Fair Tax Foundation

Seven magnificent reasons to pursue Fair Tax Mark accreditation

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Introduction

There are a thousand and one issues out there that business is being asked to champion – on top of the day-to-day challenge of thriving commercially in an ever more competitive world. Approaches and acronyms abound, be it ESG or CSR or SRI or SDGs, with each urging that a business prioritise their favoured issues.

So, why should a business

a) Prioritise responsible tax conduct and tax transparency, and
b) Pursue Fair Tax Mark accreditation?

We think that there are seven magnificent reasons for a business to embrace responsible tax conduct, tax transparency and ultimately pursue the gold standard of Fair Tax Mark accreditation.

If you agree, we'd love to talk.

Seven magnificent reasons to pursue Fair Tax Mark accreditation

1) 'Tax' has come in from the cold and is now a hot topic in the boardroom
2) For an "ESG" strategy to be credible, it must now explicitly tackle 'tax conduct'
3) Responsible tax conduct resonates really well with customers and employees
4) In a low trust world, stakeholders value independent third-party verification
5) Investors will be assured that you are managing tax-related risks well
6) You will be well placed to get ahead of the curve of new legislation
7) You will join a growing network of pioneers that are shaping a fairer and more productive future

1. 'Tax' has come in from the cold and is now a hot topic in the boardroom

Compared with other areas of corporate responsibility, responsible tax conduct has emerged as a priority relatively recently. Commitments and disclosures on tax significantly lag behind reporting on other sustainability issues (such as climate change and health and safety). An international analysis undertaken by FTSE Russell in 2021 found that:

- only a third (34%) of large and mid-sized companies have commitments or policies on tax transparency in place, compared to 87% for climate change and 98% for health and safety;
- barely 12% commit to comply with and follow the spirit of the law;
- just 7% disclose country-by-country breakdowns of taxes paid; and
- a miniscule 3% have a named position responsible for tax policy at board level.[i]

But, change is now afoot.

A survey undertaken by Deloitte in 2023, of tax directors and tax managers from multinational companies around the world, revealed that:

- a large minority (39%) are concerned about the continuing interest of media, political and activist groups in corporate taxation;
- a similar number (40%) say that in the last twelve months, the tax authority in their ultimate parent's jurisdiction has become more rigorous in tax examinations; and
- three-quarters (75%) expect stakeholder interest in the tax behaviour of large corporates to increase over the next three years.[ii]

Whilst research undertaken by KPMG among chief tax officers in the United States found that 'ESG concerns' were ranked the number one 'threat' to organizational growth 'over the next few years', ahead of regulatory changes, geopolitical fallout, supply-chain management, and global economic uncertainty. The previous year, 'ESG concerns' had been ranked last of eight possible concerns![iii]

Progressive corporations understand that it is no longer enough for a business to claim that their tax conduct is acceptable as long as they are not breaking the letter of the law – in the same way that such a narrow framing of impact would be frowned upon if it were to be deployed with environmental and human rights considerations.

> *"We are committed to paying the right amount of tax, at the right time, in the right place – in accordance with the tax laws of the countries where we operate. We seek to comply not only with the letter of the law, but also with the underlying tax policy intent. We believe that taxes are a core part of our corporate social responsibility."*
> ***Orsted, Annual Report***

> *"We are proud of our reputation both domestically and internationally. We believe we make a positive contribution to society and have no appetite to taint our reputation or to be viewed as engaging in aggressive tax practices."*
> ***Jupiter Fund Management, Tax Strategy***

> *"As a business we are committed to treating our people and those around us fairly. Paying the right amount of tax, at the right time and in the right place is an extension of our commitment to our local communities and being accredited with the Fair Tax Mark is a superb way to evidence that commitment."*
> ***Bill Floydd, Chief Financial Officer, Watches of Switzerland***

The pressure for change has now reached a tipping point, and many boardrooms are feeling the heat. The Edelman Trust Barometer 2023 found in polling across 27 countries that more than three quarters (78%) of people across the world said that 'CEOs are obligated to pay fair corporate taxes'.[iv]

2. For an "ESG" strategy to be credible, it must now explicitly tackle 'tax conduct'

Whatever your preferred approach or acronym – be it ESG or CSR or SRI or SDGs – for a corporate strategy to be credible, it must now robustly tackle 'tax conduct'. Moreover, this strategy must be able to articulate that tax policy, governance and compliance are all evidential. The era of boiler-plate tax strategies and internal control statements is ending.

