



GSSB Global
Sustainability
Standards Board

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Item 05 – Draft GSSB basis for conclusions for GRI 207: Tax 2019

For GSSB information and discussion

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Project	Tax and payments to governments
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Description	This document sets out the significant issues from public comments received on the exposure draft of the Standard for tax and payments to governments (now known as <i>GRI 207: Tax</i>), during the public comment period from 13 December 2018 to 15 March 2019. It also outlines the draft GSSB responses to the significant issues based on Technical Committee discussions and recommendations.
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As outlined in the Due Process Protocol, this document is not subject to voting approval, does not constitute part of the final Standard and is non-authoritative. The draft is circulated for review and comment.

This document is a *draft* and will be updated, as needed, following the GSSB approval of *GRI 207*.

This document has been prepared by the GRI Standards Division. It is provided as a convenience to observers at meetings of the Global Sustainability Standards Board (GSSB), to assist them in following the Board's discussion. It does not represent an official position of the GSSB. Board positions are set out in the GRI Sustainability Reporting Standards. The GSSB is the independent standard setting body of GRI. For more information visit www.globalreporting.org.

Contents

1		
2	About this document.....	3
3	Introduction.....	3
4	Background and objectives for the development of GRI 207.....	3
5	Scope of the public comment.....	4
6	Overview of official public comment submissions.....	4
7	Public comment form.....	4
8	Feedback via email.....	4
9	Total participation during the public comment period.....	5
10	Basis for Conclusions.....	6
11	Significant issues and GSSB responses.....	7
12	General themes.....	7
13	Disclosure XXX-1 Approach to tax.....	7
14	Disclosure XXX-2 Tax governance, control, and risk management.....	9
15	Disclosure XXX-3 Stakeholder engagement and management of concerns related to tax.....	9
16	Topic-specific disclosures.....	11
17	Disclosure XXX-4 Entities and activities by tax jurisdiction.....	12
18	Disclosure XXX-5 Country-by-country reporting.....	13
19	Annexes.....	17
20	1. Overview of questionnaire.....	17
21	2. Overview of respondents.....	18
22	3. Public comment submissions by representation, constituency, and region.....	23
23	4. List of stakeholder workshops.....	24

24 About this document

25 This document summarizes the significant issues from the public comments received on the
26 [exposure draft of GRI topic-specific Standard: Tax and Payments to Governments](#) (now titled *GRI*
27 *207: Tax*), during the public comment period from 13 December 2018 to 15 March 2019).

28 This document incorporates the comments received via the public comment form hosted on the
29 GRI tax and payments to governments project page, and official feedback submitted via email.
30 Where relevant, it also references comments made at stakeholder workshops held during the public
31 comment period.

32 All comments received, together with an analysis of the issues raised, were considered by the GRI
33 Technical Committee (TC) on tax and payments to government. Their recommendations were
34 shared with the Global Sustainability Standards Board (GSSB) for review and approval.

35 [This document provides a summary of the GSSB responses to the significant issues raised during the
36 public comment period.]

37 The full set of individual comments received via the public comment form and via email are available
38 to download from the [GSSB website].

39 Introduction

40 *Background and objectives for the* 41 *development of GRI 207*

42 The project proposal for disclosures on tax and payments to government was approved in May 2017
43 by the Global Sustainability Standards Board (GSSB), GRI's independent standard setting body.

44 The primary objective of this project was to develop new, specific disclosures related to tax and
45 payments to government, which would be considered for incorporation into the GRI Sustainability
46 Reporting Standards (GRI Standards).

47 In accordance with the GSSB's [Due Process Protocol](#), a multi-stakeholder technical committee was
48 formed for the project. More information about the project scope and objectives can be found in
49 the [project proposal](#).

50 The project proposal specified that the outcomes of the project could take several forms. The
51 Technical Committee (TC) on tax and payments to government recommended the inclusion of a
52 new dedicated topic-specific standard. This recommendation was presented at the GSSB meeting on
53 28 June 2018.

54 The development of *GRI 207: Tax* was carried out in line with the Due Process Protocol.

55 *Scope of the public comment*

56 The exposure draft was open for public comment from 13 December 2018 to 15 March 2019.

57 Respondents were asked to provide feedback on whether the proposed disclosures were
58 understandable, feasible, critical and complete.

59 The GSSB also asked for feedback on the following specific areas:

- 60 • New terms and definitions included in the glossary;
- 61 • Whether the organization is subject to any existing reporting requirements on tax and
62 payments to government and how these compare to the exposure draft; and
- 63 • Whether, based on the exposure draft, the respondent predicted that the topic might be
64 material for their organization.

65 Respondents were also provided with an opportunity to submit any other feedback on the exposure
66 draft.

67 A range of outreach activities were carried out during the public comment period, including
68 stakeholder workshops and webinars. Comments collected during these activities, though not
69 considered official public comment submissions, were also taken into account when they aided
70 understanding of the official submissions, or when they flagged a significant issue that was not raised
71 in the official submissions.

72 Any comments that related to areas outside the scope of *GRI 207* (such as requests to develop
73 sector guidance) will be directed to the appropriate team or project for consideration.

74 *Overview of public comment submissions*

75 Stakeholders were able to give feedback on the [exposure draft](#) via the public comment form hosted
76 on the GRI tax and payments to governments project page (hereafter public comment form), and/or
77 directly via email.

78 **Public comment form**

79 The public comment form was the main channel for stakeholders to access, review, and comment
80 on the exposure draft. The public comment form included the draft Standard and a short
81 questionnaire (see [Annex I](#) for an overview of questions) about specific contents of the draft
82 Standard.

83 **Feedback via email**

84 Although stakeholders were encouraged to use the public comment form, respondents who wanted
85 to provide additional feedback on the exposure draft, or an official letter or statement, could do so
86 via email to tax@globalreporting.org. This email feedback was reviewed and analyzed along with the
87 comments received through the public comment form.

88 **Total participation during the public comment period**

89 83 submissions¹ from 109 individuals and organizations² were received during the public comment
90 period. The submissions came from all five stakeholder constituencies represented by the GSSB:
91 business enterprise, civil society organization, investment institutions, labor, and mediating
92 institutions.

