



**Mr. Klaus-Heiner LEHNE**  
Chair of the Committee on Legal Affairs  
European Parliament  
Bâtiment Altiero Spinelli  
60, rue Wiertz  
B-1047 Bruxelles

Brussels, 24 November 2011

Dear Mr. Lehne,

We would like to share with you some serious concerns about the legislative project on “country-by-country reporting” by multinational companies, published on the 25th October, 2011, by DG MARKT.

We emphasise that country-by-country reporting has never been requested by investors and other capital market participants. Their needs for certain information on geographical segments are appropriately met by the existing EU requirements under the Transparency Directive (the EU Accounting Directives and IFRS 8 Operating Segments).

In our view, country-by-country information would not only add to what are already regarded as increasingly complex and potentially confusing financial statements, but would also impose significant further costs on companies. Additionally, more detailed reporting on a country-by-country basis would increase the risk of creating an information overflow and thus reduce investors’ capacity to understand the material risks. Finally, some of the information can also be commercially sensitive, putting EU companies at a competitive disadvantage vis-à-vis non EU companies.

Two objectives advanced for country-by-country reporting are combating corruption, and improving tax collection in developing countries. We believe that fighting corruption is of utmost importance. It can be addressed by already existing initiatives such as the Extractive Industry Transparency Initiative, which focuses on government receipts. On tax collection, we believe (as for investors) that this mass of information may not serve its purposes. We believe that governments of developing and developed countries should work together, in conjunction with EU institutions, to increase the capacity of tax authorities in developing countries to collect the tax due, to share information effectively but confidentially, and to design tax systems fit for the 21st century. In this regard, we also refer to a report published by the Oxford University Centre on Business Taxation on behalf of the OECD. BUSINESSEUROPE and the private sector have already made clear that they are anxious to play a role in this Domestic Resource Mobilisation initiative.

We hope that you will take account of these concerns and remain at your disposal should you wish to discuss this subject further.



Please note that a copy of this letter will also be sent to Ms. Sharon Bowles, Chair of the ECON Committee at the European Parliament, with copy to Mr. Barroso and Mr. Barnier Cabinets, and to the Permanent Representations of the Member States to the European Union.

Yours sincerely,

Krister Andersson  
Chairman  
Tax Policy Group  
BUSINESSEUROPE