

## Guide for Comments in Support of the “Exposure draft of GRI topic-specific Standard: Tax and Payments to Governments”

This document is intended as a guide to simplify the process of submitting comments in support of the draft GRI Standards on tax transparency. The [form for comments](#), including the draft GRI standards, is 34 pages long, but there are only a limited number of questions that need to be answered. The five reporting requirements are on pages 12, 14, 17, 21 and 23. The proposed disclosures are broadly consistent with the recommendations in the UNPRI investor guide on corporate tax transparency.

Providing supportive comments to key questions can be done quickly (<30 minutes). It is important that the GRI receives positive feedback and support for these standards and understands that the information will be of significant interest and value to investors. Questions #3 and #6 are the key opportunities to support the standards and public Country by County Reporting. The deadline is 15 March 2019.

pp.5-6, **Personal Details** – *standard contact and organisational information required*

p.19, **Question 1:** Are any of the management approach disclosures ... not understandable and/or feasible? If so, why, and, what, if any, wording revisions or guidance would you suggest?

- *The disclosures are understandable and feasible and would be useful to investors. Disclosure XXX-1, XXX-2 and XXX-3 would help investors understand whether a tax strategy exists, is disclosed and whether an appropriate tax governance is in place to help ascertain tax risk in portfolio companies. These disclosure requirements are generally consistent with the UNPRI Investor’s recommendations on corporate income tax disclosure.*

p.20, **Question 2:** With respect to reporting requirements in the management approach disclosures ... are all of them critical to describing the management approach on tax and payments to governments.

- *The reporting requirements are critical. A suggested change (lines 371 & 402), could be to remove the word external to refer to “stakeholders”, which could include investors, workers, unions and others.*

p.27, **Question 3:** Are any of the topic-specific disclosures ... not understandable and/or feasible? If so, why, and, what, if any, wording revisions or guidance would you suggest?

- *The topic-specific disclosures are understandable and feasible. This publicly disclosed reporting will significantly increase transparency related to tax payments and will be useful to help investors ascertain tax risks. Given that companies are filing CbC reports at the revenue agencies of member jurisdictions of the OECD Inclusive Framework on BEPS, the disclosure requirements proposed are reasonable.*
- *We support the complete alignment between the suggested disclosures and the OECD’s BEPS Action 13 minimum standards as seen in the model template for country-by-country reporting (Annex III to Chapter V of BEPS Action 13). In this regard, the proposed disclosures are incomplete. We suggest that topics for disclosure include standards for Transfer pricing documentation – Master file (Annex I to Chapter V of BEPS Action 13) and for Transfer Pricing documentation – Local file Annex II to Chapter V). This publicly disclosed reporting will significantly increase transparency about the activities of the multinational and be useful for investors, workers’ representatives and other stakeholders to carry out their supervision tasks. Given that companies are already filing these reports to the revenue agencies of member jurisdictions of the OECD Inclusive Framework on BEPS, the disclosure requirements proposed are reasonable and come at no additional cost for companies.*

- *A suggested change (Line 428) could be to add “and/or workers” to the requirement to disclose the number of employees. This is necessary as many multinationals may have more contracted, or indirect employees, than direct employees. Having a number for both employees and workers will give a more accurate and meaningful reflection of real economic activity. Correspondingly, the phrase “and an estimate of spending on workers” should be added to the reporting recommendations (Line 433).*

p.29, **Question 4:** Do you have any comments on the definitions included in the glossary ... (line numbers 588 - 625)? Are there any additional terms in the draft Standard that need to be defined?

p.31, **Question 5:** Are there additional references, other than those listed ... (line numbers 626 - 635), that could be useful in understanding and applying the Standard?

p.32, **Question 6:** Are there any disclosures ... that are not critical to understanding an organization’s tax practices? Are there any critical disclosures missing ... that are necessary to understanding an organization’s tax practices?

- *Public disclosure of country by country reporting of payments to governments is essential to have a complete understanding of a reporting entity’s tax practices. We support the alignment between the suggested disclosures and the Country-by-Country reporting obligations of multinational groups under the OECD’s BEPS Action 13 minimum standards. Given that companies are filing CbC reports at the revenue agencies of member jurisdictions of the OECD Inclusive Framework on BEPS, the disclosure requirements proposed are reasonable.*

p.33, **Questions 7 & 8:** Only relevant to reporting organisations

...do you believe the draft Standard as it is presented in this form and/or the topic of tax and payments to governments, would be material for your organization? ...how do the disclosures ... compare to what you are currently reporting? Is your organization subject to any existing public reporting requirements on tax and payments to governments? If so, which one/s?

p.34, **Question 9:** Do you have any other comments or suggestions related to this draft Standard?

- *The GRI disclosures should closely follow the evolution in Transfer Pricing Documentation and CbC reporting under the BEPS Action 13 to ensure consistency between the GRI and the OECD BEPS reporting requirements.*