Current international tax rules were mostly conceived in the early 20th century, but the acceleration of globalisation and the rise of digital enterprise have rendered them obsolete.[v] Tax havens have risen up, tax avoidance has ballooned and there has been an international race to the bottom on corporation tax.

Public discontent (fuelled by a chain of scandals, data leaks and brave whistleblowers) has grown to such a level that politicians the world over have been compelled to take action. An unprecedented re-consideration of the world's one-hundred-year approach to international tax rules is now underway. At the heart of the reforms are the G20 and OECD. Substantial progress has been achieved, but major issues such as profit shifting are still widespread.[vi]

In parallel, in addition to the Fair Tax Mark (see section 4), a number of voluntary responsible tax programmes have emerged around the world in recent years. These include initiatives from corporate responsibility specialists, civil society activists, investors and tax professionals. Most noteworthy include:

- The **Global Reporting Initiative (GRI)** has issued a tax transparency disclosure standard (GRI 207 tax)[vii]
- The **UN Principles for Responsible Investment (PRI)** has set out, from an investor perspective, recommendations on corporate income tax disclosure[viii]
- The **United Nations Sustainable Development Goals (SDGs)** are acting as a responsible tax driver for numerous businesses, with many homing in on SDG 17 target 17.1 (strengthened capacity for domestic tax collection), whilst others link into SDG 8 (decent work and economic growth)
- The **B Team** Responsible Tax Principles[ix]
- Key **rating agencies** have now built 'tax conduct' into their ESG assessments in a substantive manner (for example, Moody's, FTSE Russell and S&P Global)[x]

> *"The Fair Tax Mark reflects the results achieved through Mundys' approach to tax transparency, in addition to being reward for the commitment shown in recent years to engaging positively with the authorities in the countries in which we operate, starting with Italy. This forms part of our wider ESG strategy, which puts community engagement and transparency at the heart of what we do."*
> ***Tiziano Ceccarani, Chief Financial Officer, Mundys***

> *"We have been the frontrunner to make the international banana business fairer and more sustainable. We believe that paying the fair amount of taxes in the countries where the profits are made, is indispensable if a company, like ours, is seriously committed to the Sustainable Development Goals. The Fair Tax Mark recognizes for the first time this important aspect of fairness of our company."*
> ***Hans Willem van der Waal, CEO, AgroFair***

Less impressively, but significant nonetheless, the work of the **World Economic Forum**[xi] and the **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct**[xii] encompass corporate tax conduct.

Whatever their motivation, an expanding group of progressive businesses have recognised the shifting sands and built responsible tax conduct into their core strategy. They have raced ahead, lifted the lid on their tax contributions and now say what they pay with pride.

3. Responsible tax conduct resonates really well with customers and employees

In many parts of the world, there is a strong propensity to shop with and work for businesses that demonstrate responsible tax conduct – with support at levels that compares favourably to other ethical concerns. There is also a strong desire to see a celebration of those businesses that pay the right amount of tax, and who overtly shun the artificial use of tax havens and contrived tax avoidance practices.

For example, in the United Kingdom, the vast majority (70%) of the public say that they would 'rather shop with a business which can prove that it's paying its fair share of tax'. A substantial majority (62%) also said that they would 'trust a business with the Fair Tax Mark more than one without it'. Similarly, the vast majority (72%) of the UK public would 'rather work for a business which can prove that it's paying its fair share of tax'.[xiii]

In the United States, research among S&P 500 found that employee perceptions of managers and firms fall following tax avoidance news coverage, with firms in consumer-facing industries suffering the largest perception changes.[xiv]

Across the globe, the World Values Survey found that 62% of people say that 'cheating on taxes' is 'never justifiable' (with just 2.1% saying it was 'always justifiable') – ranging from 89% in Ethiopia to 22% in Tajikistan.[xv]

Responsible tax conduct is now also emerging as a consideration in business-to-business supply chain purchasing (as practiced by the likes of Richer Sounds and Leeds Building Society) and there are substantive campaigns in many countries to see it become a public sector procurement consideration (eg, Denmark, Spain and the UK).

