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.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Disclosure of Tax Havens and Offshoring Act”.

SEC. 2. COUNTRY-BY-COUNTRY REPORTING.

(a) COUNTRY-BY-COUNTRY REPORTING.—Section 13 of the Securities Exchange Act of 1934 (15 U.S.C. 78m) is amended by adding at the end the following:

“(t) DISCLOSURE OF FINANCIAL PERFORMANCE ON A COUNTRY-BY-COUNTRY BASIS.——
“(1) DEFINITIONS.—In this subsection—

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

“(B) the term ‘covered issuer’ means an issuer that is a member of a multinational enterprise group that has annual revenue for the preceding calendar year of not less than an amount determined by the Commission to conform to United States or international standards for country-by-country reporting; and

“(C) the term ‘tax jurisdiction’—

“(i) means a jurisdiction that—

“(I) is not a country; and

“(II) has fiscal autonomy; and

“(ii) includes a territory or possession of the United States that has fiscal autonomy.

“(2) DISCLOSURE.—

“(A) IN GENERAL.—Each covered issuer shall submit to the Commission a report that includes information described in subparagraph (B), and any other information required by the Commission, with respect to the reporting period described in subparagraph (C).
“(B) Information required.—The information described in this subparagraph is as follows:

“(i) Constituent entity information.—Information on the constituent entity, including the following:

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

“(II) The tax jurisdiction, if any, in which the constituent entity is resident for tax purposes.

“(III) The tax jurisdiction in which the constituent entity is organized or incorporated (if different from the tax jurisdiction of residence).

“(IV) The tax identification number, if any, used for the constituent entity by the tax administration of the jurisdiction of residence of the constituent entity.

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

“(ii) Tax jurisdiction.—Information on each tax jurisdiction in which 1 or more constituent entities is resident, pre-
presented as an aggregated or consolidated form of the information for the constituent entities resident in each tax jurisdiction, including the following:

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

“(II) Revenues not generated from transactions with other constituent entities.

“(III) Profit or loss before income tax.

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

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

“(VI) Stated capital.

“(VII) Total accumulated earnings.

“(VIII) Total number of employees on a full-time equivalent basis.

“(IX) Net book value of tangible assets, not including cash or cash equivalents, intangibles, or financial assets.
“(iii) SPECIAL RULES.—The information listed in clause (ii) shall be provided, in aggregated or consolidated form, for any constituent entity or entities that have no tax jurisdiction of residence. If a constituent entity is an owner of a constituent entity that does not have a jurisdiction of tax residence, then the share of the owner of the revenues and profits of the entity shall be aggregated or consolidated with the information for the tax jurisdiction of residence of the owner.

“(C) REPORTING PERIOD.—The reporting period covered by this paragraph is the period of the applicable financial statement of the covered entity prepared for the 12-month period that ends with or within the taxable year of the covered issuer. If the covered issuer does not prepare an annual applicable financial statement, the reporting period covered by this paragraph is the 12-month period that ends on the last day of the taxable year of the covered issuer.

“(D) FILING DEADLINE.—Each covered issuer shall submit to the Commission a report
required under this section on or before the due
date (including extensions) for filing the tax re-
turn of the covered issuer in the tax jurisdiction
in which the multinational enterprise group of
the covered issuer is resident.

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

(b) Rulemaking.—

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

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

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

(2) Data Format.—The information required
to be provided under subsection (t) of section 13 of
the Securities Exchange Act of 1934, as added by subsection (a) of this section, shall be provided by the issuer in a report in a machine readable format prescribed by the Commission, which shall be made available to the public online, in such machine readable format as the Commission shall prescribe.

(3) EFFECTIVE DATE.—Subsection (t) of section 13 of the Securities Exchange Act of 1934, as added by subsection (a) of this section, shall take effect on the date that is 1 year after the date on which the Commission issues a final rule under paragraph (1)(B).