93 For more detail, see:

- 94 • The full set of individual comments received via the public comment form and via email,
95 available to download from the [GSSB website];
- 96 • [Annex 2](#) for an overview of respondents who provided feedback via the public comment
97 form and via email;
- 98 • [Annex 3](#) for a breakdown of public comment submissions by representation, region, and
99 stakeholder constituency.

100 Approximately 250 people attended stakeholder events in Amsterdam, Brussels, London, Boston,
101 Phoenix, Johannesburg, and online. [Annex 4](#) lists the date and number of attendees for each event.

¹ Four additional submissions were received that did not meet the deadline or the requirements of the Due Process Protocol. These were not considered official submissions but were reviewed and taken into account when they aided understanding of the official submissions.

² This number only includes organizations that were explicitly listed as submitters; it does not include organizations or individuals who are members of a representative group, such as an industry association or trade group, that made a public comment submission.

102 Basis for conclusions

103 In line with the [Due Process Protocol](#), this section summarizes the significant issues raised by
104 respondents, outlines proposed changes to exposure draft, and explains the reason(s) why
105 significant changes recommended by a respondent(s) were, or were not, accepted by the GSSB.

106 The issues included in this section are either significant themes raised by a large number of
107 respondents, or issues that were brought up by a few respondents but led to a significant change in
108 the Standard.

109 Notes to assist the reader

110 I. This section includes references to both the [exposure draft](#) and the [final Standard]. For
111 reference, the disclosures for both are listed below. The significant issues are organized based
112 on the structure of the exposure draft.

113 The exposure draft consisted of the following five disclosures:

114 *Management approach disclosures*

- 115 • Disclosure XXX-1 Approach to tax and payments to governments
- 116 • Disclosure XXX-2 Tax governance, control, and risk management
- 117 • Disclosure XXX-3 Stakeholder engagement and management of concerns related to
118 tax and payments

119 *Topic-specific disclosures*

- 120 • Disclosure XXX-4 Entities and activities by tax jurisdiction
- 121 • Disclosure XXX-5 Country-by-country reporting

122 The [final Standard], *GRI 207: Tax 2019*, consists of the following four disclosures:

123 *Management approach disclosures*

- 124 • Disclosure 207-1 Approach to tax
- 125 • Disclosure 207-2 Tax governance, control, and risk management
- 126 • Disclosure 207-3 Stakeholder engagement and management of concerns related to
127 tax

128 *Topic-specific disclosures*

- 129 • Disclosure 207-4 Country-by-country reporting

130 2. When significant issues are described in the next section, the following qualifiers are used to
 131 indicate the approximate number of submissions³ that provided the feedback:

Qualifier ³	Number of submissions
One respondent	1
A few respondents	2-5
Some respondents	6-15
Many respondents	16-36
Approximately half of respondents	37-44
The majority respondents	46+

132 *Significant issues and GSSB responses*

133 General themes

134 **a) Name and scope of the Standard**

135 A number of respondents and participants at stakeholder events noted that the Standard was
 136 primarily focused on tax reporting and did not comprehensively cover other payments to
 137 governments.

138 *GSSB response:* The Standard as it has been developed focuses on the contribution and impact of
 139 organizations' tax practices and does not comprehensively cover non-tax related payments to governments.
 140 The title of the Standard has been changed to GRI 207: Tax to better reflect its content. In addition, GRI
 141 201: Economic Performance 2016, which incorporates reporting on payments to governments, will be
 142 considered as part of the planned review of the other Standards in the 200 series (economic topics).

143 Disclosure XXX-I Approach to tax

144 **a) Reporting on the use of tax havens**

145 A few respondents suggested that reporting on the use of tax havens be required as it is a key
 146 indicator of the reporting organization's approach to tax. In contrast, one respondent suggested that
 147 it is not feasible for organizations to report in detail on their use of tax havens.

148 Some respondents suggested using an alternative term or defining the term 'tax haven'. It was
 149 recognized that there is no globally accepted definition or list for tax havens.

150 *GSSB response:* The reference to 'tax havens' is provided as an example of the types of tax practices a
 151 reporting organization can describe to illustrate its approach to tax. Organizations can report on its use of
 152 tax havens where it aids in explaining their approach to tax.

³ For the purposes of these qualifiers, one submission is considered as one respondent.

153 It is recognized that there are ongoing discussions in a number of international forums on the appropriate
154 term and definition that can be applied to describe 'tax havens'. Given these discussions, it is not the role of
155 the GSSB to introduce or validate any single term or definition. The general meaning of the term tax haven is
156 well understood and commonly used. If it is important for understanding that a reporting organization use an
157 alternative term or define the concept, they are able to do so in their reporting.

158 **b) The availability and scope of an organization's tax strategy**

159 Some respondents suggested that reporting of the organization's tax strategy in full is preferable so
160 the organization should be required to publish the full strategy or an explanation of why it is not
161 available.

162 Some respondents also commented that organizations might have a tax strategy or tax strategies
163 that vary in scope and application, for example, an organization could have both global and local tax
164 strategies. Respondents suggested including the expectations on how an organization is to report on
165 its tax strategy in these scenarios. A number of specific suggestions were made, including specifying a
166 preference for reporting of the global strategy and requiring the reporting of any entities or
167 jurisdictions not covered by the tax strategy.

168 *GSSB response: Disclosure 207-1 (Disclosure XXX-1 in the exposure draft) requires the reporting*
169 *organization to describe its approach to tax. The requirement to report on whether the organization has a*
170 *tax strategy and, if so, a link to this strategy if publicly available, forms part of this description and will be an*
171 *indicator of the organization's approach to tax and tax transparency. Guidance for Disclosure 207-1 prompts*
172 *the organization to provide an abstract or summary of its tax strategy if it is not publicly available. If an*
173 *organization has chosen not to make its tax strategy public this does not limit the requirement for the*
174 *organization to describe its approach to tax.*

175 *The reporting organization might compose its tax strategy/ies differently depending on a range of factors and*
176 *organizational preferences. The guidance has been expanded to clarify how the organization can report in a*
177 *range of scenarios, including if the organization has a tax strategy that applies to a smaller number of*
178 *entities or tax jurisdictions than is covered by the report, or if the organization has tax strategies that apply*
179 *to individual entities or tax jurisdictions as well a more expansive strategy.*

180 **c) Reporting on the approach to regulatory compliance**

181 A few respondents suggested that the guidance for reporting on the approach to regulatory
182 compliance is subjective, while others expressed concern about a reporting organization's ability to
183 reasonably interpret or comment on the intent of regulatory requirements. One respondent
184 mentioned that the guidance seems to suggest that organizations should pay more tax than is
185 required if they believe the legislation does not reflect the intended 'spirit'.

