Tax Transparency Report 2025

Elevating tax transparency in the era of Public Country-by-Country Reporting

Contents

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Introduction

Introduction

I am delighted to welcome you to the fourth edition of PwC Ireland's tax transparency report.

As you will be aware from our previous reports, tax transparency has emerged as a critical component of corporate responsibility. Recognising the pivotal role that tax plays in contributing to public funds, external stakeholders are calling for greater insight into how organisations manage their tax affairs. Regulators are responding with increased tax reporting requirements aimed at enhancing corporate transparency.

From working with companies on their tax transparency strategy, I know that it can be challenging for tax departments to navigate the reporting landscape. It can be particularly difficult to decipher what companies *must* disclose and what they may choose to *voluntarily* disclose. What's clear is that we are moving into a realm of increased mandatory tax disclosures.

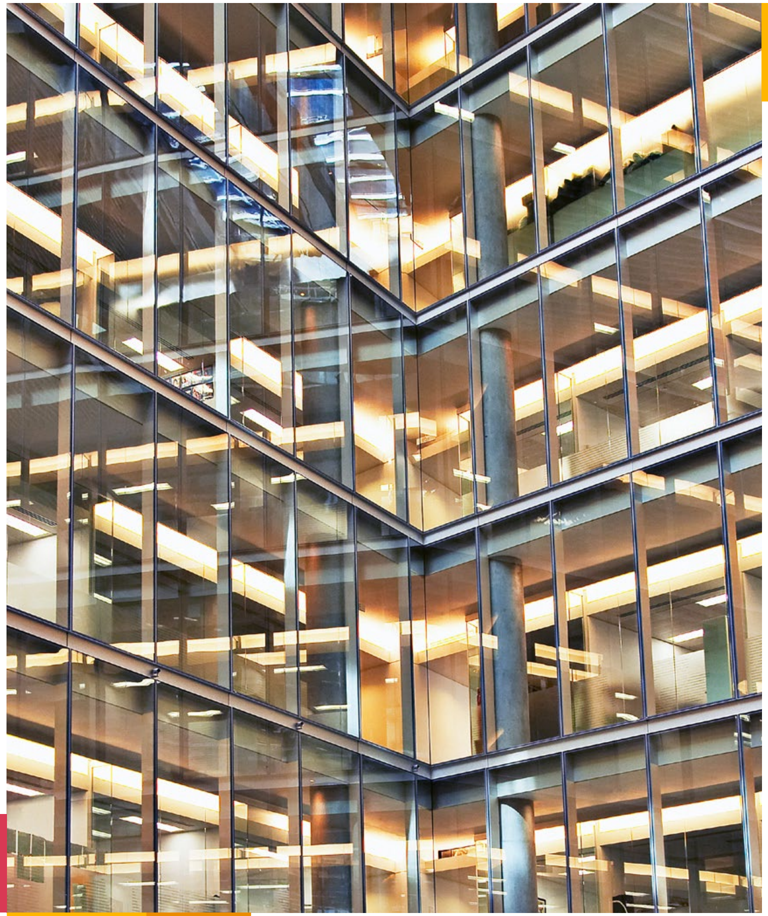
A prime example of this is Public Country-by-Country Reporting (PCbCR) which is now in force across EU member states. With tax departments grappling with Pillar Two, I feel that PCbCR may have gone under the radar for some companies. The publication of potentially sensitive country-level data could lead to increased external scrutiny and misinterpretation of organisations' tax footprint. Therefore, I would encourage tax departments to consider the merits of providing supplementary disclosures to control their narrative on tax. Our report will help inform what those disclosures might be.

The Corporate Sustainability Reporting Directive (CSRD) adds another layer of complexity for tax departments. Where tax is deemed a material topic, companies will be required to make qualitative and quantitative tax disclosures in their management reports. It is interesting to see that some companies are determining that tax is material. Either way, it is important that tax departments are involved in making that determination. Although, in my experience, that is not always the case.

This year, our report examines the tax disclosures of 25 multinational companies headquartered in Ireland[1], using PwC's Global Tax Transparency Framework.

I hope you find the report useful in navigating the latest tax transparency trends and in helping you adapt to the new regulations. As you read through the report, you may be wondering where to start and what the 'right' tax transparency strategy is for your company. I would welcome the opportunity to have a conversation to get you started.

