



**BRUSSELS | 15 NOVEMBER 2021**

## **European Parliament Adopts Public Country-by-Country Reporting Legislation**

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The European Parliament has now [adopted legislation](#) introducing public country-by-country reporting obligations for multinationals to declare the amount of tax paid in EU Member States. Under the legislation, multinationals and their subsidiaries which have an annual revenue over €750 million and are active in more than one EU country will be required to publish the following information:

- The nature of the company's activities;
- The number of full-time employees;
- The amount of profit or loss before income tax;

- The amount of accumulated and paid income tax and accumulated earnings.

If a subsidiary is deemed to exist solely for the purpose of avoiding the reporting requirements, the subsidiary will also be required to report the same tax information. The reported information will be made publicly available online in a harmonised format.

Co-rapporteur on the file for the European Parliament, Evelyn Regner, said of the adopted legislation: *“Persistence pays off. Despite all the adversity and a five-year-long blockage in the Council, we can proudly say that the call for more corporate tax transparency has been answered.. For too long, corporations have played by their own rules. Thanks to the transparency provided by public country-by-country reporting, we will now be able to shed light on this opaque corporate jungle.”*

The directive will enter into force 20 days after publication in the Official Journal. Member states will then have 18 months to transpose the law into their national laws. The disclosure requirements will accordingly enter into force in mid-2024.

## Carbon Trading Mechanism Agreed at COP26: World's Climate Policy Summit

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World leaders and their negotiating teams attending the UN Conference on Climate Change (COP26) [agreed](#) on a market-based mechanism to enable countries to trade in carbon offsets, in line with previous goals set under Article 6 of the 2015 Paris climate agreement. The mechanism will allow countries to trade in carbon credits, for the purposes of offsetting these against emissions,

in order to meet climate targets. Negotiators agreed a two-track system, a private system in which bilateral trades of offsets will not be subject to any tax, and a separate centralised public system in which 2% of offset credits will be cancelled, to discourage the overuse of offsets and increase cuts in overall emissions. A 5% levy will also be collected in this system, to fund adaptation for developing countries. It is expected that investment in schemes that generate carbon credits will see a significant increase following the agreement of the mechanism.

The President of the European Commission Ursula von der Leyen announced at COP26 the EU Carbon Border Adjustment Mechanism plans which are aimed at taxation of EU-importing entities with high carbon footprint, which would level the playing field with the EU industry, already subject to the European Emission Trading System. President von der Leyen said prior to the conference that *"the EU was in favour of a global solution that would see the world's biggest emitters agree on global carbon pricing. To avoid carbon leakage, now introduce slowly but surely a carbon border adjustment mechanism that says if you come with dirty products on our market, you have to pay a price as if you were in the Emissions Trading System of the European Union. But we prefer you keep the money in your economy by putting a price on carbon in your economy."* In support of this goal, Belgian Prime Minister Alexander de Croo said that EU's policy is a "trade weapon" to force major polluting economies to comply with these "advanced standards". In a similar tone, Canadian Prime Minister Justin Trudeau [said](#) that all countries should agree on a global price on carbon, to limit the utilisation of fossil fuels and level the playing field for countries that already impose certain levy on carbon emissions.

As a contribution to COP26, the OECD published a report entitled [Carbon Pricing in Times of COVID-19: What Has Changed in G20 Economies?](#) The

report reviews how countries can convert long-term climate goals into "concrete policy packages that deliver the necessary transformational change". The report examines how carbon pricing can play a significant role in meeting climate goals and assist in the green recovery. Additionally, the report reviews the evolution of carbon prices in G20 countries between 2018 and 2021 and estimates carbon pricing resulting from carbon taxes, emissions trading systems, and fuel excise taxes.

## Register Now: CFE Conference on "Professional Judgment in Tax Planning" on 25 November 2021

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Register [now](#) to secure your place for the 14th European Conference on Tax Advisers' Professional Affairs, to be held virtually on Thursday, 25 November 2021 from 10:00AM to 12:00PM CET, on the topic of *"Professional Judgment in Tax Planning - An Ethics Quality Bar for All Tax Advisers"*.

Speakers from a wide range of stakeholder perspectives will examine issues raised in the [discussion paper](#) published by CFE seeking to promote ethical professional judgment across all tax advisers in Europe, through the proposed "ethics quality bar" contained in the paper, based on five questions that all tax advisers should reflect on when undertaking their advisory role in the overall tax system. Panellists will consider whether the quality bar can help to steer all advisers in the direction of an appropriate balance between the rights and obligations of taxpayers, avoiding abusive planning. Registration for the event is possible via this [link](#).

## Tax Inspectors Without Borders Annual Report 2021

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The OECD and United Nation's capacity building initiative, Tax Inspectors Without Borders, launched in 2015 to assist developing countries with their auditing capacity and in increasing compliance of MNEs worldwide, has published its [2021 annual report](#) providing an update on its efforts. Tax Inspectors Without Borders provides practical, hands-on assistance to developing countries in order to build capacity in the areas of international tax audit, criminal tax investigations and effective use of automatically exchanged information.

The initiative has over 100 experts working directly with tax administrations in developing countries in effectively to provide assistance in collecting tax from multinational entities, which is vital in light of the coronavirus crisis. The report indicates that in the six years since its inception, the initiative has helped collect over USD 1.4 billion in additional tax revenue for developing countries, and USD 3.9 billion in tax assessed.

## AMCHAM Global Business Tax Update Conference - 30 November 2021

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On 30 November 2021 at 18:30 CET the AMCHAM Tax Committee will host a virtual [Global Business Tax Update](#) conference, examining the issues of global tax harmonisation, minimum taxation and increases in business taxation post-COVID-19. The featured speakers include: Bob Stack (Deloitte), Aleksander Ivanovski (CFE Tax Advisers Europe), Pierre- Antoine Klethi (Loyens & Loeff Luxembourg) and Gregory Jullien (Deloitte). The guest speakers will discuss the OECD global tax agreement and other EU and US tax policy developments, issues which constitute perhaps the most serious challenge to the restoration of business prosperity during this currently beginning period of business recovery.

The conference will be moderated by Bernard David from Deloitte, AMCHAM's Tax Committee Chairperson. The conference will take place via Zoom, and is free of charge for registered attendees. Registration is possible via this [link](#).

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