186 A few respondents questioned the need for this requirement and suggested that if reporters provide
187 a link to their tax strategy, this would ensure the reporting of their approach to regulatory
188 compliance.

189 *GSSB response: It is acknowledged that there is a level of subjectivity to concepts such as 'the letter of the*
190 *law' and 'the spirit of the law'. However, organizations commonly make statements about seeking to comply*
191 *with the 'letter of the law' and/or the 'spirit of the law' to describe their approach to tax. The Organisation*
192 *for Economic Co-operation and Development (OECD) Guidelines for Multinational Enterprises also*
193 *use these terms to describe the expectations of organizations in respect to tax.*

194 *The guidance has been revised to focus on the 'intention(s)' of the organization toward regulatory compliance*
195 *and to specify that a reporting organization can use statements it has made in its tax strategy or other*
196 *relevant documents, such as policies, standards, principles, or codes of conduct, to respond to this reporting*

197 requirement. It also directs reporting organizations to the 'Taxation' chapter in the OECD Guidelines,
198 where they can find further guidance on the concepts.

199 **d) The link between the approach to tax and the economic needs of the countries in which**
200 **an organization operates**

201 Many respondents considered the requirement to report on the link between the tax strategy and
202 the broader economic needs of the countries in which an organization is operating, unnecessary and
203 unfeasible. Some respondents suggested that this would require the reporting organization to first
204 determine the broader economic needs of individual countries, which will be challenging and might
205 be inappropriate for an individual organization to determine. One respondent suggested it is unlikely
206 that an organization's approach to tax or tax strategy takes into account the economic situation of
207 all the jurisdictions in which it operates.

208 A few respondents proposed that the words 'and to the broader economic needs of the countries in
209 which the organization operates' be deleted from this requirement, while others requested further
210 clarity to understand this part of the requirement.

211 It is noted that some respondents expressed explicit report for this reporting requirement.

212 *GSSB response:* The words 'and to the broader economic needs of the countries in which the organization
213 operates' have been deleted from the reporting requirement (Disclosure 207-1-a-iv in the final Standard).
214 The reporting organization is still required to report on how its approach to tax is linked to its business and
215 sustainable development strategies.

216 **Disclosure XXX-2 Tax governance, control, and risk management**

217 **a) Reporting on embedding the approach to tax**

218 Some respondents suggested including in the guidance additional examples of initiatives that support
219 adherence with the approach to tax or tax strategy.

220 *GSSB response:* The list of examples that show how the approach to tax is embedded in the organization is
221 not intended to be exhaustive but constitutes illustrative guidance. The list has been revised to better reflect
222 the types of initiatives suggested by respondents, including adding the example of remuneration or incentive
223 schemes for the person(s) responsible for implementing the tax strategy, as this can be a strong indicator of
224 practice being aligned with intention.

225 **b) Reporting on the approach to tax risks**

226 Some respondents suggested including additional examples of how tax risks are identified, managed,
227 and monitored in the guidance.

228 *GSSB response:* The list of examples that show how an organization might identify, manage, and monitor tax
229 risks is not intended to be exhaustive. The guidance has been expanded to confirm that when reporting on
230 the approach to tax risks, the reporting organization can refer to any internal control framework or generally
231 accepted risk management principle that it applies to tax.

232 **Disclosure XXX-3 Stakeholder engagement and management of concerns**
233 **related to tax**

234 **a) Reporting on engaging with tax authorities**

235 Some respondents suggested that further information on specific types of engagement with tax
236 authorities, such as tax rulings, tax disputes, and submissions to government inquiries would fill an
237 existing transparency gap.

238 A few respondents suggested that this information would be easier to understand if reported by
239 jurisdiction. In order to get insight into the organization's approach to certain tax practices, such as
240 entering into advance pricing agreements or participation in cooperative compliance agreements, it is
241 necessary to be able to identify the jurisdictions where the organization has entered into such
242 agreements.

243 *GSSB response: No change has been made to the disclosure (Disclosure 207-3 in the final Standard) or*
244 *related guidance. The guidance lists examples of types of engagement that organizations can consider when*
245 *reporting on their engagement with tax authorities; however, this list is not intended to be exhaustive.*

246 *While reporting on engagement with tax authorities in individual tax jurisdictions might provide insights*
247 *relevant to those tax jurisdictions, the value of this information is not considered to adequately justify the*
248 *additional reporting.*

249 **b) Reporting further detail on the approach to public policy advocacy**

250 Some respondents suggested additional guidance to encourage more thorough reporting on the
251 extent to which a reporting organization uses advocacy to influence public policy on tax. Suggestions
252 included adding the following examples of public policy advocacy to the guidance:

- 253 • Membership in representative associations or financial support to any industry bodies that
254 participate in lobbying for reducing tax accountability or promoting aggressive tax planning;
- 255 • Whether and how the organization reviews the alignment of its own approach to the policy
256 positions of the representative associations of which it is a member of, and the steps it takes
257 to distance itself and ensure a responsible approach to tax;
- 258 • More information on what constitutes 'lobbying activities';
- 259 • Monetary value spent on lobbying activities; and
- 260 • A list of political donations.

261 Two stakeholders requested that the term 'lobbying' be elevated from guidance to a reporting
262 requirement or recommendation in order to reflect the importance of reporting on tax-related
263 lobbying activities.

264 *GSSB response: No change has been made to the reporting requirement. Public policy advocacy is a term*
265 *that encompasses a range of activities, including lobbying. The guidance has been expanded to include*
266 *additional examples to show how an organization may report in more detail on its relationship with any*
267 *representative associations or committees that participate in public policy advocacy on tax.*

268 *GRI 415: Public Policy 2016 addresses the topic of public policy generally, including organizations'*
269 *participation in the development of public policy through activities such as lobbying and making financial or*
270 *in-kind contributions to political parties, politicians, or causes.*

271 *For organizations that have identified public policy as a material topic, GRI 415 requires reporting on the*
272 *total monetary value of financial and in-kind political contributions made directly and indirectly by the*
273 *organization. It is considered that there is no viable way to reasonably identify which part of these political*
274 *donations is attributable to tax.*

275 **c) Reporting on the process for collecting and considering the views and concerns of** 276 **stakeholders**

277 Many respondents requested that the disclosure (Disclosure XXX-3-iii in the exposure draft) be
278 expanded to include all stakeholders by deleting the word 'external', as information on engagement
279 with internal stakeholders, such as workers, is also relevant.