Aidan Lucey
Partner and Tax Transparency leader,
PwC Ireland



1 We reviewed tax disclosures of 25 Multinational Irish headquartered companies. Our review was strictly limited to publicly available information regarding financial years ending in 2023, as published as at 31 December 2024. To the extent that they were published on their websites, we reviewed companies' tax strategies, annual reports and sustainability reports.

02

Preparing for scrutiny of Public Country-by-Country Reporting data

Businesses need to prepare for scrutiny of Public Country-by-Country Reporting data

What is the EU's PCbCR regime and what does it mean for businesses?

The EU's PCbCR regime is now in force across all EU member states for large multinational enterprises (MNEs) with operations in the EU. It is a tax transparency initiative which aims to give stakeholders a clearer view of MNEs' tax contributions and economic activities and is designed to foster corporate responsibility in the EU. Companies in scope are required to disclose detailed financial information such as profits, revenues and corporate income tax paid for each tax jurisdiction in which they operate[2].

While large multinationals have been submitting country-by-country reporting (CbCR) data to tax authorities for several years, the public disclosure of this data represents uncharted territory for most companies.

PCbCR is likely to bring increased scrutiny on how much tax MNEs pay and where. The sheer scale and complexity of an organisation's operations, across multiple jurisdictions with differing regulations, makes tax a difficult matter to navigate. When considered in isolation, PCbCR data could be easily misunderstood so there is an impetus on MNEs to consider providing supplementary narratives to ensure that the data is not misinterpreted. MNEs also have the opportunity to provide a more holistic view of their societal impact by including voluntary disclosures on areas such as their approach to tax and total tax contribution (TTC), to supplement the disclosures on corporation tax in PCbCR.

2 The information must be disclosed on a country-by-country basis for each EU member state and for each jurisdiction included on the EU's black and grey list. The information can be presented on an aggregated basis for all other countries.

A snapshot of PCbCR

Who is in scope?

MNEs who have consolidated net turnover of at least €750 million in each of the last two consecutive financial years and are either (i) headquartered in the EU or (ii) headquartered outside the EU and operate in the EU through a medium or large subsidiary or a branch.

When must the data be published?

For most member states, the first reporting year will be financial year beginning on or after 22 June 2024, with reports being published 12 months after the first reporting year. There are some deviations from these dates in certain member states which we discuss further below.

What information must be published?

The report should contain the following information:

- Brief description of the nature of activities
- Number of full-time equivalent employees
- Total revenue
- Profit / loss before tax
- Income tax accrued in the current year
- Income tax paid
- Accumulated earnings

The information must be disclosed on a country-by-country basis for each EU member state and for each jurisdiction included on the EU's black and grey list[3]. The information can be presented on an aggregated basis for all other countries.

Explore our public CbCR tracker

While all EU member states have introduced PCbCR, the local reporting and filing requirements, as well as available exemptions, may diverge from the EU Directive. For example, the local PCbCR regulations in Romania and Croatia are applicable for financial years beginning on / after 1 January 2023, while in Spain the report must be published 6 months after the reporting year.

To ensure that you are meeting your PCbCR obligations, explore **PwC's EU Public Country-by-Country Reporting Tracker** for a comprehensive overview of PCbCR regulations across all member states.

3 https://www.consilium.europa.eu/en/policies/eu-list-of-non-cooperative-jurisdictions/

Other PCbCR frameworks

The move towards PCbCR isn't just a European initiative. The **Australian** Parliament enacted legislation introducing PCbCR reporting obligations effective from 1 July 2024. Furthermore, there are other, non-mandatory reporting frameworks that include disclosures on country-by-country data, such as the Global Reporting Initiative's (GRI) tax standard, **GRI 207.**

While the data that must be disclosed under these frameworks is broadly aligned to the EU's PCbCR directive, there are also a number of differences. Some MNEs could be reporting under multiple frameworks so it is important that they are aware of the divergences. We set out in the Appendix a comparative table of the disclosure requirements under these frameworks.