The Covid-19 pandemic has further hardened public attitudes to businesses that shirk their tax responsibilities. When citizens in France, Germany, Italy, Poland, the Netherlands, the United Kingdom and the United States, were asked if private sector rescue packages should be conditional on the cessation of the artificial use of tax havens, no less than 84% agreed in each country.[xvi]

"Unity Trust Bank is proud to lead by example when it comes to tax conduct and financial transparency. As a responsible lender, we know our customers would expect nothing less of us."
Penny Hogan, Financial Controller, Unity Trust Bank

"Fair and sustainable business conduct is at the core of Unite's values. We always pay our corporate tax with pride. The buyers and suppliers using our platform and our partners can be confident that ethical governance and relationships come first for us."
Peter Ledermann, Managing Director, Unite

"Mother has always paid its fair share, and being a responsible citizen is very much at the heart of our overall mission to Make Our Children Proud. As an independent company with operations in the UK, Europe, US and Asia, it's important to us that we pay our way and contribute to where we do business."
Rollo Price, Chief Financial Officer, Mother

"Receiving the Fair Tax Mark is fantastic news and a major milestone for Severn Trent. It recognises that we're a company that likes to do the right thing – paying the right amount of corporation tax, in the right place at the right time. Most importantly, this accreditation will show our customers that we are a responsible business which takes a great deal of pride in being open and transparent in how we do things."
James Bowling, Chief Financial Officer, Severn Trent

As more and more businesses step up to the plate and embrace responsible tax conduct, the pressures on other business to follow suit will only increase.

4. In a low trust world, stakeholders value independent third-party verification

The Ipsos Global Trustworthiness Monitor reported in 2023 that less than a third of the global public trust business leaders to 'tell the truth' (30%) or 'generally behave in an ethical way' (29%) - albeit with a very wide skew in the national responses among the 21 countries researched.[xvii]

Against this background, corporate claims of responsible tax conduct can benefit from independent third-party assurance – in the same way as declarations on living wage payment, fair trade, organic production and sustainable forestry are supported by independent accreditation.

> *"Rebuilding public trust in business will not be easy, but as a start, businesses need to significantly increase transparency around tax as a minimum – but not just the numbers, the principles and practices too. Being open and transparent is the bedrock of building trust. We have long sought to do this as a company with our Fair Tax Mark accreditation.*
> ***Martin McEwen, Head of Tax, SSE***

Organisations rooted in civil society underpin the majority of the most trusted social and environmental accreditation schemes. With the involvement of the big accountancy firms (especially the 'Big Four') treated with scepticism – not least given their historic involvement in the enabling of tax avoidance. This scepticism extends beyond the tax justice civil society movement. For example, whilst polling of the UK public found that 73% agreed that: 'it is important to celebrate businesses who can demonstrate good tax conduct and shun the artificial use of tax havens and contrived tax avoidance practices'; just 15% said that they trusted 'company auditors' to accurately confirm whether a 'company was paying the right amount of tax', compared with 35% for the Fair Tax Mark and 45% for the UK's HMRC tax authority.

> The Fair Tax Mark is the gold standard of responsible tax conduct. Accredited businesses include listed companies, co-operatives, social enterprises and large private businesses.
>
> Some one hundred parent companies and 250 distinct trading businesses are currently Fair Tax Mark accredited, who between them employ over 250,000 and contribute more than US$1.5bn in corporation tax annually.
>
> A Fair Tax Global Multinational Business Standard was launched end 2021, enabling multinationals headquartered outside of the United Kingdom to be accredited for the first time. Companies have now been certified in Denmark, Italy, Germany, the Netherlands and Sweden.

