

Committee of Public Accounts

House of Commons 7 Millbank London SW1P 3JA

Tel 020 7219 4099 Fax 020 7219 2782 Email pubacccom@parliament.uk Website www.parliament.uk/pac

By tonio.fenech@parlament.mt

27th May 2016

Dear Tonio Fenech,

I am writing to you as the Chair of the United Kingdom House of Commons Public Accounts Committee. Earlier this month, I, along with a number of colleagues from across Europe, attended the OECD Parliamentary Group on Tackling Tax Avoidance. Whilst there, I spoke to a range of colleagues from Finance Committees across Europe to discuss an open letter to our Governments, in order that Parliamentarians from respective Finance Committees could sign up to a joint initiative to signal our intent around tax transparency.

I would like to invite you to read and sign the enclosed letter, which would signal our respective commitments to supporting greater tax transparency, backing the OECD Base Erosion and Profit Shifting Project and enabling our citizens to have access to information on the business activities of multinational corporations.

I would be grateful if you could email me a signed copy of the letter so that we can push for this important change. I am also very happy to speak with you if you would like to know more about these plans.

Once we have a number of agreed signatories we can agree a date to publish (between 14 and 21 June) and alert our own national media.

Yours sincerely



Meg Hillier MP
Committee of Public Accounts

Open letter to our Governments

Globalisation has opened up opportunities for multinational enterprises to greatly reduce the taxes they pay. OECD estimates assess that current overall tax loss due to aggressive tax avoidance measures ranges between 4% and 10% of global corporate income tax revenues - at least €86 to €207 billion annually.

We therefore support the efforts of the Organisation for Economic Co-operation and Development in relation to the implementation of the *Base Erosion and Profit Shifting* (BEPS) project and the recent announcement of the EU Commission on new public tax transparency rules on 12 April 2016.

The OECD BEPS project and the EU Commission 'country-by-country reporting' initiative will lay the foundations of a modern international tax framework under which profits are taxed where economic activity and value creation occur.

But we want to enable the citizen to have access to this information. We, therefore, urge our Governments to support a measure that would show, for each tax jurisdiction in which multinational companies do business:

- Their revenue; their profit before income tax; the income tax paid and accrued; total employment; capital; retained earnings, and tangible assets.

We would also expect companies to identify each entity in the group that is doing business in a particular tax jurisdiction and to provide an indication of the business activities in a selection of broad areas that each entity is engaged in.

We want to see this information published so that our citizens can see for themselves what tax multinationals pay so that not only will our national tax authorities see the full picture but so will our citizens.

Publication is one way to persuade these companies to explain their tax planning. It would deter them from using tax havens and shell companies.

As legislators, we strongly encourage our governments to support greater transparency and agree this approach as soon as possible.

Signature:
