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(Original Signature of Member)

117TH CONGRESS
1ST SESSION

H. R. 3007

To amend the Securities Act of 1934 to require country-by-country reporting.

IN THE HOUSE OF REPRESENTATIVES

Mrs. AXNE introduced the following bill; which was referred to the Committee
on _____

A BILL

To amend the Securities Act of 1934 to require country-
by-country reporting.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Disclosure of Tax Ha-
5 vens and Offshoring Act”.

6 **SEC. 2. COUNTRY-BY-COUNTRY REPORTING.**

7 (a) COUNTRY-BY-COUNTRY REPORTING.—Section 13
8 of the Securities Exchange Act of 1934 (15 U.S.C. 78m)

1 is amended by adding at the end the following new sub-
2 section:

3 “(s) DISCLOSURE OF FINANCIAL PERFORMANCE ON
4 A COUNTRY-BY-COUNTRY BASIS.—

5 “(1) DEFINITIONS.—In this subsection—

6 “(A) the term ‘constituent entity’ means,
7 with respect to a covered issuer, any separate
8 business entity of the covered issuer;

9 “(B) the term ‘covered issuer’ means an
10 issuer who—

11 “(i) is a member of a multinational
12 enterprise group; and

13 “(ii) the multinational enterprise
14 group of which the issuer is a member has
15 annual revenue for the preceding calendar
16 year of not less than an amount deter-
17 mined by the Commission to conform to
18 United States or international standards
19 for country-by-country reporting; and

20 “(C) the term ‘tax jurisdiction’—

21 “(i) means a country or a jurisdiction
22 that is not a country but that has fiscal
23 autonomy; and

1 “(ii) includes a territory or possession
2 of the United States that has fiscal auton-
3 omy.

4 “(2) DISCLOSURE.—

5 “(A) IN GENERAL.—Each covered issuer
6 shall file a report with the Commission that in-
7 cludes information described in subparagraph
8 (B), and any other information required by the
9 Commission, with respect to the reporting pe-
10 riod described in subparagraph (C).

11 “(B) INFORMATION REQUIRED.—The in-
12 formation described in this subparagraph is as
13 follows:

14 “(i) CONSTITUENT ENTITY INFORMA-
15 TION.—Information on the constituent en-
16 tity, including the following:

17 “(I) The complete legal name of
18 the constituent entity.

19 “(II) The tax jurisdiction, if any,
20 in which the constituent entity is resi-
21 dent for tax purposes.

22 “(III) The tax jurisdiction in
23 which the constituent entity is orga-
24 nized or incorporated (if different
25 from the tax jurisdiction of residence).

1 “(IV) The tax identification num-
2 ber, if any, used for the constituent
3 entity by the tax administration of the
4 constituent entity’s tax jurisdiction of
5 residence.

6 “(V) The main business activity
7 or activities of the constituent entity.

8 “(ii) TAX JURISDICTION.—Informa-
9 tion on each tax jurisdiction in which one
10 or more constituent entities is resident,
11 presented as an aggregated or consolidated
12 form of the information for the constituent
13 entities resident in each tax jurisdiction,
14 including the following:

15 “(I) Revenues generated from
16 transactions with other constituent
17 entities.

18 “(II) Revenues not generated
19 from transactions with other con-
20 stituent entities.

21 “(III) Profit or loss before in-
22 come tax.

23 “(IV) Total income tax paid on a
24 cash basis to all tax jurisdictions.

1 “(V) Total accrued tax expense
2 recorded on taxable profits or losses.

3 “(VI) Stated capital.

4 “(VII) Total accumulated earn-
5 ings.

6 “(VIII) Total number of employ-
7 ees on a full-time equivalent basis.

8 “(IX) Net book value of tangible
9 assets, which, for purposes of this sec-
10 tion, does not include cash or cash
11 equivalents, intangibles, or financial
12 assets.

13 “(iii) SPECIAL RULES.—The informa-
14 tion listed in clause (ii) shall be provided,
15 in aggregated or consolidated form, for any
16 constituent entity or entities that have no
17 tax jurisdiction of residence. In addition, if
18 a constituent entity is an owner of a con-
19 stituent entity that does not have a juris-
20 diction of tax residence, then the owner’s
21 share of such entity’s revenues and profits
22 will be aggregated or consolidated with the
23 information for the owner’s tax jurisdiction
24 of residence.

1 “(C) REPORTING PERIOD.—The reporting
2 period covered by this paragraph is the period
3 of the covered entity’s applicable financial state-
4 ment prepared for the 12-month period that
5 ends with or within the taxable year of the cov-
6 ered issuer. If the covered issuer does not pre-
7 pare an annual applicable financial statement,
8 then the reporting period covered by this para-
9 graph is the 12-month period that ends on the
10 last day of the taxable year of the covered
11 issuer.

12 “(D) FILING DEADLINE.—Each covered
13 issuer shall submit to the Commission a report
14 required under this section on or before the due
15 date (including extensions) for filing that cov-
16 ered issuer’s tax return in the tax jurisdiction
17 in which the covered issuer’s multinational en-
18 terprise group is resident.

19 “(E) REGULATION.—The Commission
20 shall promulgate regulations carrying out this
21 section that conform to United States or inter-
22 national standards for country-by-country re-
23 porting, including regulations promulgated by
24 the Internal Revenue Service.”.

25 (b) RULEMAKING.—

1 (1) DEADLINES.—The Securities and Exchange
2 Commission (in this section referred to as the “Com-
3 mission”) shall—

4 (A) not later than 270 days after the date
5 of enactment of this Act, issue a proposed rule
6 to carry out this section and the amendment
7 made by this section; and

8 (B) not later than 1 year after the date of
9 enactment of this Act, issue a final rule to
10 carry out this section and the amendment made
11 by this section.

12 (2) DATA FORMAT.—The information required
13 to be provided by this section shall be provided by
14 the issuer in a report in a machine readable format
15 prescribed by the Commission, and such report shall
16 be made available to the public online, in such ma-
17 chine readable format as the Commission shall pre-
18 scribe.

19 (3) EFFECTIVE DATE.—Subsection (s) of sec-
20 tion 13 of the Securities Exchange Act of 1934, as
21 added by this section, shall become effective 1 year
22 after the date on which the Commission issues a
23 final rule under this section.