GLOBAL FINANCIAL INTEGRITY

Norwegian Ministry of Finance
Via email to postmottak@fin.dep.no

Re: Consultation on Amendments to the Regulations Relating to Country by Country Reporting

Dear Sir/Madame,

We write today in response to the Ministry of Finance's public consultation Amendments to the Regulations Relating to Country by Country Reporting, published September 30, 2016.

Global Financial Integrity is an internationally-focused advocacy and research organization best known for our estimates of illicit financial flows (IFFs) leaving developing countries. That estimate topped $1.1 trillion in our 2015 annual global review. Country by Country Reporting (CBCR) is one of the measures that we have strongly advocated as a way to significantly reduce these outflows over time, both as a dissuasive measure as well as a measure that provides legislatures with the information they need to take steps to combat rampant profit-shifting.

The realization of CBCR is the culmination of a multi-year effort by many in the international community, including Norway, to shed light on the business and tax practices of large multinational groups that operate in multiple countries. The motivating factor behind this international effort to obtain more accurate, comprehensive, and timely data on multinational business and tax practices is the overwhelming evidence that many multinationals systematically shift profits to jurisdictions where they pay little or no tax. Evidence, taken from investigations conducted by legislatures, tax administrations, journalists, and non-profit organizations around the world, demonstrates that multinationals are using a variety of tactics to pull profits out of both developed and developing countries and move those funds to jurisdictions offering low tax rates and sweetheart tax deals not available to their competitors.[1]

[1] See, e.g., U.S. Senate Permanent Subcommittee on Investigations reports and hearings, "Offshore Profit Shifting and the U.S. Tax Code – Part 1 (Microsoft and Hewlett-Packard)," S. Hrg. 112-781 (9/20/2012), https://www.gpo.gov/fdsys/pkg/CHRG-112shrg76071/pdf/CHRG-112shrg76071.pdf; "Offshore Profit Shifting and the U.S. Tax Code - Part 2 (Apple Inc.)," S. Hrg. 113-90 (5/13/2013), https://www.gpo.gov/fdsys/pkg/CHRG-113shrg81657/pdf/CHRG-113shrg81657.pdf; "Caterpillar's Offshore Tax Strategy," S. Hrg. 113-408 (4/1/2014), https://www.gpo.gov/fdsys/pkg/CHRG-113shrg89523/pdf/CHRG-113shrg89523.pdf; "Tax Avoidance – Google," London: House of Commons, Committee of Public Accounts, 9th Report 2013-14, http://www.publications.parliament.uk/pa/cm201314/cmselect/cmpubacc/112/112.pdf; "Special Report: How Starbucks avoids UK taxes," UK Parliament Committee on Public Accounts, Minutes of Evidence, HC 716, Session

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A recent IMF Working Paper estimated that the long-run revenue loss from this type of profit-shifting was approximately 0.6% of GDP for OECD countries and 1.7% of GDP for developing countries.[2]

The OECD's CBCR efforts are a floor, not a ceiling. Where the public and/or governments feel that additional information is necessary to fully understand the various international tax avoidance schemes that have proliferated over the past several years, it is within their sovereign right to require the disclosure of additional information from companies. **To that end, we fully endorse and submit as our own position the consultation response provided to you by Publish What You Pay Norway, dated 14 November 2016, the contents of which are incorporated herein by reference.** They have cogently argued that Norway can and should require the provision of additional information from companies in order to adequately meet the significant challenges posed by today's rampant profit-shifting.

Thank you for your time and your consideration of our submission. We look forward to continued strong leadership from the Norwegian government on this issue.

Sincerely,

Raymond W. Baker
President

2012-13; Tom Bergin, (10/15/ 2012), http://www.publications.parliament.uk/pa/cm201213/cmselect/cmpubacc/716/121112.htm; "Commission decides selective tax advantages for Fiat in Luxembourg and Starbucks in the Netherlands are illegal under EU state aid rules," European Commission press release, No. IP/15/5880 (10/21/2015), http://europa.eu/rapid/press-release_IP-15-5880_en.htm; "Corporate tax avoidance," report by Australian Senate Committee on Economics References, No. ISBN 978-1-76010-274-6 (8/18/2015), http://www.aph.gov.au/Parliamentary_Business/Committees/Senate/Economics/Corporate_Tax_Avoidance/Report_part_1.

[2] *Base Erosion, Profit Shifting and Developing Countries*, IMF Working Paper WP/15/118, Crivelli, E., De Mooij, R., and Keen, M. (2015).

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