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Bríd Dunne
Clerk to the Committee
Standing Order 112 Select Committee of Dáil Éireann
Leinster House
Dublin 2

31st May 2016

REF: SO 112/ 14-2016

Issued by email.

Re: COM(2016)198 - 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.

Dear Ms Dunne,

Thank you for your letter of 12th May 2016 inviting IDA Ireland to make a submission on COM(2016)198 to assist the Committee in its consideration of the proposal for a directive on Public Country by Country Reporting (CBCR).

As you referenced in your letter, the proposed new EU Directive seeks to introduce obligations on companies with revenues in excess of €750 million, to publicly disclose financial information for each jurisdiction in which they do business in the EU and on business conducted outside the EU based on an aggregated basis. As you will be aware, this is wider than the previously agreed OECD approach to CBCR, which Ireland legislated for in the 2015 Finance Act.

As you are no doubt also aware, the European Commission published an Anti-Tax Avoidance (ATA) Package on 28th January 2016. This package contains a number of proposals aimed at ensuring fair and efficient taxation within the EU. At the centre of this package are two EU Directives one of which, known as DAC4, aims to ensure that every EU country implements the OECD's recommended approach to Country by Country Reporting to tax authorities. Subsequently, at the Ecofin meeting on March 8th 2016, EU Finance Ministers' reached political agreement on this Directive, which will require all EU Member States to follow Ireland's example and introduce Country by Country Reporting in line with the OECD approach.

As a result, international tax authorities will receive a country-by-country report from multinational enterprises (MNEs) on income tax paid which should enable relevant scrutiny to ensure that all taxes are being paid in compliance with domestic legislation.

This is a complex issue which requires more analysis and consideration. However, in order to support the work of the committee, IDA has set out below some initial observations on the proposal for an *additional directive* as regards disclosure of income tax information:

- We note that this new directive is being proposed as a non-tax measure separate to the European Anti-Tax Avoidance proposal also under consideration.
- It is our view, however, that the proposal appears to be a tax matter and therefore maybe best dealt with by the Commission as such.
- We believe that there may be merit to allowing the OECD CBCR proposal to be implemented fully and an assessment of its impact undertaken before contemplating additional actions.
- The competitiveness implications for Europe of introducing an additional layer of reporting over and above those agreed at OECD level need further consideration.

If you have any questions in relation to these summary and high level comments by IDA Ireland, please do not hesitate to contact me.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'MS', followed by a long horizontal line extending to the right.

Martin Shanahan
CEO
IDA Ireland