Additional tax disclosures can help control the narrative

PCbCR will draw stakeholders' attention to MNEs' corporate tax payments relative to their footprint in the jurisdictions in which they operate. To control the narrative, MNEs should consider providing supplementary disclosures to enhance readers' understanding of their tax payments and broader tax strategy. There are a number of approaches that organisations can adopt;

- Incorporating qualitative disclosures on areas such as approach to tax, risk appetite, and tax governance can help build trust and provide assurance that a company is adopting responsible tax practices.
- MNEs should consider modelling their CbCR data to identify areas that may be scrutinised or where the risk of misinterpretation is elevated. In such areas, MNEs should consider developing a narrative to provide context to trends or outliers to ensure that the data is not misunderstood. This could include disclosures on an MNE's presence in certain jurisdictions or the impact of incentives, losses or one-off items in reducing tax liabilities.
- MNE's tax contributions are far broader than corporation tax, whether that be taxes borne such as social security and environmental taxes or taxes collected on behalf of the exchequer such as payroll taxes and VAT. By including supplementary disclosures on TTC, an MNE can demonstrate its broader societal impact.
- PCbCR is just one of a number of transparency measures that MNEs must comply with. It is important to ensure that all data disclosed is aligned and provides a consistent picture of the MNE's operations.

Section 5 of our report, which examines the disclosures of some of the largest Irish companies, will help inform what approach MNEs might take in building out their supplementary disclosures.

For many companies, responsibility for PCbCR will sit within the tax department. However, in evaluating what approach an organisation takes to supplementary tax disclosures, it is important that this is a cross-functional effort involving input from the finance, sustainability and investor relations teams. Endorsement from senior management is also critical.

03

CSRD is integrating tax disclosures into sustainability reporting

CSRD is integrating tax disclosures into sustainability reporting

CSRD aims to drive accountability and transparency by mandating companies operating in the EU to publicly disclose information on material sustainability topics across environmental, social and governance pillars. For companies in scope, CSRD will require consideration of several tax issues and may necessitate the disclosure of tax data.

Tax as a material topic

In determining what is a material sustainability topic, CSRD introduces the concept of double materiality, which requires companies to evaluate their impact on the environment and society (impact materiality) and how environmental and social factors affect their future performance (financial materiality).

Already, we are seeing companies conclude that tax is a material topic. Where tax is deemed material, a company will be required to include tax disclosures in its management report. These disclosures will cover areas such as approach to tax; tax risk management; and TTC.

Adhering to tax minimum safeguard in EU Taxonomy

Companies in scope of CSRD are also required, as part of their CSRD disclosures, to confirm alignment of their activities with the EU Taxonomy. The EU Taxonomy is a common classification system that helps companies and investors identify "environmentally sustainable" economic activities to make sustainable investment decisions.

To be Taxonomy aligned, companies must comply with a tax minimum safeguard[4], meaning they are required to:

- "comply with the letter and spirit of tax law and regulations of the countries in which they operate" and
- "treat tax governance and tax compliance as important elements of their oversight and broader risk management systems".

To demonstrate that the minimum safeguard has been met, tax departments should be able to evidence the key components of its tax control framework such as tax strategy and policies; operational procedures; process maps; and control testing programmes.

Collaboration between tax departments and sustainability teams is critical

Within many companies, there continues to be a disconnect between tax departments and sustainability teams on CSRD. Tax departments are not aware of CSRD or how it could impact their tax strategy, governance and tax risk profile. Sustainability teams mistakenly view tax solely as an item in the financial statements rather than seeing it in a broader sustainability context.

Based on our observations, tax teams are not always being brought in at the right stages of the CSRD implementation process, if at all. PwC's *Global CSRD Survey*[5] found that just 39% of companies had involved their tax departments in CSRD implementation. Without close collaboration between tax departments and sustainability teams during the implementation stage, companies face risk as well as missed opportunities for value creation.

4 https://finance.ec.europa.eu/system/files/2022-10/221011-sustainable-finance-platform-finance-reportminimum-safeguards_en.pdf

5 https://www.pwc.com/gx/en/services/tax/esg-tax/global-csrd-survey-2024.html

04

Methodology and scope of our review

Methodology and scope of our review

In undertaking our tax transparency analysis for this year's report, we reviewed and benchmarked the tax disclosures of 25 of the largest Irish headquartered companies[6]. Our review was strictly limited to publicly available information in respect of financial years ending in 2023, as published as at 31 December 2024. To the extent that they were published on their websites, we reviewed companies' tax strategies, annual reports and sustainability reports.

