

118TH CONGRESS
1ST SESSION

S. _____

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

IN THE SENATE OF THE UNITED STATES

Mr. VAN HOLLEN introduced the following bill; which was read twice and 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)

9 is amended by adding at the end the following:

10 “(t) DISCLOSURE OF FINANCIAL PERFORMANCE ON

11 A COUNTRY-BY-COUNTRY BASIS.—

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

2 “(A) the term ‘constituent entity’ means,
3 with respect to a covered issuer, any separate
4 business entity of the covered issuer;

5 “(B) the term ‘covered issuer’ means an
6 issuer that is a member of a multinational en-
7 terprise group that has annual revenue for the
8 preceding calendar year of not less than an
9 amount determined by the Commission to con-
10 form to United States or international stand-
11 ards for country-by-country reporting; and

12 “(C) the term ‘tax jurisdiction’—

13 “(i) means a jurisdiction that—

14 “(I) is not a country; and

15 “(II) has fiscal autonomy; and

16 “(ii) includes a territory or possession
17 of the United States that has fiscal auton-
18 omy.

19 “(2) DISCLOSURE.—

20 “(A) IN GENERAL.—Each covered issuer
21 shall submit to the Commission a report that
22 includes information described in subparagraph
23 (B), and any other information required by the
24 Commission, with respect to the reporting pe-
25 riod described in subparagraph (C).

1 “(B) INFORMATION REQUIRED.—The in-
2 formation described in this subparagraph is as
3 follows:

4 “(i) CONSTITUENT ENTITY INFORMA-
5 TION.—Information on the constituent en-
6 tity, including the following:

7 “(I) The complete legal name of
8 the constituent entity.

9 “(II) The tax jurisdiction, if any,
10 in which the constituent entity is resi-
11 dent for tax purposes.

12 “(III) The tax jurisdiction in
13 which the constituent entity is orga-
14 nized or incorporated (if different
15 from the tax jurisdiction of residence).

16 “(IV) The tax identification num-
17 ber, if any, used for the constituent
18 entity by the tax administration of the
19 jurisdiction of residence of the con-
20 stituent entity.

21 “(V) The main business activity
22 or activities of the constituent entity.

23 “(ii) TAX JURISDICTION.—Informa-
24 tion on each tax jurisdiction in which 1 or
25 more constituent entities is resident, pre-

1 sented as an aggregated or consolidated
2 form of the information for the constituent
3 entities resident in each tax jurisdiction,
4 including the following:

5 “(I) Revenues generated from
6 transactions with other constituent
7 entities.

8 “(II) Revenues not generated
9 from transactions with other con-
10 stituent entities.

11 “(III) Profit or loss before in-
12 come tax.

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

15 “(V) Total accrued tax expense
16 recorded on taxable profits or losses.

17 “(VI) Stated capital.

18 “(VII) Total accumulated earn-
19 ings.

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

22 “(IX) Net book value of tangible
23 assets, not including cash or cash
24 equivalents, intangibles, or financial
25 assets.

1 “(iii) SPECIAL RULES.—The informa-
2 tion listed in clause (ii) shall be provided,
3 in aggregated or consolidated form, for any
4 constituent entity or entities that have no
5 tax jurisdiction of residence. If a con-
6 stituent entity is an owner of a constituent
7 entity that does not have a jurisdiction of
8 tax residence, then the share of the owner
9 of the revenues and profits of the entity
10 shall be aggregated or consolidated with
11 the information for the tax jurisdiction of
12 residence of the owner.

13 “(C) REPORTING PERIOD.—The reporting
14 period covered by this paragraph is the period
15 of the applicable financial statement of the cov-
16 ered entity prepared for the 12-month period
17 that ends with or within the taxable year of the
18 covered issuer. If the covered issuer does not
19 prepare an annual applicable financial state-
20 ment, the reporting period covered by this para-
21 graph is the 12-month period that ends on the
22 last day of the taxable year of the covered
23 issuer.

24 “(D) FILING DEADLINE.—Each covered
25 issuer shall submit to the Commission a report

1 required under this section on or before the due
2 date (including extensions) for filing the tax re-
3 turn of the covered issuer in the tax jurisdiction
4 in which the multinational enterprise group of
5 the covered issuer is resident.

6 “(E) REGULATIONS.—The Commission
7 shall promulgate regulations carrying out this
8 section that conform to United States or inter-
9 national standards for country-by-country re-
10 porting, including regulations promulgated by
11 the Internal Revenue Service.”.

12 (b) RULEMAKING.—

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

16 (A) not later than 270 days after the date
17 of enactment of this Act, issue a proposed rule
18 to carry out this section and the amendments
19 made by this section; and

20 (B) not later than 1 year after the date of
21 enactment of this Act, issue a final rule to
22 carry out this section and the amendments
23 made by this section.

24 (2) DATA FORMAT.—The information required
25 to be provided under subsection (t) of section 13 of

1 the Securities Exchange Act of 1934, as added by
2 subsection (a) of this section, shall be provided by
3 the issuer in a report in a machine readable format
4 prescribed by the Commission, which shall be made
5 available to the public online, in such machine read-
6 able format as the Commission shall prescribe.

7 (3) EFFECTIVE DATE.—Subsection (t) of sec-
8 tion 13 of the Securities Exchange Act of 1934, as
9 added by subsection (a) of this section, shall take ef-
10 fect on the date that is 1 year after the date on
11 which the Commission issues a final rule under
12 paragraph (1)(B).