

Congress of the United States

Washington, DC 20510

March 12, 2019

GSSB Technical Committee
Global Reporting Initiative
PO Box 10039
1001 EA
Amsterdam
The Netherlands

Dear Members of the GSSB Technical Committee:

We write in support of GRI's proposed modifications to the GRI Sustainability Reporting Standards to include new standards on *Tax and Payments to Governments*.

As Members of Congress, we have a responsibility to ensure that the tax code is fair and equitably enforced. Currently, many multinational corporations employ complex and opaque tax strategies to minimize their payments to governments. In order to ensure our nation's tax laws are designed fairly and properly enforced, we need a better understanding of how multinational businesses structure their affairs.

The IRS recently released an analysis of tax information provided by large multinational corporations based on a recent OECD initiative. The IRS found that 229 U.S. corporations reported profits of \$24.9 billion in Bermuda, \$21.8 billion in the Bahamas, and \$23.7 billion in the Cayman Islands, figures higher than the profits reported in China, Canada, and Mexico. This data shows disproportionate profits in small tax haven nations.

Corporations operating complex tax avoidance strategies owe it to their investors to inform them of such strategies, so investors may consider related risks. For instance, should a company employ an aggressive tax strategy, it may expose the company to liabilities including fines and other penalties for non-payment of taxes.

In addition, tax avoidance harms the governments and communities where corporations are domiciled and doing business. The billions of dollars in lost revenue could be employed to fund infrastructure, health care, education, environmental, and other national and local priorities.

We support GRI's proposed standards and applaud its efforts to disclose tax information to the public. Some of GRI's proposals include information about risk tolerance and appetite related to tax strategies, how tax strategies are developed and implemented, and country-by-country information. We agree with GRI that companies should be required to report all tax jurisdictions where they have entities along with the following data for each jurisdiction:

1. Number of entities
2. Names of principle entities
3. Primary activities of entities
4. Number of employees

5. Total revenues broken out by third-party sales and intra-group transactions of the tax jurisdiction and other tax jurisdictions
6. Profit/loss before tax
7. Tangible assets other than cash and cash equivalents
8. Corporate tax paid on a cash basis
9. Corporate tax accrued on profit/loss
10. Reasons for any difference between corporate tax accrued on profit/loss and: (a) the tax due if the statutory tax rate is applied to profit/loss, and (b) the tax due if the statutory tax rate is applied to profit/loss before tax
11. Significant tax incentives

Much of this information is already being provided to certain tax authorities and should not be overly burdensome for companies to compile. In fact, in response to another tax reporting proposal in 2017 by the Financial Accounting Standards Board, Deloitte commented:

"While we defer to preparers' views on the potential incremental costs of the proposed disclosures, we do not believe that the incremental costs would be significant."

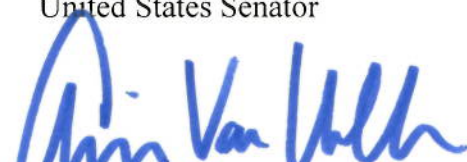
"While we defer to preparers' views on the time they would need to implement the guidance, we do not believe that an entity would require a long transition period because the additional disclosure requirements are generally straightforward; the entity is likely to have the information readily available; and few, if any, changes are likely to be required to the entity's systems."

As technology continues to allow an increasing number of businesses to operate across borders, it is important that governments and investors have access to data pertaining to corporations' tax strategies. We support GRI's proposed standards and believe it could help investors mitigate risks and governments better protect against harmful corporate tax avoidance strategies. We urge you to adopt the new transparency proposals to the GRI Sustainability Reporting Standards.

Thank you for your consideration.

Sincerely,


Sheldon Whitehouse
United States Senator


Chris Van Hollen
United States Senator


Lloyd Doggett
Member of Congress


Mark Pocan
Member of Congress