For the scope of this year's review, and in line with other years, we limited our analysis to companies that have chosen to make public disclosures on tax. In our experience, large companies typically have a tax strategy and a robust tax governance framework. A company may decide not to publish details of its tax strategy or its governance arrangements for many reasons. Therefore, it cannot be assumed that the absence of a published tax strategy, or specific disclosures therein, means that these components aren't in place. Rather, they are not being made publicly available.

Our analysis for this year's report uses the PwC Global Tax Transparency Framework ("the Framework") of 37 broadly defined tax reporting criteria grouped into four categories: Approach to Tax; Tax Governance and Risk Management; Tax Numbers and Performance; and Total Tax Contribution and the Wider Impact of Tax. The Framework aligns with the disclosure criteria from the following external standards:

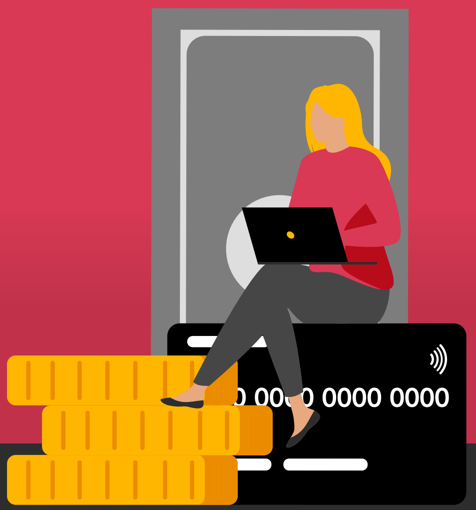
- GRI 207: Tax 2019
- The tax portion of the S&P Corporate Sustainability Assessment (CSA)
- The OECD Guidelines for Multinational Enterprises
- The World Economic Forum's Stakeholder Capitalism Metrics on tax, and
- The EU Minimum Safeguards on taxation.

6 In previous editions of our report, we reviewed the tax disclosures of companies listed on the main market of the Irish Stock Exchange (Euronext Dublin).

PwC global tax transparency framework

1 Approach to tax

This section assesses disclosures on a company's tax strategy and how it aligns with its broader sustainability objectives.



2 Tax governance and risk management

This section looks at a company's governance and tax risk framework disclosures and considers mechanisms to prevent and address unethical and unlawful tax behavior.