The Fair Tax Mark satisfies the key reporting recommendations of **GRI 207**, the **Principles for Responsible Investment (PRI)** and the **OECD Guidelines for Multinational Enterprises on Responsible Business Conduct,** but carries with it the additional weight of independent third party verification undertaken by a trusted social enterprise.

Businesses such as Brett Nicholls, Clean for Good, Coventry Building Society, Make, Revolver, Timetastic, Wolf & Player and Yoti view Fair Tax Mark accreditation as a valuable augmentation of their **B Corp certification**, given the latter does not systematically consider and rate tax conduct.[xviii]

If Fair Tax Mark accreditation sounds interesting, then our website contains a detailed set of frequently asked questions, and details of process and costs. Visit https://fairtaxmark.net.

5. Investors will be assured that you are managing tax-related risks well

An increasing number of institutional investors and asset managers are now urging that multinationals should embrace responsible tax conduct and tax transparency as a core element of their 'ESG' credentials.[xix] This includes the world's largest sovereign wealth fund,[xx] seven of Denmark's biggest pension funds[xxi], the UK's default auto enrolment pension scheme[xxii], the US's largest public pension fund[xxiii] and many others.

The UN Principles for Responsible Investment (PRI), the world's leading proponent of responsible investment, has supported responsible tax conduct for close to a decade.[xxiv] PRI has 5,000+ signatories who between them have over US$120trn assets under management. PRI advocates for: a public tax policy that explicitly tackles positions on the use of low tax jurisdictions; board oversight of tax matters; public country-by-country reporting of income, profit and corporation tax. PRI believes that a 'fairer tax system' is in the interests of investors at both a macro and micro level. They say that a fairer tax system would:

> *"Responsible investing is at the heart of what we do, and I am pleased to say that Epworth Investment Management has taken all the necessary steps to ensure it is responsible and transparent on tax. We will not stop there, however. We are committed to the Fair Tax Mark, and shall encourage our investee companies to secure this certification as well".*
> ***David Palmer, Chief Executive, Epworth***

- level the playing field for all companies in portfolios;
- better realise the funding of critical public services that are necessary for investment returns;
- have a positive impact on economic growth, competition and sustainable development;
- help ensure that business profitability was not dependant on uncertain or volatile tax planning; and
- create greater resilience, increase customer trust and improve reputation.

Investors are also increasingly viewing corporation tax avoidance as a 'red flag' for an overly aggressive attitude to compliance in general and poor corporate governance. As PRI says: "It is in investors' interest to ensure that corporate taxes contribute to stable, well-functioning socioeconomic systems that are conducive to achieving investment returns and the Sustainable Development Goals. Aggressive tax planning creates reputational, governance and earning related risks. Heightened scrutiny from tax authorities and policy makers around corporate tax following the Covid-19 pandemic and global efforts to combat tax avoidance are only exacerbating those risks"[xxv]

> *"We support companies committed to tax transparency by following the GRI 207 tax reporting standards and presenting to investors and stakeholders a consistent, complete, and accurate profile about their tax operations around the world particularly in jurisdictions with high finance secrecy as highlighted by the Tax Justice Network. We also encourage accreditation to the Fair Tax Foundation."*
> ***Nest voting and engagement policy***

Tax transparency has even recently been the subject of an increasing number of investor resolutions (witness the Annual General Meetings of Amazon, Cisco and Microsoft in 2022). With resolutions co-filed by Fair Tax Mark accredited PIRC.

Corporate tax conduct is without doubt increasingly a mainstream material consideration of investors, and this will inevitably increase further still as tax rules are tightened across much of the world.

6. You will be well placed to get ahead of the curve of new legislation

Corporate tax rules are undergoing radical change across much of the world. Arguably, the race to the bottom is over. The question now is: how enlightened can corporate tax regulation become, and which countries will take the lead?