280 Other respondents were divided on the relevance of this reporting requirement. A few mentioned
281 that the information was not of value, with a few respondents suggesting that it be deleted or made
282 a recommendation. Other respondents suggested the reporting of further detail, such as a list of
283 stakeholders engaged and the issues raised, be encouraged through the guidance.

284 *GSSB response:* Stakeholders have the potential to be impacted and to impact on the expectations of
285 organizations' tax practices. Having a process by which various stakeholders can engage with the
286 organization on its tax practices is an indicator of responsible and transparent tax practice.

287 The reporting requirement (Disclosure 207-3-iii in the final draft) has been maintained and expanded to
288 cover all stakeholders. The clause 'including external stakeholders' has been added to the disclosure to
289 highlight that reporting on the processes for collecting the considering the views and concerns of external
290 stakeholders is required.

291 The guidance has also been expanded to provide further direction on how the reporting organization can
292 provide additional information on their stakeholder engagement process and its outcome.

293 Topic-specific disclosures

294 a) Structure of the topic-specific disclosures

295 Participants at stakeholder events raised concerns that the expectation listed in the exposure draft
296 to report both topic-specific disclosures (XXX-4 and XXX-5) was confusing and may not be
297 adhered to by reporting organizations that report with the 'in accordance: core option'. A few
298 stakeholders suggested merging the two disclosures in order to avoid any misunderstanding.

299 *GSSB response:* The topic-specific disclosures (Disclosures XXX-4 and XXX-5 in the exposure draft) have
300 been combined into a single topic-specific disclosure, titled 'country-by-country reporting' (Disclosure 207-4 in
301 the final Standard) in order to remove the exception to the 'in accordance: core option' criteria.

302 b) Alignment with OECD (BEPS Action 13) country-by-country reporting requirements

303 Many respondents noted an apparent alignment between the topic-specific disclosures (XXX-4 and
304 XXX-5) in the Standard and the Organisation for Economic Co-operation and Development
305 (OECD) country-by-country reporting requirements (as set out in OECD BEPS, *Transfer Pricing
306 Documentation and Country-by-Country Reporting, Action 13 - 2015 Final Report*). They considered that
307 the alignment between the two frameworks reinforced the value and feasibility of the country-by-
308 country reporting proposed in the Standard.

309 In contrast, many other respondents mentioned that there are some inconsistencies between OECD
310 BEPS and the Standard. Most of these respondents noted that reporting on transfer pricing was
311 excluded from the Standard and suggested that this be added. A few respondents also identified
312 differences between the detail of individual reporting requirements compared to OECD BEPS and
313 suggested this could present challenges for reporting organizations.

314 The concept of harmonization and alignment was also raised during stakeholder engagement events.
315 Two respondents suggested that definitional inconsistencies could be resolved by allowing more
316 flexibility in the definitions or compilation requirements. A few respondents suggested that an
317 organization should be able to publish their OECD BEPS country-by-country reports in response to
318 the Standard.

319 *GSSB response:* It is acknowledged that aligning with other reporting may reduce the level of effort and cost
320 associated with public country-by-country reporting. All the differences between GRI 207 and OECD BEPS
321 have been reviewed in this context. Some differences between the requirements set out in the final Standard
322 (GRI 207) and the requirements in OECD BEPS have been retained. Where a difference is retained, it is on

323 the basis that the requirement is considered to more clearly provide insight into the organization's scale of
324 activity and its tax practices for a variety of stakeholders.

325 For example, GRI 207 requires the reporting of consolidated revenue figures rather than the aggregated
326 figure required by OECD BEPS. An organization's revenues often comprise revenues generated from
327 transactions with third, or unrelated, parties, and revenues generated from transactions with other entities
328 within the organization, or related parties. GRI 207 does not require the organization to report transactions
329 between entities, or related parties, within the same tax jurisdiction as these transactions do not affect the
330 tax base of the organization. Consolidated revenues are considered a more appropriate indicator in the
331 context of tax reporting than aggregated revenues, which face the risk of local revenues being double-
332 counted and creating a misleading impression about the organization's scale of activities in a jurisdiction.

333 This same rationale is also applied to profit/loss before tax and tangible assets other than cash and cash
334 equivalents, though for these two requirements, consolidation is suggested in the guidance but is not
335 mandated. A number of other differences between the two frameworks are discussed in this basis for
336 conclusions under relevant sections.

337 In response to the comment on transfer pricing, it is acknowledged that as part of an organization's OECD
338 BEPS reporting to the tax authority/ies, it will submit a transfer pricing analysis related to transactions
339 between an entity and associated entities in different countries. However, this information is extensive and
340 complex, and is considered infeasible and impractical to report. Based on these considerations, reporting on
341 transfer pricing has not been included as a requirement in GRI 207.

342 Disclosure XXX-4 Entities and activities by tax jurisdiction

343 a) Clarifying the term 'tax jurisdiction'

344 One respondent, along with an attendee at a stakeholder event, advised that the use of the term 'tax
345 jurisdiction' and the corresponding definition should be reconsidered as it could lead to incomplete
346 reporting. They suggested that appending 'tax' to jurisdiction could inadvertently lead to the
347 exclusion of relevant jurisdictions, by either giving the impression that jurisdictions that do not
348 require the payment of tax do not fall within the scope of this disclosure or that it is only necessary
349 to report on jurisdictions where an organization makes material tax payments.

350 In addition, a few respondents suggested that the definition did not make it sufficiently clear at which
351 jurisdictional level information has to be reported (i.e., at the country or federal level, or a more
352 local level).

353 *GSSB response:* The definition of 'tax jurisdiction' has been revised to clarify that for the purposes of this
354 Standard, a tax jurisdiction is at the country level (i.e., a country, or a territory with autonomous taxing
355 powers similar to a country). A note has also been added to the definition to clarify that where a tax
356 jurisdiction chooses not to impose corporate income tax, it still falls within the definition of tax jurisdiction
357 and, as such, needs to be reported under Disclosure 207-4.