3 Tax numbers and performance

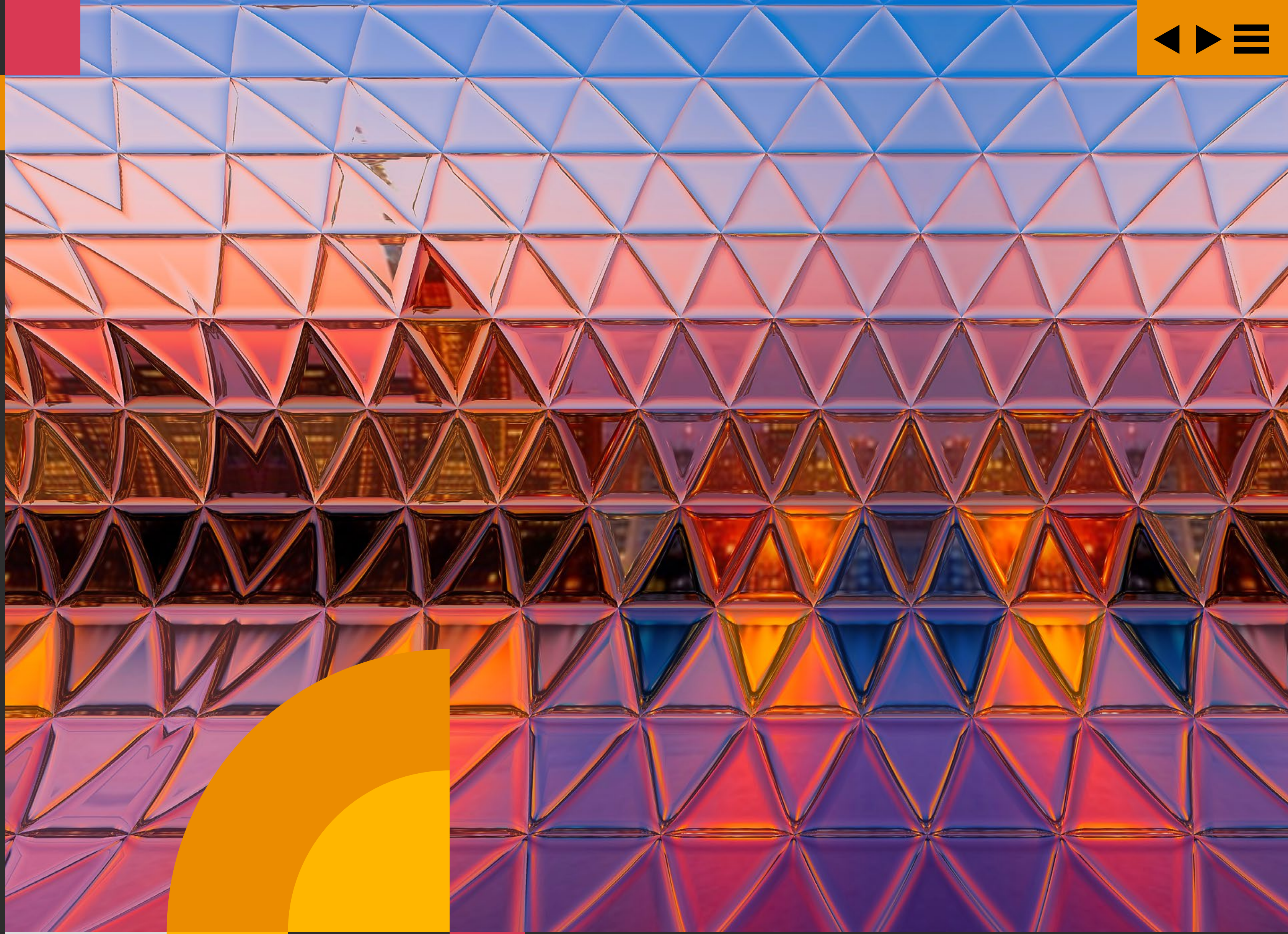
This section appraises a company's disclosures in respect of tax numbers with particular emphasis on disclosures around a company's effective tax rate.

4 Total tax contribution and the wider impact of tax

This section considers disclosures on TTC and CbC data. It also looks at how tax and sustainability are integrated.

05

Tax transparency trends



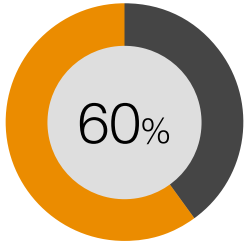
Tax transparency trends

Our framework and this report are intended to assist companies consider the benefits of greater tax transparency based on their specific profile and stakeholder interests. It should also help inform companies' external communications strategies regarding tax, particularly in preparation for disclosure of PCbCR data.

Below are some key trends we identified from this year's review;

Companies are continuing to voluntarily publish a tax strategy

Our review found that a tax strategy, sometimes referred to as a company's approach to tax or tax policy, remains the primary means by which companies make tax disclosures.



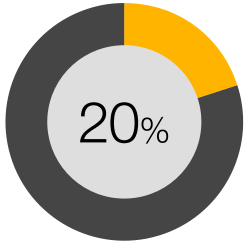
While there is no requirement in Ireland for companies to publish a tax strategy, **60% of the companies reviewed published a tax strategy.**

With the advent of PCbCR, and as stakeholder expectations regarding tax disclosures continue to evolve, it is timely for those companies to reassess their tax strategy and consider whether additional disclosures therein would be beneficial. We explore some of these disclosures below.

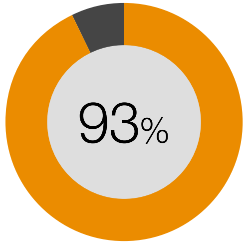
Companies need to assess how disclosures support compliance with the EU Taxonomy

Companies in scope of CSRD are required to confirm alignment of their activities with the EU Taxonomy. To be Taxonomy aligned, companies must comply with the tax minimum safeguards. As noted above, for an organisation to comply with the tax minimum safeguard they must:

- Comply with both the letter and spirit of the tax laws, including the arm's length principle.
- Have tax governance and tax compliance as important elements of the board oversight and broader risk management systems.