Numerous governments (including Germany, Japan, South Korea, Switzerland and the UK) are now well on the way with implementing the OECD's BEPS 2.0 Inclusive Framework proposals, including the introduction of a global minimum tax for business.[xxvi]

> *"When we made the case for gaining the Fair Tax Mark back in 2014, we argued that paying fair tax made business sense; it would protect us against being unexpectedly impacted by the tightening of global or national tax rules. Over the past few years, it has done just that – and I have no doubt that our approach to fair tax has helped us weather political storms now and in the future."*
> ***Martin McEwen, Head of Tax, SSE***

Requirements for more corporate tax transparency are also slowly but surely grinding forward, with increasing legal requirements emerging across many parts of the globe.

In the likes of the UK[xxvii] and Poland[xxviii], large businesses now need to publish an annual tax strategy, and it is a listing expectation in Denmark and Spain, and part of a voluntary code in Australia[xxix].

Across the European Union, public country-by-country reporting (pCbCR) will soon be mandatory for large multinationals with significant operations there - albeit with some substantial loopholes.[xxx] The EU pCbCR Directive came into force in 2021, and is now being transposed into the domestic legislation of individual EU Member States at varying paces. Some countries are bolting on added requirements to the EU-mandated pCbCR disclosures; such as Hungary, which will require MNCs to newly explain differences between total tax accruals and cash taxes paid. Also in Europe, it should be noted that the EU Corporate Sustainability Reporting Directive may lead to additional mandatory tax disclosures in the areas of tax policy and tax governance, via the linkages to the OECD Guidelines for Multinationals.[xxxi]

In April 2023, draft pCbCR legislation was published in Australia.[xxxii] This would, in the words of International Tax Review, usher in a "new era of tax transparency". Given that it would apply to any large multinational enterprise doing business in Australia through a resident entity or permanent establishment – i.e., should the likes of US-headquartered Amazon exceed the threshold in Australia, then it would need to disclose its pCbCR across the globe, or face penalties. Australian pCbCR will apply from summer 2024, as per the EU pCbCR Directive.

In the United States, some substantive changes are quietly emerging. The Securities and Exchange Commission has signalled support for the Financial Accounting Standards Board to prioritise pCbCR.[xxxiii] Unfortunately, full blown pCbCR has so far been rejected; however, the latest Exposure Draft of the newly issued Income Taxes disclosure standard (Topic 740)(March 2023) proposes significantly enhanced quantitative and qualitative disclosures in relation to foreign tax on a jurisdiction by jurisdiction basis, if they meet a 5% threshold.[xxxiv] This is a far cry from what is progressing in Europe and Australia, but it is nevertheless a welcome step forward. The FASB says that the proposals respond to pressure from investors, lenders and other allocators of capital, who have been pushing for change in this area.

Businesses that are Fair Tax Mark accredited are well placed to transition painlessly to a world where a step change in tax transparency is a mandatory requirement. For more on the advance of pCbCR see our regularly updated explainer.[xxxv]

7. You will join a growing network of pioneers that are shaping a fairer and more productive future

Across the globe, close to 40% of multinational profits (US$970bn) are artificially shifted to tax havens each year, leading to a US$250bn reduction in corporate income tax revenue.[xxxvi]

Responsible businesses are proud to pay their fair share of tax and care about what they receive in return. As the World Bank points out:[xxxvii]

- quality infrastructure is critical for the sound functioning of an economy;
- a healthy workforce is vital to an economy's competitiveness and productivity; and
- education increases the efficiency of workers and allows economies to move up the value chain.

Corporation tax is an important part of the tax contribution business makes in many parts the world.

- In 2021, it made up 31% of all taxes paid globally by the largest companies headquartered in Europe.[xxxviii]
- The OECD reports that it makes up 15% of all tax paid globally, and accounts for a larger share in Africa (19%) and Asia and Pacific (18%).[xxxix] In some countries corporate tax revenues make up more than one-quarter of total tax revenues.