358 b) Clarifying the term 'entity'

359 A few respondents suggested that the definition of 'entity' should include a reference to the
360 'permanent establishment of a business unit', in order to ensure that the reporting organization also
361 accounts for profits attributed to a permanent establishment in a tax jurisdiction.

362 *GSSB response:* Introducing a tax-related definition for the term 'entity' would have implications for the use of
363 the word in other places in the GRI Standards. As a consequence, the definition of 'entity' has been deleted
364 from the glossary and the guidance has been expanded to specify that entities include permanent
365 establishments.

366 **c) Reporting the names of resident entities**

367 Some respondents suggested that the definition of principal entities could cause confusion, with a
368 number of possible interpretations. A few respondents pointed out that if the share of turnover
369 contributed by entities fluctuates, the list of principle entities might not be comparable year-on-year.
370 It was suggested that a list of all entities would instead be more informative without increasing cost
371 or effort associated with reporting.

372 *GSSB Response:* It is noted that Disclosure 102-45 in GRI 102: General Disclosures 2016, already
373 requires a list of all entities included in the organization's consolidated financial statements or equivalent
374 documents. The listing of all constituent entities resident in tax jurisdictions is also required by some other
375 existing reporting requirements, for example OECD BEPS country-by-country reporting. Given this, the
376 requirement to report the 'principal entities' (along with the requirement to report the number of entities in a
377 jurisdiction) has been replaced with a requirement to report the names of the resident entities by jurisdiction
378 (Disclosure 207-4-b-i in the final Standard). The definition of 'principle entities' has consequently been
379 deleted from the glossary.

380 **d) Additional reporting on number of workers**

381 Approximately half of the respondents suggested expanding Disclosure XXX-4 (combined into
382 Disclosure 207-4 in the final Standard) to require reporting on the number of workers in addition to
383 employees. Respondents suggested that, as organizations might employ more workers indirectly
384 through contractors than direct employees, the number of workers is a more accurate indicator of
385 economic activity.

386 Some respondents also suggested that the definition of 'worker' be amended to list the explicit types
387 of arrangements it includes.

388 In addition, a few respondents suggested that organizations be required to report the number of
389 employees in full-time equivalents to ensure comparability.

390 *GSSB response:* It is acknowledged that there might be situations where reporting the number of workers in
391 a tax jurisdiction could be a better indicator of an organization's scale of activity than the number of
392 employees. However, this will not always be the case and requiring all organizations to report both
393 employees and workers is not considered essential. The guidance explains that an organization can report
394 the number of workers performing the organization's activities, if this helps explain the organization's scale of
395 activity.

396 The guidance specifies that the reporting organization may use an appropriate calculation to determine
397 employee numbers, and correspondingly, the requirement has been expanded to include reporting on the
398 basis of calculation of the number. The guidance also highlights the importance of consistent reporting across
399 jurisdictions and time periods.

400 The definition of 'worker' has not been revised as it is part of the existing GRI Standards Glossary and is not
401 unique to tax reporting.

402 **Disclosure XXX-5 Country-by-country reporting**

403 **a) Calculating profit**

404 A few respondents highlighted that it is unclear if profit/loss before tax is to be reported on the
405 same basis as revenues; a different basis (i.e., aggregation) could result in overinflation of the figure
406 and reduce the meaningfulness of the information.

407 *GSSB response:* The guidance for profit/loss before tax has been revised – the word 'sum' has been replaced
408 by 'consolidated' to clarify that profit/loss before tax is to be calculated on a consolidated basis.

409 Note: this change has also been carried through to the guidance on tangible assets other than cash and cash
410 equivalents (Disclosure 207-4-vii in the final Standard).

411 **b) Reconciling with consolidated financial statements**

412 A few respondents endorsed the requirement for a reporting organization to report information
413 from the 'audited financial statements or information filed on public record', and suggested it
414 provides assurance to report readers that the information disclosed reflects an organization's
415 position in their published financial statements. However, one respondent pointed out that this
416 clause introduces an additional expectation over and above existing non-public country-by-country
417 reporting, such as the OECD BEPS, which allows organizations to choose their preferred source of
418 data. A few respondents also requested further clarity on the clause, including the set of accounts
419 that it refers to (i.e., group audited accounts or the local entity statutory accounts).

420 GSSB response: It is acknowledged that the requirement to reconcile the data reported for revenues
421 from third-party sales, profit/loss before tax, tangible assets other than cash and cash equivalents,
422 and corporate income tax paid on a cash basis with the data stated in its audited consolidated
423 financial statements, or the financial information filed on public record (as per clause 2.2.1 in the
424 final Standard) introduces a new expectation not specified in OECD BEPS (which allows the use of a
425 range of data sources). However, the organization's audited consolidated financial statements (or
426 other financial information filed on public record) is an existing publicly available source of this
427 information. Given this, the requirement for reconciling or providing an explanation for the
428 difference is considered to increase confidence in, and understanding of, the financial information
429 being reported by the organization on a country-by-country basis.

430 The following revisions have been made to the clause (clause 1.4.2 in the exposure draft, clause
431 2.2.1 in the final Standard) to improve clarity:

- 432 • The term 'audited financial statements' has been replaced with 'audited consolidated
433 financial statements' to more clearly specify that the clause refers to the financial
434 statements of the group, and not the local statutory accounts;
- 435 • The words 'use the data stated in' have been replaced with 'reconcile the data reported...
436 with', to mitigate any misunderstanding that there is an expectation that the information for
437 individual tax jurisdictions is listed in the audited consolidated financial statements; and
- 438 • Guidance has been added for this clause, which explains that the data is said to reconcile
439 when the sum of this data for all tax jurisdictions equals the amount reported in the
440 organization's audited consolidated financial statements or in the financial information filed
441 on public record.

442 **c) Use the term 'corporate income tax'**

443 One respondent suggested replacing the term 'corporate tax' with 'corporate income tax'
444 throughout the Standard to ensure corporate taxes other than income taxes are not included.

445 GSSB response: 'Corporate tax' has been replaced with the term 'corporate income tax' throughout
446 the Standard.

447 **d) Reporting withholding tax separately from corporate income tax paid**

448 A few respondents indicated different preferences for reporting withholding taxes. One respondent
449 suggested that withholding taxes should be reported separately from the corporate income tax paid
450 to allow for a clear distinction in types of tax paid in different jurisdictions. Two other respondents
451 suggested that this should be aligned with OECD BEPS, which requires withholding tax to be
452 included in corporate income tax paid (on a cash basis). Another respondent suggested that all taxes
453 paid to a tax jurisdiction should be reported for that jurisdiction, whether or not the entity which
454 has made the payment is tax resident in that jurisdiction.