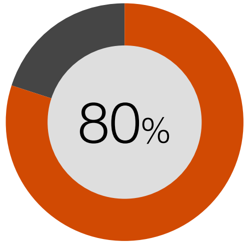


We found that **20% of companies included a statement in their tax strategy** describing their commitment to comply with both the spirit and letter of the tax laws of the countries in which they operate.



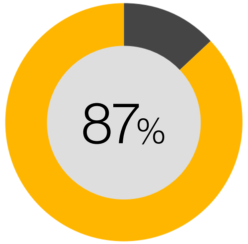
In addition, **93% of companies state that they don't pursue aggressive tax strategies,** with some of those companies going a step further to state that their tax planning aligns with the economic realities of their business model.

Companies will be expected to evidence their intent to comply with tax laws, as part of which they should be able to demonstrate that there are appropriate governance structures in place. In this regard **80% of companies say that the board or audit committee assumes responsibility for the tax strategy.** This indicates a strong level of oversight on tax matters and provides comfort that tax is overseen at an appropriate level.

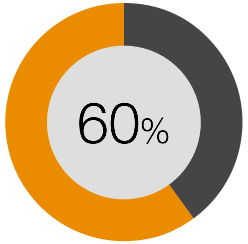


Evidence of control and risk management frameworks

Stakeholders look for assurances that a company is aware of its tax risk footprint and has appropriate controls and processes to manage that risk. Disclosures in this area provide comfort that tax is embedded within a company's broader risk management framework. Such disclosures also support organisations in evidencing compliance with the tax minimum safeguarded noted above.



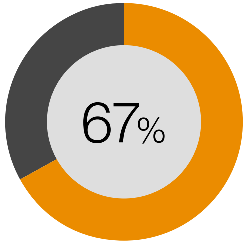
87% of companies discuss their approach to tax risk and how they identify, manage and monitor those risks.



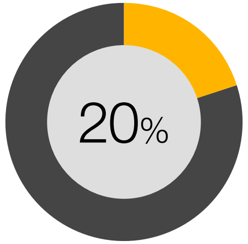
This year's review found that **60% of companies include a statement on their tax risk appetite.**

Aligning tax strategies with broader sustainability objectives

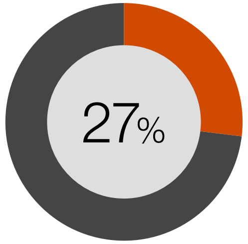
The United Nations recognises that taxes are vital in achieving the Sustainable Development Goals[7]. Taxes are also a primary way that organisations contribute to the economies of the countries where they operate.



Given the increasing importance being placed by stakeholders on companies being responsible corporate citizens, it's not surprising that **67% of companies are emphasising how their tax payments are contributing to public finances and society.**



Additionally, **20% of companies have noted that their tax strategy is aligned with their sustainability strategy.**

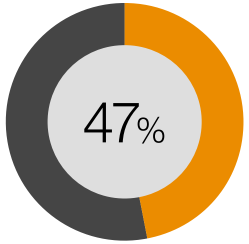


We also found that **27% of companies align themselves with tax transparency frameworks such as GRI 207.** It will be interesting to see if the percentage increases as companies prepare for disclosures under CSRD.

Companies should consider providing additional narratives to explain their presence in certain jurisdictions

Companies that have a presence in jurisdictions which are branded as tax havens or uncooperative are subject to continued stakeholder scrutiny which will only increase with the release of PCbCR data. We found that one company made a disclosure on the use of such jurisdictions, stating that entities in such jurisdictions would not be established for tax avoidance purposes.

