

Union Calendar No. 35

117TH CONGRESS
1ST SESSION

H. R. 3007

[Report No. 117-52]

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

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2021

Mrs. AXNE (for herself, Mr. SHERMAN, Ms. WEXTON, Mr. LYNCH, Ms. NORTON, Mr. COOPER, Mr. GRIJALVA, and Mr. GARCÍA of Illinois) introduced the following bill; which was referred to the Committee on Financial Services

JUNE 8, 2021

Additional sponsors: Mr. BEYER and Ms. OMAR

JUNE 8, 2021

Reported with an amendment, committed to the Committee of the Whole House on the State of the Union, and ordered to be printed

[Strike out all after the enacting clause and insert the part printed in *italie*]

[For text of introduced bill, see copy of bill as introduced on May 7, 2021]

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 of*
8 *the Securities Exchange Act of 1934 (15 U.S.C. 78m) is*
9 *amended by adding at the end the following new subsection:*

10 *“(s) DISCLOSURE OF FINANCIAL PERFORMANCE ON A*
11 *COUNTRY-BY-COUNTRY BASIS.—*

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

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

16 *“(B) the term ‘covered issuer’ means an*
17 *issuer who—*

18 *“(i) is a member of a multinational*
19 *enterprise group; and*

20 *“(ii) the multinational enterprise*
21 *group of which the issuer is a member has*
22 *annual revenue for the preceding calendar*
23 *year of not less than an amount determined*
24 *by the Commission to conform to United*

1 *States or international standards for coun-*
2 *try-by-country reporting; and*

3 “(C) *the term ‘tax jurisdiction’—*

4 “(i) *means a country or a jurisdiction*
5 *that is not a country but that has fiscal au-*
6 *tonomy; and*

7 “(ii) *includes a territory or possession*
8 *of the United States that has fiscal auton-*
9 *omy.*

10 “(2) *DISCLOSURE.—*

11 “(A) *IN GENERAL.—Each covered issuer*
12 *shall file a report with the Commission that in-*
13 *cludes information described in subparagraph*
14 *(B), and any other information required by the*
15 *Commission, with respect to the reporting period*
16 *described in subparagraph (C).*

17 “(B) *INFORMATION REQUIRED.—The infor-*
18 *mation described in this subparagraph is as fol-*
19 *lows:*

20 “(i) *CONSTITUENT ENTITY INFORMA-*
21 *TION.—Information on the constituent enti-*
22 *ty, including the following:*

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

1 “(II) *The tax jurisdiction, if any,*
2 *in which the constituent entity is resi-*
3 *dent for tax purposes.*

4 “(III) *The tax jurisdiction in*
5 *which the constituent entity is orga-*
6 *nized or incorporated (if different from*
7 *the tax jurisdiction of residence).*

8 “(IV) *The tax identification num-*
9 *ber, if any, used for the constituent en-*
10 *tity by the tax administration of the*
11 *constituent entity’s tax jurisdiction of*
12 *residence.*

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

15 “(ii) *TAX JURISDICTION.—Information*
16 *on each tax jurisdiction in which one or*
17 *more constituent entities is resident, pre-*
18 *sented as an aggregated or consolidated*
19 *form of the information for the constituent*
20 *entities resident in each tax jurisdiction, in-*
21 *cluding the following:*

22 “(I) *Revenues generated from*
23 *transactions with other constituent en-*
24 *tities.*

1 “(II) Revenues not generated from
2 transactions with other constituent en-
3 tities.

4 “(III) Profit or loss before income
5 tax.

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

8 “(V) Total accrued tax expense re-
9 corded on taxable profits or losses.

10 “(VI) Stated capital.

11 “(VII) Total accumulated earn-
12 ings.

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

15 “(IX) Net book value of tangible
16 assets, which, for purposes of this sec-
17 tion, does not include cash or cash
18 equivalents, intangibles, or financial
19 assets.

20 “(iii) SPECIAL RULES.—The informa-
21 tion listed in clause (ii) shall be provided,
22 in aggregated or consolidated form, for any
23 constituent entity or entities that have no
24 tax jurisdiction of residence. In addition, if
25 a constituent entity is an owner of a con-

1 *stituent entity that does not have a jurisdic-*
2 *tion of tax residence, then the owner’s share*
3 *of such entity’s revenues and profits will be*
4 *aggregated or consolidated with the infor-*
5 *mation for the owner’s tax jurisdiction of*
6 *residence.*

7 *“(C) REPORTING PERIOD.—The reporting*
8 *period covered by this paragraph is the period of*
9 *the covered entity’s applicable financial state-*
10 *ment prepared for the 12-month period that ends*
11 *with or within the taxable year of the covered*
12 *issuer. If the covered issuer does not prepare an*
13 *annual applicable financial statement, then the*
14 *reporting period covered by this paragraph is the*
15 *12-month period that ends on the last day of the*
16 *taxable year of the covered issuer.*

17 *“(D) FILING DEADLINE.—Each covered*
18 *issuer shall submit to the Commission a report*
19 *required under this section on or before the due*
20 *date (including extensions) for filing that covered*
21 *issuer’s tax return in the tax jurisdiction in*
22 *which the covered issuer’s multinational enter-*
23 *prise group is resident.*

24 *“(E) REGULATION.—The Commission shall,*
25 *in consultation with the Commissioner of the In-*

1 *ternal Revenue Service and Secretary of the*
2 *Treasury—*

3 *“(i) promulgate regulations carrying*
4 *out this subsection that conform to United*
5 *States or international standards for coun-*
6 *try-by-country reporting, including regula-*
7 *tions promulgated by the Internal Revenue*
8 *Service; and*

9 *“(ii) require disclosure of the account-*
10 *ing methods used in calculating the infor-*
11 *mation contained in each report filed pur-*
12 *suant to this subsection.”.*

13 *(b) RULEMAKING.—*

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

17 *(A) not later than 1 year after the date of*
18 *enactment of this Act, issue a proposed rule to*
19 *carry out this section and the amendment made*
20 *by this section; and*

21 *(B) not later than 18 months after the date*
22 *of enactment of this Act, issue a final rule to*
23 *carry out this section and the amendment made*
24 *by this section.*

1 (2) *DATA FORMAT.*—*The information required to*
2 *be provided by this section shall be provided by the*
3 *issuer in a report in a machine readable format pre-*
4 *scribed by the Commission, and such report shall be*
5 *made available to the public online, in such machine*
6 *readable format as the Commission shall prescribe.*

7 (3) *EFFECTIVE DATE.*—*Subsection (s) of section*
8 *13 of the Securities Exchange Act of 1934, as added*
9 *by this section, shall become effective 1 year after the*
10 *date on which the Commission issues a final rule*
11 *under this section.*

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