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Improved Country-by-Country Reporting Critical to Preventing Multinational Corporate Tax Dodging

ATF's Clemente, in IRS testimony: "Improved reporting will lead to better long-term solutions that ensure corporations pay the taxes they owe."

WASHINGTON, D.C.—Improving country-by-country reporting requirements is critical to identifying, and ultimately preventing, billions of dollars of corporate tax dodging, Americans for Tax Fairness Executive Director Frank Clemente said in testimony to the Internal Revenue Service today.

"Profit shifting by multinationals is a principal method of corporate tax avoidance. Improved reporting requirements, as proposed in this regulation, are critical to identifying this form of corporate tax dodging. And improved reporting will lead to better long-term solutions that ensure corporations pay the taxes they owe," Clemente testified at the IRS' public hearing on the [proposed IRS rule to implement country-by-country reporting](#) by multinational corporations (REG-109822-15).

[Clemente's testimony](#) covered four areas:

- 1) The critical need for the county-by-country reports to be publicly available
- 2) Opposition to creating a national security exception
- 3) Treating the county-by-country reports as Treasury reports, not as tax returns
- 4) If the county-by-country reports get classified as tax return information, it is imperative to create a mechanism for aggregating CbC data and making it publicly available

"The American public needs to know where its multinationals have foreign subsidiaries, whether they are in tax havens, how large are the investments of these foreign subsidiaries, the size of the profits – or losses – being generated by these subsidiaries, and how much in taxes they are paying and at what tax rate," Clemente testified.

Americans for Tax Fairness recently produced reports on the offshore assets and subsidiaries held by [Walmart](#) and Pfizer (two Pfizer reports, [here](#) and [here](#)).

"While we know the topline numbers, we have no idea where these profits are located, whether the company has employees and real business in those locations, what tax rate has been paid, etc.," Clemente testified.

Frank Clemente's full testimony can be found [here](#).

Links to testimony by the Financial Accountability and Corporate Transparency (FACT) Coalition and other ATF allies can be found [here](#).

The proposed rule can be found [here](#).

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Americans for Tax Fairness is a diverse coalition of [425 national and state endorsing organizations](#) that collectively represent tens of millions of members. The organization was formed on the belief that the country needs comprehensive, progressive tax reform that results in greater revenue to meet our growing needs. ATF is playing a central role in Washington and in the states on federal tax-reform issues.

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