Disclosures on approach to transfer pricing



Transfer pricing ensures that companies' profits are allocated to and taxed in the jurisdictions commensurate with the economic activities performed. Acknowledging the increased importance of transfer pricing for businesses, **47% of companies refer to transfer pricing or the arm's length principle in their tax strategies.**

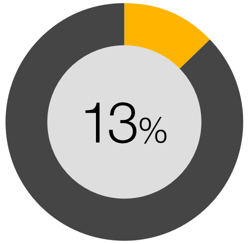
7 https://sdgs.un.org/2030agenda

Country-by-country data and TTC

Collecting TTC data can be a sensible starting point for companies as they formulate their approach to tax transparency in preparation for PCbCR. The TTC framework is designed to help businesses communicate their tax affairs and contributions in a way that is easy to understand. TTC can also serve as an internal risk management tool by giving greater oversight into all the tax payments made across a group's operations and ensuring compliance at a local level.

With the PCbCR regime focusing on corporation tax borne by a company, it will be interesting to see if more companies opt to voluntarily disclose information on their TTC to provide visibility of their wider contribution to public finances. We found that some already provide some level of breakdown of tax payments, however, no company provided a fully comprehensive TTC for each tax jurisdiction.

13% of companies published 'partial' CbCR data points. Data points companies are choosing to provide more detail on include number of full time employees, turnover, profit before tax and taxes paid in material jurisdictions.

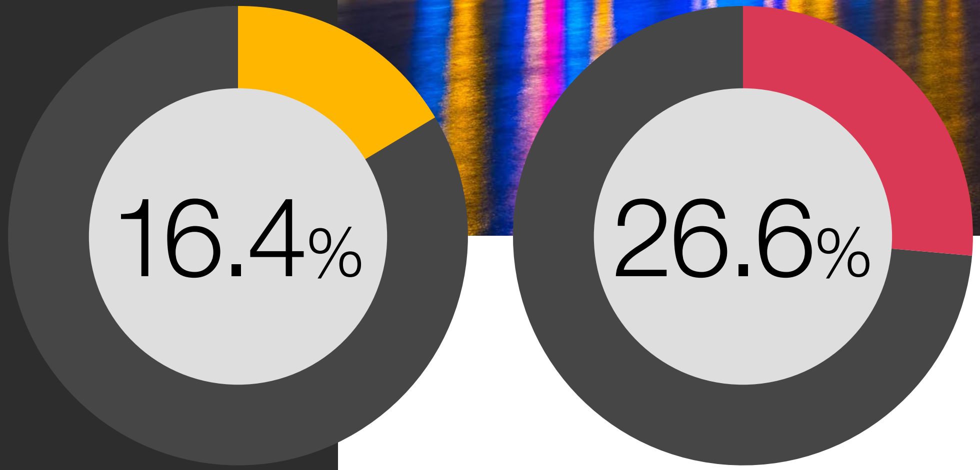


How do Irish companies compare to their international peers

In 2024, PwC Ireland participated in an international tax transparency and sustainability reporting study covering 872 listed companies from Austria, Azerbaijan, Brazil, Denmark, Germany, India, Ireland, Italy, Japan, Kenya, Nigeria, Poland, Romania, Slovakia, South Africa, Spain, Sweden, Switzerland, Uganda, UK and the US[8]. The tax disclosures of all companies were scored and benchmarked using the PwC Global Tax Transparency Framework

The results of the study show that **Irish companies had an average score of 16.4%** when benchmarked against the Framework, with the **global average being 26.6%**. The difference can be explained in part by legislation in place in jurisdictions like the UK which mandates organisations to publish tax data.

While it is evident from our report that large Irish companies are embracing voluntary tax disclosures, there is clearly more work to be done.



8 https://www.pwc.com/gx/en/services/tax/tax-esg/tax-transparency-and-tax-sustainability-reporting-study-2024.pdf

06

Key actions

Key actions

Trust can be built by companies that adopt a strategic approach to tax disclosures. Disclosures can explain and inform the company's narrative around how the company is taxed and its larger societal impact. However, it is wise to continually assess the value increased disclosures can deliver against possible risks to the business. More and more companies are indicating that the benefits outweigh the risks and we expect this trend will continue as we move into an era of PCbCR.

