Commissioner Barnier
DG Markt
European Commission

Brussels, 1 July 2014

Object: Assessment of the economic impact of making country-by-country reporting information for the banking sector available to the public (CRD IV Directive)

Dear Commissioner Barnier,

We are writing to you on behalf of 32 civil society organisations to raise our concern regarding the appointment of PricewaterhouseCoopers (PwC) to assess the economic impact of making country-by-country reporting (CBCR) information for the banking sector available to the public, in conformity with article 89 of the Capital Requirement Directive (CRD) IV, adopted in June 2013.

As you know, tax dodging by multinationals is a major concern for EU citizens given the multiplication of scandals over the past few years. CBCR is a basis for a multi-stakeholder cooperation between companies, governments, investors and civil society and citizens. Public CBCR will increase corporate management accountability and will help investors identify political and reputational risks, including those resulting from having presence in tax havens. Public CBCR will also be an important tool for multinational corporations to restore confidence with the public, and the introduction of CBCR for banks was an important first step. This is why we welcomed **article 89 of the CRD IV directive.** It should be noted that an important precedent has been set in France, which has **already adopted a similar legislation as CRD IV for public CBCR and started implementation**, demonstrating that it is feasible.

We welcome the strong support you have previously demonstrated for greater transparency of multinationals' activities, in order to ensure that they pay their fair share of taxes where their real economic activity occurs**. We are calling upon you to respect this engagement and make sure that the CBCR assessment will not be carried out by a company, which has a biased position and conflicting interests in the matter.**

While the report from PwC is expected in the coming months, we feel that this company –or any other company that has an obvious conflict of interests and biased position on the matter - is not well placed to assess whether certain financial information for CBCR should be made public. During the recent OECD consultation on the same topic, in the framework of the Base Erosion and Profit Shifting process, **PwC made it very clear that they oppose making CBCR information public**. They are calling for *'a more stringent confidentiality regime - i.e. requiring the master file and CbC template to be submitted to the parent company's home tax authority and distributed only through relevant provision and upon request (together with real sanctions for countries that violate confidentiality provisions)'*[1]. Other major accounting companies, which are part of the so-called "big 4", have also announced similar positions.

[1] 'Comments on the Discussion Draft on Transfer Pricing Documentation and CbC Reporting', submitted to the OECD on behalf of PwC on February 23, 2014.
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An impact assessment on this measure, carried out by a firm that has already publicly declared its opposition to the measure, will not be regarded as credible, could introduce controversy into what should be an objective process and risks undermining a critically important process.

We therefore urge the European Commission to terminate the contract with PwC and to either appoint a neutral institution that has not stated a position on the matter to carry out this task, or to conduct the assessment itself.

Yours sincerely,

11.11.11, ActionAid International, Alternativa Zdola, Action Solidarité Tiers Monde (ASTM), Attac Austria, Both ENDS, Christian Aid, Christian Aid Ireland, Coopération Internationale pour le Développement et la Solidarité (CIDSE), Česko Proti Chudobě, CNCD – 11.11.11, Debt and Development Coalition Ireland (DDCI), Educon, Ekumenická adademie, Ekvilib Institut, European Network on Debt and Development (Eurodad), Finnwatch, Global Policy Forum, Ibis, Kairos Europe, Kepa - the Finnish NGO Platform, Methodist Tax Justice Network, Stichting Oecumenisch Instituut Kerk en Ontwikkelingssamenwerking (OIKOS), Oxfam, Plateforme Paradis Fiscaux et Judiciaires, Re:Common, Sherpa, Stichting Onderzoek Multinationale Ondernemingen (SOMO), Tax Justice Network, Tax Research, Vienna Institute for International Dialogue and Cooperation (VIDC), and World Economy, Ecology & Development (WEED).