455 *GSSB response:* The reporting requirement and guidance included in the exposure draft (Disclosure XXX-5-
456 d), specified that when reporting corporate income tax paid on a cash basis for a tax jurisdiction, the
457 organization can calculate the total actual corporate income tax paid by all resident entities in the tax
458 jurisdiction, including cash taxes paid by entities to the jurisdiction of residence and to all other jurisdictions.
459 This is aligned with guidance provided in OECD BEPS.

460 For some sectors, it can be particularly relevant to report the jurisdiction where the tax is paid, regardless of
461 where an entity is tax resident. To account for this, the guidance for corporate income tax paid on a cash
462 basis (Disclosure 207-4-b-viii in the final Standard) has been expanded to clarify that if taxes are incurred in
463 tax jurisdictions where an entity is not resident, the organization can report the amount of tax paid to
464 the other tax jurisdictions separately and also identify the jurisdictions where the tax was paid.

465 **e) Reporting the reasons for the difference between corporate income tax accrued on**
466 **profit/loss and the tax due if the statutory tax rate is applied**

467 A few respondents suggested that preparing corporate tax reconciliations for all tax jurisdictions
468 could be a considerable burden for reporting organizations. One respondent suggested giving further
469 consideration to whether this disclosure appropriately balances the usefulness of the information for
470 stakeholders, with compliance costs. Another respondent suggested either making this a
471 recommendation or limiting the requirement to jurisdictions in which the profits of the organization
472 are considered material.

473 *GSSB response:* It is noted that there appears to be some confusion about whether a reporting organization
474 is required to report a quantitative corporate tax reconciliation or a narrative description of the reasons for
475 the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate
476 is applied to profit/loss before tax.

477 The Standard only requires a narrative explanation, which is considered to be a good balance between
478 information that is of key value to a variety of stakeholders and the effort and costs associated with reporting
479 the information.

480 To further clarify that the requirement is a narrative description, a number of small wording changes have
481 been made to the guidance.

482 **f) Value of reporting on significant tax incentives**

483 Respondents were divided on the value of reporting on significant tax incentives (Disclosure XXX-5-
484 g in the exposure draft). Some respondents supported reporting on the use of tax incentives, while
485 others expressed concern about the value and feasibility of this reporting requirement. Some
486 respondents made a range of suggestions about expanding or narrowing the scope of the
487 requirement; others suggested that both the terms 'tax incentive' and 'significant' needed further
488 definition.

489 One respondent felt that a country-level tax reconciliation is already likely to include any tax
490 incentives that have an impact on the effective tax rate, making this additional requirement
491 unnecessary.

492 *GSSB response: The requirement to report significant tax incentives has been deleted from the disclosure*
493 *(Disclosure 207-4 in the final Standard). Where a tax incentive is significant, it will likely be reported as a*
494 *reason for the difference between corporate income tax accrued on profit/loss and the tax due if the*
495 *statutory tax rate is applied to profit/loss before tax. Correspondingly, the guidance for this requirement has*
496 *been incorporated into the guidance for reporting on the difference between corporate income tax accrued*
497 *on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax (Disclosure 207-4-b-*
498 *x in the final Standard).*

500 *1. Overview of questionnaire*

Number	Question
Question 1	Are any of the management approach disclosures in GRI XXX: Tax and Payments to Governments not understandable and/or feasible? If so, why, and, what, if any, wording revisions or guidance would you suggest?
Question 2.	With respect to reporting requirements in the management approach disclosures in GRI XXX: Tax and Payments to Governments, are all of them critical to describing the management approach on tax and payments to governments. If not, which requirements are not critical?
Question 3.	Are any of the topic-specific disclosures in GRI XXX: Tax and Payments to Governments not understandable and/or feasible? If so, why, and, what, if any, wording revisions or guidance would you suggest?
Question 4A	Do you have any comments on the definitions included in the glossary of GRI XXX: Tax and Payments to Governments (line numbers 588 - 625)?
Question 4B.	Are there any additional terms in the draft Standard that need to be defined?
Question 5.	Are there additional references, other than those listed in GRI XXX: Tax and Payments to Governments (line numbers 626 - 635), that could be useful in understanding and applying the Standard?
Question 6A.	Are there any disclosures in GRI XXX: Tax and Payments to Governments that are not critical to understanding an organization's tax practices?
Question 6B.	Are there any critical disclosures missing from GRI XXX: Tax and Payments to Governments that are necessary to understanding an organization's tax practices?
Question 7.	If you are a reporting organization, do you believe the draft Standard as it is presented in this form and/or the topic of tax and payments to governments, would be material for your organization?
Question 8A.	If you represent an organization that is currently reporting publicly on tax and payments to governments, how do the disclosures in GRI XXX: Tax and Payments to Governments compare to what you are currently reporting?
Question 8B	Is your organization subject to any existing public reporting requirements on tax and payments to governments? If so, which one/s?
Question 9	Do you have any other comments or suggestions related to this draft Standard?

502 **2. Overview of respondents**

503 The table below provides an overview of the public comment respondents.

Representation	Name	Country	Region	Stakeholder constituency ⁴
Organizational	Accountancy Europe	Belgium	Europe	Other
Organizational	ACFO-ACAF	Canada	Northern America	Labor
Organizational	ActionAid International	N/A	Africa	Civil Society Organization
Organizational	Æquo Shareholder engagement services	Canada	Northern America	Investment Institution
Organizational	AG Sustentable and it's Community	Argentina	Latin America	Mediating Institution
Organizational	American Federation of Labor and Congress of Industrial Organizations (AFL-CIO)	United States of America	Northern America	Investment Institution
	American Federation of State, County and Municipal Employees (AFSCME)			
	CtW Investment Group			
	Boston Common Asset Management			
	Decatur Capital Management, Inc.			
	Domini Impact Investments			
	First Affirmative Financial Network			
	Friends Fiduciary Corporation			
	Harrington Investments Inc.			
	Interfaith Center on Corporate Responsibility			
	International Brotherhood of Teamsters			
	JLens Investor Network			
	Maryknoll Fathers and Brothers Miller/Howard Investment, Inc.			
	Missionary Oblates Justice			
	Peace and Integrity of Creation Office Natural Investments			
	The New York State Common Retirement Fund			

⁴ Stakeholder constituencies marked by * have been reclassified by the Standards Division following a review of the organization's description.