These benefits include:

- Better communication around tax can build trust with stakeholders, particularly for companies in sectors where tax is the subject of heightened attention.
- As tax is complicated, a clear narrative explaining the concepts behind PCbCR data is essential. This is particularly important where the use of tax losses or a tax incentive significantly reduces a company's tax contribution in a particular period.
- Other sustainability commitments, such as net-zero transition, can take years to achieve. However, companies are already delivering when it comes to tax contributions and tax governance. Companies can report on tax today.
- Relationships with tax authorities require trust and credibility. Tax disclosures may reduce the level of scrutiny and can lead to more open and streamlined dialogue.
- Many jurisdictions require businesses to disclose certain tax-related information as part of their regulatory obligations. By adopting transparent reporting practices, companies can ensure compliance with these regulations.

There is no optimal level or one-size-fits-all approach to tax transparency. Each company's perspective is different and will be driven by several factors, including its brand values and stakeholder interests.

Six key actions to take now

1. Prioritise your tax strategy

For those companies not yet making tax disclosures, the priority should be developing a formal tax strategy. This will be the first document stakeholders look for when assessing the company's approach to tax and tax transparency. It can help you control the narrative.

2. Consider what, and to whom, you are reporting

Tax is a broad subject. Understand the material tax matters your stakeholders want to know about and why. Critically review your current disclosures to see if they align with stakeholders' expectations. Once you have decided what disclosures to make, then you will need to consider whether the disclosure is clear and easy to understand for the target audience.

Consider modelling your PCbCR data to identify any trends or outliers that may be scrutinised. Including additional information to help explain these outliers and provide additional context may be beneficial.

3. Establish the optimal reporting framework for the company

There is no optimal level or one-size-fits-all approach to tax transparency. Decide what reporting framework works best for you. If the company already uses a reporting framework, such as GRI, for its wider sustainability reporting, ensure that your current tax disclosures align with that framework.

4. Establish a cross-functional team

Establish a cross-functional team involving finance, investor relations and sustainability to ensure that there is full alignment of the organisation's tax disclosure strategy. Publishing sensitive country-by-country tax data which may be scrutinised externally means that PCbCR cannot be the sole responsibility of the tax department. Brief senior management and seek endorsement on the proposed approach.

5. Establish processes and procedures for tax disclosures

Regardless of what disclosures you make, establish formal procedures and governance to ensure that the company can stand over both the qualitative and quantitative disclosures it makes. It is important that appropriate processes are in place to ensure that the various disclosures explain a consistent narrative of your company's operations.

6. Refine your data processes in preparation for PCbCR

Publicly disclosing the PCbCR data means that it is crucial for companies to focus on the data quality and how it aligns with your broader financial and sustainability data. Assess existing data collection, validation and reporting processes to identify gaps and inconsistencies. Implement robust controls and governance frameworks to reduce the risk of misstatement and / or inconsistency in reports.

07

Appendix

Appendix 1: Comparison of PCbCR disclosure requirements

While the data that must be disclosed under the EU, Australian and GRI 207 PCbCR frameworks are broadly aligned, there are also a number of differences.

A comparison of PCbCR disclosure requirements	EU	Australia	GRI 207
Profit or loss before income tax	✓	✓	✓
Income tax paid	✓	✓	✓
Income tax accrued	✓	✓	✓
Number of employees (FTE)	✓	✓	✓
Description of main business activities	✓	✓	✓
Name(s) of constituent entities	✓	✓	✓
Total revenue	✓	✗	✗
Revenue from third parties	✗	✓	✓
Revenue from related parties	✗	✓	✓
Book value of tangible assets, other than cash and cash equivalents, at the end of the income tax year	✗	✓	✓
Explanation as to why income tax accrued (current year) differs from headline tax rate multiplied by profit / loss before tax	✓	✗	✗
Total accumulated earnings	✗	✓	✓
Recommendations under GRI 207-4:			
Total employee remuneration	✗	✗	✓
Taxes withheld and paid on behalf of employees	✗	✗	✓
Taxes collected from customers on behalf of a tax authority	✗	✗	✓
Industry-related and other taxes or payments to governments	✗	✗	✓

08

We are here to help you

We are here to help you

The tax transparency landscape is evolving and PCbCR will accelerate the pace of change. Companies need to adapt to keep up with stakeholder expectations and regulations on tax disclosures. We can support you in defining your tax transparency strategy and understanding your tax disclosure obligations. We can also provide you with your own transparency assessment, so you can benchmark how your tax disclosures compare to your peers. Contact us today.

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