Corporation tax is uniquely important…

- Corporate tax avoidance is a clear and present significant problem
- Corporation tax is a crucial source of revenue to governments across the world
- Corporation tax is a progressive tax and has a major impact on a country's tax morale
- Corporate tax dodging reduces national productivity
- Corporation tax is a 'red flag' issue for many investors

See our 'Why focus on Corporation Tax' for more.

But, corporation tax has an importance way beyond the revenue it raises. In particular, it helps prevent the undue concentration of wealth and acts as an important backstop to personal income tax. It is also 'progressive' – as richer households will ultimately bear more payments than poorer households.[xl] This is important as people are more willing to pay taxes when their tax system is viewed as being generally progressive.[xli] Where there is perceived tax inequity, individuals and businesses are less likely to act morally, and more likely to respond to taxation through noncompliance.

"I highly recommend the Fair Tax Mark team who are very knowledgeable about all tax matters and are working hard to help organisations demonstrate their commitment to payment of their fair share of tax. We hope that our addition to their members encourages others to join the movement."
Emma Lower, CEO, Lendology

Aggressive tax avoidance and evasion negatively distorts national economies and undermines the ability of businesses to compete fairly, both domestically and internationally. Tax evading corporate 'cheats' enjoy a potentially large implicit subsidy that allows them to stay in business despite low productivity. As a result, these 'cheats' gain market share even if they are less productive, reducing the market share of more productive, tax compliant businesses. Productivity gaps between firms that comply with existing taxes and regulations and those which do not are significant, and these large gaps can translate into depressed economy-wide productivity and growth.[xlii, xliii]

**Our seven magnificent reasons set out why a business should embrace responsible tax conduct, tax transparency and consider Fair Tax Mark accreditation.
If you agree, please reach out – we'd love to talk.**