	Scherman Foundation Seventh Generation Interfaith Sisters of Charity of Saint Elizabeth Sisters of St. Dominic of Caldwell New Jersey Sisters of St. Francis of Philadelphia Stewart Mott Foundation Tri-State Coalition for Responsible Investment UAW Retiree Medical Benefits Trust Wallace Global Fund Zevin Asset Management			
Organizational	Anglo American Plc	United Kingdom of Great Britain and Northern Ireland	Europe	Business Enterprise
Organizational	Australasian Centre for Corporate Responsibility (ACCR)	Australia	Oceania	Civil Society Organization
Organizational	Australian Council of Superannuation Investors (ACSI)	Australia	Oceania	Investment Institution
Organizational	Australian Shareholders' Association	Australia	Oceania	Investment Institution*
Organizational	AustralianSuper	Australia	Oceania	Investment Institution
Organizational	Barloworld	South Africa	Africa	Business Enterprise
Organizational	BASF SE	Germany	Europe	Business Enterprise
Organizational	BEPS Monitoring Group	N/A	Europe	Civil Society Organization
Organizational	Canadians for Tax Fairness	Canada	Northern America	Civil Society Organization
Organizational	CCOO (Federación de Servicios)	Spain	Europe	Labor
Organizational	CCOO FP	Spain	Europe	Investment Institution*
Organizational	CCOO INDUSTRIA	Spain	Europe	Investment Institution*
Organizational	Centre for International Corporate Tax Accountability & Research (CICTAR)	Australia	Oceania	Civil Society Organization
Organizational	Cheshire Pension Fund	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution*
Organizational	Church Commissioners for England	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	CLP Holdings Limited	Hong Kong	Asia	Business Enterprise
Organizational	Combustech	Brazil	Latin America	Mediating Institution
Organizational	CPA Australia	Australia	Oceania	Mediating Institution
Organizational	Danish Institute for Human Rights	Denmark	Europe	Other
Organizational	Diakonia	Sweden	Europe	Civil Society Organization
Organizational	Etica Sgr	Italy	Europe	Investment Institution
Organizational	Eumedion	Netherlands	Europe	Investment Institution*
Organizational	European Network on Debt and Development (Eurodad)	Belgium	Europe	Civil Society Organization

Organisational	EuropeanIssuers	15 European countries	Europe	Business Enterprise*
Organizational	Financial Accountability and Corporate Transparency Coalition	United States of America	Northern America	Civil Society Organization
Organizational	Financial Transparency Coalition	United States of America	Northern America	Civil Society Organization
Organizational	FNV	Netherlands	Europe	Labor
Organizational	Fondo de Pensiones de Empleados de Telefónica	Spain	Europe	Investment Institution*
Organizational	Hermes EOS	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	IndustriALL Global Union	Switzerland	Europe	Labor
Personal	Professor Richard Eccleston, Mr Lachlan Johnson Associate, Professor Fred Gale, Dr Hannah Gregory Murphy (Institute for the Study of Social Change, The University of Tasmania)	Australia	Oceania	Other
Organizational	International Council on Mining and Metals	United Kingdom of Great Britain and Northern Ireland	Europe	Business Enterprise
Organizational	International Transport Workers' Federation	United Kingdom of Great Britain and Northern Ireland	Europe	Labor
Organizational	International Union of Food, Agricultural, Hotel, Restaurant, Catering, Tobacco and Allied Workers' Associations (IUF)	Switzerland	Europe	Labor
Organizational	Ircantec	France	Europe	Investment Institution
Organizational	Legal & General Investment Management	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	LGPS Central Limited	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	Lincolnshire Pension Fund	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution*
Organizational	"Local Authority Pension Fund Forum (LAPFF) *this submission was also seperately endorsed by Cumbria LGPS"	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution*
Organizational	LOGIBERIA TRANS S.A	Spain	Europe	Business Enterprise
Organizational	LUCRF Super	Australia	Oceania	Investment Institution

Organizational	Natural Resource Governance Institute	United States of America	Northern America	Civil Society Organization
Organizational	Norges Bank Investment Management	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	NYC Comptroller on behalf of: New York City Employees' Retirement System Teachers Retirement System of the City of New York	United States of America	Northern America	Investment Institution
Personal	Senator Sheldon Whitehouse, Congressman Lloyd Doggett, Senator Chris Van Hollen, Congressman Mark Pocan"	United States of America	Northern America	Other
Organizational	Oxfam	United States of America	Northern America	Civil Society Organization
Organizational	PBU - Pædagogernes Pension (Pension Fund of Early Childhood and Youth Educators)	Denmark	Europe	Investment Institution
Organizational	PenSam	Denmark	Europe	Investment Institution
Organizational	Pensions Caixa 2 Pension Fund	Spain	Europe	Investment Institution*
Personal	Elise J. Bean	United States of America	Northern America	Civil Society Organization
Organizational	PFA	Denmark	Europe	Investment Institution
Organizational	PKA	Denmark	Europe	Investment Institution
Organizational	PricewaterhouseCoopers Network of Firms (PwC)	United Kingdom of Great Britain and Northern Ireland	Europe	Other
Organizational	Public Services International (PSI)	France, 163 countries w/ PSI affiliates	Europe	Labor*
Organizational	Public Services International Research Unit (PSIRU) at the Centre for Research on Work and Employment (CREW) at the University of Greenwich, London	United Kingdom of Great Britain and Northern Ireland	Europe	Other
Organizational	Publish What You Pay Global Council	Zambia	Africa	Civil Society Organization
Organizational	Publish What You Pay Norway	Norway	Europe	Civil Society Organization
Organizational	Rathbone Greenbank Investments	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	Repsol II, Fondo de Pensiones	Spain	Europe	Investment Institution*
Organizational	Rio Tinto	UK/Australia	Oceania	Business Enterprise
Organizational	Schroders	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution*

