9789264256439-en.htm

28 Microsoft / PwC, *Digital Transformation of Tax Administration*, 2017, available at https://www.pwc.nl/nl/assets/documents/pwc-digital-transformation-tax-oct2017.pdf

29 See, for example, The B Team, *A New Bar for Responsible Tax, 2018*, or Oxfam, Action Aid, and Christian Aid, *Getting to Good – Towards Responsible Corporate Tax Behaviour*, 2015, and other examples mentioned in the Inventory section in this report.

30 The requirement for multinational groups to prepare a Local File, Master File and Country-by-Country Report, as laid down in Chapter V of the OECD Transfer Pricing Guidelines, 2017

31 Council Directive 2016/881/EU of 25 May 2016 ("DAC4")

32 Council Directive 2015/2376 /EU of 8 December 2015 ("DAC3")

33 Council Directive 2018/822/EU of 25 May 2018 ("DAC6")

34 Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 ("CRD IV")

35 Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 ("EU Accounting Directive") and Directive 2013/50/EU of the European Parliament and of the Council of 22 October 2013 ("EU Transparency Directive")

36 Dodd-Frank Wall Street Reform and Consumer Protection Act Title XV: Miscellaneous Provisions – Section 1502 Conflict Minerals (P.L. 111-203), 2010

37 Extractive Industries Transparency Initiative, *The EITI Standard*, 2016

38 European Commission Proposal for a Directive of the European Parliament and of the Council amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches (CBCR), 2016

39 Id., p. 14

40 Citation 8 in the Romanian EU Presidency State of Play compromise text on public CBCR in preparation of the Working Party meeting on 24 January 2019, p.6

41 EPSU, 2016, *Despite Panama Papers, 'public CBCR' proposal falls well short of real transparency*: https://www.epsu.org/article/despite-panama-papers-public-cbcr-proposal-falls-well-short-real-transparency

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45 For instance: Paul Tang, Member of the European Parliament (NL, S&D – Partij van de Arbeid), *Rapporteur on the Common Corporate Tax Base and EU Digital Services Tax* in: VBDO and PwC Netherlands, Tax Transparency Benchmark 2018

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47 See, for example: PwC 'Driving value through tax reporting', *The Tax Function of the Future* series, 2016: https://www.pwc.com/gx/en/tax/publications/assets/tfof-driving-value-tax-may-2016.pdf

48 See, for example: Responsible 100: *Scorecards*, 2018. The scorecard on Finance and Governance includes a question on tax transparency and covers the disclosure of total tax payments to government, including all taxes: https://www.responsible100.com/questions/finance-and-governance/tax-transparency/

49 See the Inventory section for examples, including the proposed GRI standard on tax.

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53 Id., p.13

54 E. van der Enden & K. Bronzewska, '*The Concept of Cooperative Compliance*', Bulletin for International Taxation, 2014 (Volume 68), No. 10

55 OECD, *Co-operative Compliance: A Framework From Enhanced Relationship to Co-operative Compliance*, 2012, available at http://www.oecd.org/tax/co-operative-compliance-a-framework-9789264200852-en.htm

56 OECD, *Co-operative Tax Compliance, Building Better Tax Control Frameworks*, 2016, available at http://www.oecd.org/publications/co-operative-tax-compliance-9789264253384-en.htm

57 E. van der Enden, & K. Baisalbayeva, '*The Relevance and Sustainability of Co-operative Compliance Models for Tax in African Countries*', ATRN working paper 13, May 2016

[58] J.L. Pemberton & A. Majdanska, '*Can Cooperative Compliance Help Developing Countries Address the Challenges of the OECD/G20 Base Erosion and Profit Shifting Initiative?*', Bulletin for International Taxation, 2016 (Volume 70), No. 10

[59] See the Inventory part

[60] For example, the European Commission's State aid investigations, governments' unilateral actions to publish anonymised tax rulings, etc.

[61] See, for example, the UK's legislation on the publication of tax strategies requires companies to explain how they work with HMRC and what they do to be transparent with the tax authorities with regard to tax risks, https://www.gov.uk/guidance/large-businesses-publish-your-tax-strategy

[62] E. van der Enden, K. Baisalbayeva, K. Bronżewska, '*Tax Codes of Conduct: Fit for Purpose?*', Bulletin for International Taxation, 2016 (Volume 70), No. 9

[63] See, for example, the Global Reporting Initiative (GRI)'s new draft voluntary standard on Tax and Payments to Governments includes a disclosure on stakeholder engagement and management concerns related to tax and payments, and a description of their approach towards engaging tax authorities, https://www.globalreporting.org/standards/work-program-and-standards-review/disclosures-on-tax-and-payments-to-government/

[64] Microsoft & PwC '*Digital Transformation of Tax Administration',* 2017 and *'The Data Intelligent Tax Administratio*n', 2018 https://www.pwc.nl/nl/assets/documents/pwc-digital-transformation-tax-oct2017.pdf https://www.pwc.nl/nl/assets/documents/the-data-intelligent-tax-administration-whitepaper.pdf

[65] See, for example, PwC *Tax Function of the Future* series, https://www.pwc.nl/en/services/tax/tax-function-of-the-future.html

[66] See, for example, M. C. White, '*Corporate tax breaks can backfire — as New York City just found out*', NBC Business news, 15 February 2019, available at https://www.nbcnews.com/business/business-news/corporate-tax-breaks-can-backfire-new-york-city-just-found-n971761

[67] M. Cotrut & K. Munyandi, '*Tax Incentives in the BEPS Era*', IBFD Tax Research Series, Volume 3, 2018, p. 4.

[68] UNCTAD, *Tax Incentives and Foreign Direct Investment:* A Global Survey, ASIT Advisory Studies No. 16, 2000, p. 12.

[69] M. Cotrut & K. Munyandi, '*Tax Incentives in the BEPS Era'*, IBFD Tax Research Series, Volume 3, 2018, p. 5.

[70] See, for example, C. Randall, '*Netherlands develop new electric vehicle incentives*', article published on 30 November 2018 at https://www.electrive.com/2018/11/30/netherlands-develop-new-ev-purchase-incentives/

[71] OECD, 'Tax and Development. Principles to Enhance the Transparency and Governance of Tax Incentives for Investment in Developing Countries', available at https://www.oecd.org/tax/tax-global/transparency-and-governance-principles.pdf

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[73] See, for example: A.D. Klemm & S. van Parys, '*Empirical Evidence on the Effects of Tax Incentives*', IMF working papers, 2009, available at https://www.imf.org/en/Publications/WP/Issues/2016/12/31/Empirical-Evidenceon-the-Effects-of-Tax-Incentives-23053 OECD, '*Options for Low Income Countries' Effective and Efficient Use of Tax Incentives for Investment*', a report to the G-20 Development Working Group by the IMF, OECD, UN and World Bank, 2005, available at http://www.oecd.org/tax/work-on-tax-incentives.htm M. Sanchez-Martinez & C. Benedetti-Fasil, '*R&D tax credits and their macroeconomic impact in the EU: an assessment using QUEST III*', JRC technical reports, 2017, available at http://publications.jrc.ec.europa.eu/repository/bitstream/JRC108931/jrc108931_2017.7079_src_en_jrc108931_final.pdf

[74] UN, CIAT, '*Design and Assessment of Tax Incentives in Developing Countries. Selected issues and a country experience*', UN publication 2018, available at https://www.ciat.org/Biblioteca/Estudios/2018_design_assessment_tax_incentives_UN_CIAT.pdf

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[78] See, for example, some initiatives in the Inventory part.

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