Endnotes

[i] Global trends in corporate tax disclosure (June 2021). FTSE Russell. Commissioned by PRI. See https://www.ftserussell.com/research/global-trends-corporate-tax-disclosure
[ii] See Global corporate tax trends – is the glass half full or half empty? (August 2023). At https://fairtaxmark.net/global-corporate-tax-trends-is-the-glass-half-full-or-half-empty/
[iii] KPMG 2023 Chief Officer Outlook Survey. Surveyed 300 Chief Tax Officers from large U.S. companies with revenue of $2 billion or more. See https://tax.kpmg.us/content/dam/tax/en/pdfs/2023/kpmg-cto-outlook-2023.pdf
[iv] Edelman Trust Barometer 2023. Polled more than 32,000 people across 27 countries. See https://www.edelman.com/sites/g/files/aatuss191/files/2023-01/2023%20Edelman%20Trust%20Barometer%20Global%20Report.pdf
[v] G24 (17th January 2019). Proposal for Addressing Tax Challenges Arising from Digitalisation. https://www.g24.org/wp-content/uploads/2019/03/G-24_proposal_for_Taxation_of_Digital_Economy_Jan17_Special_Session_2.pdf
[vi] As described in 'The Essential Elements of Global Corporate Standards for Responsible Tax Conduct' (Fair Tax Foundation, June 2020). At https://fairtaxmark.net/wp-content/uploads/2022/11/Essential-elements-of-Global-Corp-Standards-for-Resp-Tax-Conduct-FINAL.pdf
[vii] See https://www.globalreporting.org/standards/media/2482/gri-207-tax-2019.pdf
[viii] PRI (2017). Investors' recommendations on corporate income tax disclosure. https://www.unpri.org/download?ac=1877
[ix] See https://bteam.org/our-thinking/news/leading-companies-join-growing-movement-toward-responsible-tax
[x] Common KPIs among rating agencies include: tax policy, risk, control & governance; public commitment to the letter as well as the spirit of the law, and commitments against profit-shifting and the artificial use of tax havens; and public country-by-country reporting of corporation tax.
[xi] Measuring Stakeholder Capitalism - Towards Common Metrics and Consistent Reporting of Sustainable Value Creation (World Economic Forum, September 2020). An early draft had public country-by-country reporting of corporation tax as a core disclosure, but this was subsequently relegated to being an optional consideration. Instead, the WEF framework requires 'total tax paid by country for significant locations', which has the shortcoming of obscuring corporate income tax payments (should they exist). See https://www3.weforum.org/docs/WEF_IBC_Measuring_Stakeholder_Capitalism_Report_2020.pdf
[xii] The Guidelines have a welcome reference to the importance of complying with both the letter and the spirit of tax laws, and emphasise the importance of enterprises treating tax governance and tax compliance as important elements of their oversight and broader risk management systems. However, the update of the Guidelines in 2023 was a missed opportunity for them to go further and embrace tax transparency. See https://www.oecd-ilibrary.org/finance-and-investment/oecd-guidelines-for-multinational-enterprises-on-responsible-business-conduct_81f92357-en
[xiii] Fair Tax Nation: UK public attitudes to corporate tax conduct (Fair Tax Foundation, 2023). At https://fairtaxmark.net/fair-tax-nation-report/
[xiv] The Effects of Tax Avoidance News on Employee Perceptions of Managers and Firms: Evidence from Glassdoor.com Ratings (May 2021). At https://publications.aaahq.org/accounting-review/article-abstract/96/3/343/4309/The-Effects-of-Tax-Avoidance-News-on-Employee?redirectedFrom=fulltext
[xv] World Values Survey Wave 7: 2017-2022. See https://www.worldvaluessurvey.org/WVSContents.jsp
[xvi] See More in Common (2020). At https://www.moreincommon.com/media/y2clqzwx/more-in-common-the-new-normal-comparative-7-country-en.pdf
[xvii] Ipsos Global Trustworthiness Monitor 2022. With, for example, more positive answers in countries such as India, China, Saudi Arabia and Japan than in many of the more sceptical European or North American Nations. More than 16,000 people polled across 21 countries. See https://www.ipsos.com/sites/default/files/ct/publication/documents/2023-01/ipsos-global-trustworthiness-monitor-2022-charts.pdf
[xviii] B Corp standards have much to commend in a variety of social and environmental areas, but neither tax conduct (nor general financial transparency) is a systematic material consideration (ie, subject to scoring) in the B Corp standard used to assess the majority of applicants. Only with 'large' business (US$1bn turnover and above) is it a substantive consideration. However, with multinational enterprises, the option of subsidiary pursuing B Corp accreditation (when tax governance ultimately resides at a parent entity level) unfortunately relegates tax conduct to an irrelevant concern in such instances.
[xix] We have a produced an exhaustive analysis of the history of pCbCR and other 'Essential Elements of Global Corporate Standards for Responsible Tax Conduct' (to June 2020) here