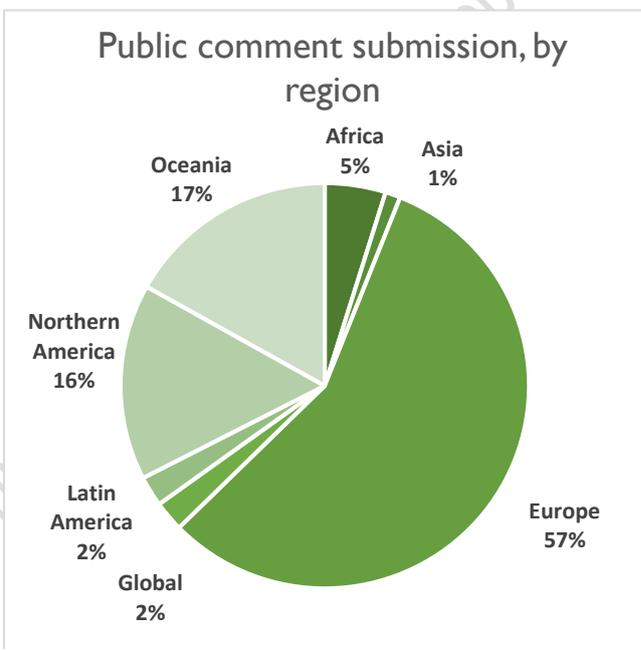
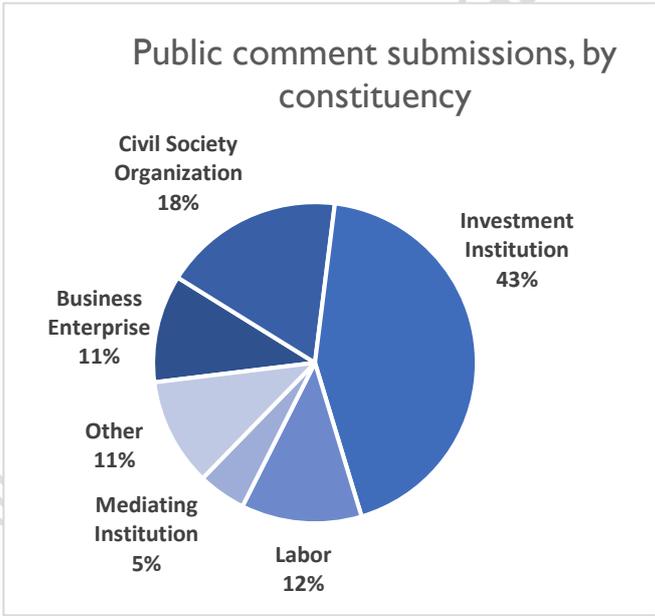
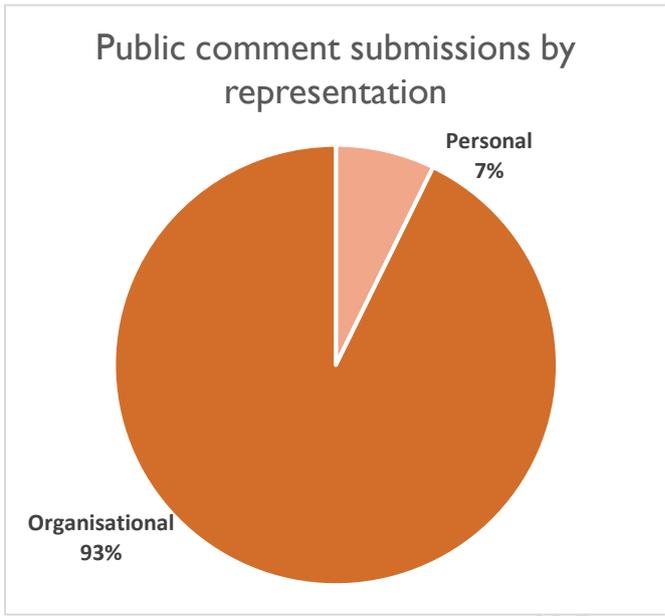
Organizational	Service Employees International Union	United States of America	Northern America	Labor
Organizational	Shareholder Association for Research and Education	Canada	Northern America	Investment Institution*
Organizational	South African Democratic Teachers' Union (SADTU)	South Africa	Africa	Labor
on behalf of the GRI Stakeholder Council	Stakeholder Council Members	N/A	Africa Asia Europe Latin America Northern America"	Other ⁵
Personal	Prof. Dr. Karina Sopp, Josef Baumüller (Technische Universität Bergakademie Freiberg Vienna University of Economics and Business)	Germany / Austria	Europe	Mediating Institution
Organizational	The B Team			Business Enterprise
Organizational	The Independent Commission for the Reform of International Corporate Taxation	United Kingdom of Great Britain and Northern Ireland	Europe	Civil Society Organization
Organizational	TWU Superannuation Fund	Australia	Oceania	Investment Institution*
Organizational	Tyne and Wear Pension Fund	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution
Organizational	"UCA Funds Management (to be known as U Ethical from mid April, 2019)"	Australia	Oceania	Investment Institution
Organizational	UNISON Staff Pension Scheme	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution*
Organizational	Unite Pension Scheme	United Kingdom of Great Britain and Northern Ireland	Europe	Investment Institution*
Organizational	United Voice	Australia	Oceania	Labor
Organizational	Vision Super	Australia	Oceania	Investment Institution
Personal	Troy Carter	Australia	Oceania	Other
Personal	Eva Joly (MEP)	France	Europe	Other

504

⁵ The Stakeholder Council Members represent all stakeholder constituencies. For the purposes of this report they have been classified as 'other'.

505 *3. Public comment submissions by*
 506 *representation, stakeholder constituency, and*
 507 *region*

508 Breakdown of the submissions by representation, constituency group and region:



4. List of stakeholder workshops and webinars

Location	Date	Number of participants
Virtual webinars	22 & 23 January 2019	93
Virtual webinars (investors only) ⁶	28 January 2019 13 February 2019	34
Brussels	31 January 2019	51
London and Boston ⁷	7 February 2019	17
Amsterdam	21 February 2019	12
Phoenix ⁸	27 February 2019	10
Johannesburg	5 March 2019	29
Total		246

⁶ Includes two webinars hosted by GRI and one by a third party.

⁷ This event was hosted simultaneously across the two locations using conferencing facilities.

⁸ This was a drop-in engagement opportunity held as part of a third-party conference and was not delivered in the form of a workshop.