

Tax Transparency

A key part of a complex ESG puzzle

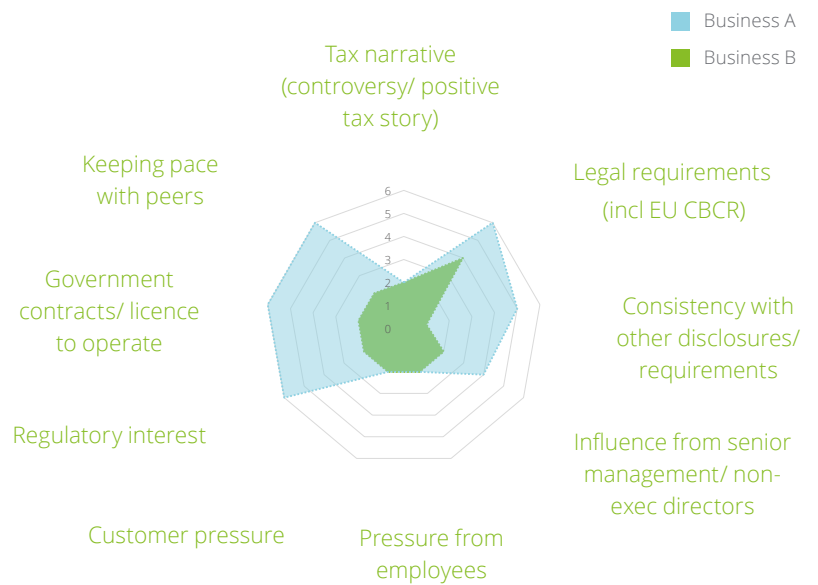
What is driving Tax Transparency?

Businesses are under increasing pressure to go beyond financial reporting norms to publish details of their approach to managing tax and its outcomes, i.e. the taxes they pay and collect around the world. This pressure is a function of stakeholder interest, emerging ESG standards (such as Global Reporting Initiative 207) and tax legislation. A key legislative development is the EU's introduction of public CBCR which will influence the disclosures of most businesses in the next few years.

It's important to note that CBCR is only part of the story and there are broader Tax and ESG conversations to be held. In order to meet their legal requirements and stakeholder expectations in a meaningful way, businesses should take charge of their narrative and provide the full story.

Of those clients who joined Deloitte's Tax Transparency webinar in May 2021, 59% intend to publish more than is legally required in the coming years, with 26% intending to provide detailed narrative and data.

Businesses will have different drivers influencing their tax transparency approach



What should I disclose?

Whilst there is no single right answer and most groups differ in their content and approach, the following common themes provide a good guide for structuring your disclosure:



Context

How and where do you operate? How does your tax strategy link to your ESG and overall strategy?



Approach

How do you approach tax risk, tax planning, and your interactions with tax authorities?



Key matters

What is specific to the tax profile of your business / sector that a reader should know about?



Outcomes

How much tax do you pay? How much do you collect on behalf of tax authorities? What level of country detail do you need to provide?



Assurance

What level of assurance do you need for your statement?



How do I get started?

From whiteboard to webpage, there are four steps which groups go through when developing their tax transparency disclosures. These are:



1. Understand the landscape

Develop an understanding of the external and internal factors which will shape your response to this agenda.

See below for an example benchmarking exercise



2. Set a tailored strategy

Agree a strategy with key stakeholders that gives you a clear goal and plan to realise it



3. Mobilise efficiently

Make sure you have the governance, controls, processes and systems to execute on the plan



4. Communicate confidently

Execute your communications strategy, delivering your key messaging with confidence

	Current / future legislation		Optional Transparency initiatives					Peer benchmarking	
	UK Tax Strategy	EU Public CBCR	GRI 207: Tax Reporting	WEF ESG metrics	Fair Tax Mark	B Corp certification	B-Team	Business A	Business B
Context	0	1	2	0	5	0	2	4	2
Approach	4	1	13	1	3	2	11	10	4
Key Matters	0	1	0	0	1	0	4	2	0
Outcomes	0	8	18	5	20	0	4	21	0
Assurance	0	0	2	0	0	0	0	1	0



How can Deloitte help?

Deloitte has a multi-disciplinary team of tax transparency, tax reporting and corporate affairs experts who have experience with helping clients at each stage of the tax transparency journey. By working with you to define the right level of tax transparency for you, we can help you to communicate with confidence and clarity.

Contacts

Mark Kennedy

Partner

Tax Transparency

Tel: +44 (0)20 7007 3832

markennedy@deloitte.co.uk

Chris Thomas

Associate Director

Tax Transparency

Tel: +44 (0)20 7007 2748

chrisxthomas@deloitte.co.uk

This publication has been written in general terms and we recommend that you obtain professional advice before acting or refraining from action on any of the contents of this publication. Deloitte LLP accepts no liability for any loss occasioned to any person acting or refraining from action as a result of any material in this publication.

Deloitte LLP is a limited liability partnership registered in England and Wales with registered number OC303675 and its registered office at 1 New Street Square, London EC4A 3HQ, United Kingdom.

Deloitte LLP is the United Kingdom affiliate of Deloitte NSE LLP, a member firm of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee ("DTTL"). DTTL and each of its member firms are legally separate and independent entities. DTTL and Deloitte NSE LLP do not provide services to clients. Please click here to learn more about our global network of member firms.

© 2021 Deloitte LLP. All rights reserved.

Designed by CoRe Creative Services. RITM0827413