[xx] Norges Bank Investment Management. See Tax and Transparency - expectations towards companies
[xxi] AP Pension, Lægernes Pension, MP Pension, PenSam, Pædagogernes Pension, P+ and Velliv have joined the joint tax code of conduct laid down by ATP, Industriens Pension, PensionDanmark and PFA. See https://www.atp.dk/en/news-and-insights/new-signatories-joint-tax-code-conduct
[xxii] Nest. See https://www.nestpensions.org.uk/schemeweb/nest/nestcorporation/investment-approach/investment-principles.html
[xxiii] CalPERS.supported the resolution tabled at Amazon's AGM for public country-by-country reporting. See https://www.responsible-investor.com/european-investors-get-behind-tax-transparency-proposals-at-us-energy-giants/
[xxiv] See https://www.unpri.org/sustainability-issues/environmental-social-and-governance-issues/governance-issues/tax-fairness
[xxv] PRI (2022). How to consider tax in voting practices. See https://www.unpri.org/tax-fairness/how-to-consider-tax-in-voting-practices/10905.article
[xxvi] See https://oecdpillars.com/pillar-tab/pillar-two-implementation/
[xxvii] See https://www.legislation.gov.uk/ukpga/2016/24/contents
[xxviii] See https://crido.pl/en/threads/tax-strategy-comply-with-the-regulations/
[xxix] See https://www.ato.gov.au/business/large-business/corporate-tax-transparency/voluntary-tax-transparency-code/
[xxx] In general, will apply to fiscal years starting after June 22nd 2024, with the first Reports due by end December 2026. Applies to MNCs with consolidated revenues over €750m for each of the last two consecutive years. Jurisdictions to be disaggregated are restricted to a) EU Members States, b) countries on the EU list of non-cooperative jurisdictions for tax purposes (referred to as the 'black list') and c) countries listed for two consecutive years or more on the list of jurisdictions that don't yet comply but have committed to reform (referred to as the 'grey list'). See DIRECTIVE (EU) 2021/2101 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 24 November 2021, amending Directive 2013/34/EU as regards disclosure of income tax information by certain undertakings and branches
[xxxi] Bloomberg Tax (24.01.2023). ESG Gets Tax Teeth With EU's Corporate Sustainability Directive
[xxxii] See https://treasury.gov.au/consultation/c2023-383896
[xxxiii] See United States: SEC signals support for country-by-country reporting
[xxxiv] Will require all entities to disclose income taxes paid disaggregated by individual jurisdiction on the basis of a quantitative threshold of 5% of total income taxes paid. Also, with reference to the rate reconciliation, separately disclose reconciling items by nature and by jurisdiction, on the basis of a quantitative threshold of 5 percent, within the foreign tax effect category. See https://www.fasb.org/Page/ProjectPage?metadata=fasb-Targeted%20Improvements%20to%20Income%20Tax%20Disclosures&isPrintView=true
[xxxv] See https://fairtaxmark.net/wp-content/uploads/Pcbcr-explainer.pdf
[xxxvi] See https://missingprofits.world
[xxxvii] See https://subnational.doingbusiness.org/en/data/exploretopics/paying-taxes/why-matters
[xxxviii] €24.5bn CIT paid (cash basis) of €79.8bn total taxes borne. Relates to 2021. European Business Tax Forum (March 2023). Tax Transparency and Public Country-by-Country Reporting.
[xxxix] Corporate Tax Statistics: Fourth Edition (OECD, November 2022). In 2019, the share of corporate tax revenues in total tax revenues was 15% on average across the 115 jurisdictions for which corporate tax revenues are available in the database. Average corporate tax revenues as a share of total tax revenues increased from 12.6% in 2000 to 15.0% in 2019.
[xl] Who exactly bears the cost of corporation tax is the subject of much debate. But many studies indicate that shareholders are impacted, and that these are often from higher personal income groups. CIT also acts as a backstop, ensuring that some tax is paid by business owners who otherwise might not pay income tax. See Poverty and Shared Prosperity 2022 (World Bank) at https://www.worldbank.org/en/publication/poverty-and-shared-prosperity
[xli] Hoy, Christopher (2022). How Does the Progressivity of Taxes and Government Transfers Impact People's Willingness to Pay Tax?: Experimental Evidence across Developing Countries. Policy Research Working Papers; 10167. See http://hdl.handle.net/10986/37987
[xlii] Designed for Growth: Taxation and Productivity (2017). Argues that tax evading corporate 'cheats' enjoy a potentially large implicit subsidy that allows them to stay in business despite low productivity. As a result, these 'cheats' gain market share even if they are less productive, reducing the market share of more productive, tax compliant businesses. Estimates that in emerging market and low income developing countries, closing the productivity gap between tax compliant firms and cheats would add ½ to 1 percentage points to aggregate productivity. See https://www.imf.org/en/Blogs/Articles/2017/04/13/designed-for-growth-taxation-and-productivity
[xliii] Found that the labour productivity of informal firms is about one-fourth that of formal firms. Moreover, the labour productivity of formal firms that face competition from informal firms is about 75 percent of the average labour productivity of formal firms that do not experience informal competition.

Amin, Mohammad, Franziska L. Ohnsorge, and Cedric Okou, "Casting a Shadow. Productivity of Formal Firms and Informality." (2019) World Bank Policy Research Working Paper 8945. See https://openknowledge.worldbank.org/server/api/core/bitstreams/f84f89aa-0e0f-5f09-a660-d7391c058d61/content

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