

Rt Hon Caroline Flint MP



HOUSE OF COMMONS

LONDON SW1A 0AA

11 March 2016

Rt Hon George Osborne MP  
Chancellor of the Exchequer  
& First Secretary of State  
HM Treasury  
1 Horse Guards Road  
London SW1A 2HQ

Dear Chancellor

**Multinational Enterprises (Financial Transparency) Bill**

It is only two months since the Government faced difficult questions about the HMRC deal with Google UK.

The arrangement caused consternation among the general public, and even the best efforts of the Public Accounts Committee could not unravel many of the questions the case raised.

This problem is well known and goes way beyond Google. It has been created by multinational corporations legally avoiding tax by exploiting the different tax rules in different countries.

However, in the Finance Act 2015, you provided for the UK to implement the first country by country reporting, in accordance with the OECD template, a significant step towards tackling this huge problem.

Speaking to EU Finance Ministers in February, you said: *"I think we should be moving to more public country-by-country reporting. This is something which the UK will seek to promote internationally."* The measures for financial reporting that the Treasury is consulting on are welcome but, as you acknowledged, we need to go a step further.

**Working for Don Valley**

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I urge you to announce in the Budget that the UK will move to legislate for the publication of the details that multinational enterprises report to HMRC on:

- the amount of revenue, profit before income tax and income tax paid and accrued; and
- their total employment, capital, retained earnings and tangible assets for each tax jurisdiction in which they do business.

This could be achieved by requiring them to include this information in their annual financial reporting to Companies House.

On Tuesday, I will be presenting a Ten Minute Rule Bill, the Multinational Enterprises (Financial Transparency) Bill to the Commons, which would achieve this objective.

My Bill has cross party support and I believe this is one issue on which across the House we can form a unified front. Christian Aid, Oxfam, ActionAid, Cafod, Fair Tax Mark Campaign and the Tax Justice Network are all supporting my Bill.

Nor is this an anti-business measure. The OECD BEPS project identifies the competitive advantage multinational companies have over domestic rivals, if they transfer profits to low tax dominions. This is about fair business competition and fair taxation.

To put this reporting information in the public domain would deter companies from using tax havens and shell companies. It would send a signal to companies who support the Fair Tax Mark campaign, who believe in responsible taxation.

It would send a signal to the tax justice charities who believe that some developing countries are short-changed by corporates with huge undertakings in developing countries, but who pay no tax to support those developing economies.

This modest Bill is in keeping with the grain of public thinking, and in keeping with your own sentiments. Please do not wait for every G20 or EU member state to agree before acting.

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Only by making these companies become more open will we restore public faith that they are paying fair taxes. The only winners from secrecy are multinationals that shift profits to low tax dominions.

The winners from public reporting are the Government, HMRC, those businesses and taxpayers who already pay fair taxes and developing countries who are being short changed. Ultimately, the best way for these multinationals to restore their reputations is to come clean and be seen to do the right thing.

Please support this Bill or announce that you will incorporate the principal purpose of my Bill in the Finance Bill.

Yours sincerely

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