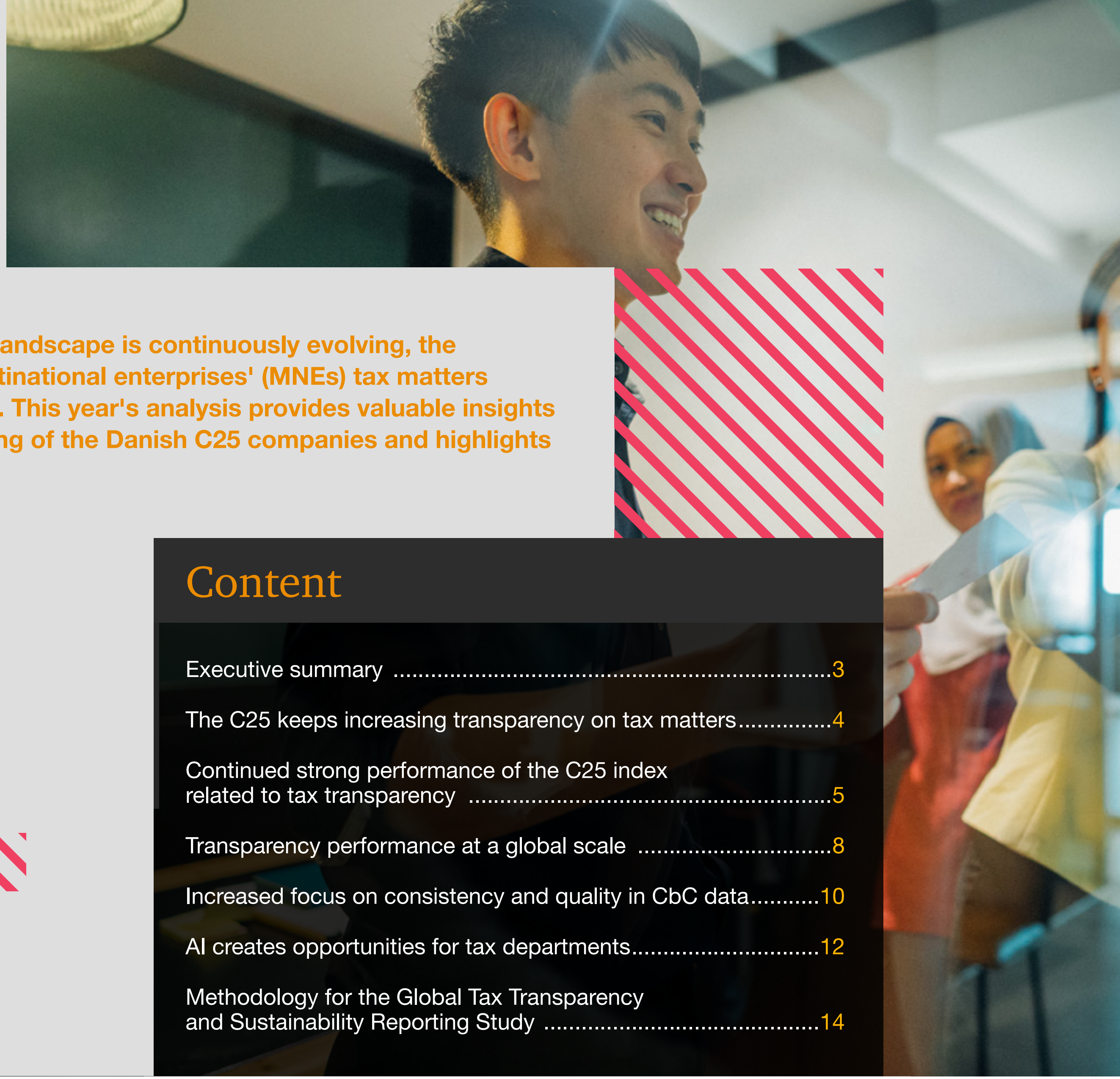
C25 Tax Transparency

Trends in the voluntary tax reporting of C25 companies, May 2025

Assurance. Tax. Advisory.

Introduction



In a world where the geopolitical and legislative landscape is continuously evolving, the importance of reporting and transparency in multinational enterprises' (MNEs) tax matters remains a relevant aspect of corporate reporting. This year's analysis provides valuable insights into the current state of tax transparency reporting of the Danish C25 companies and highlights the broader global trends in this area.

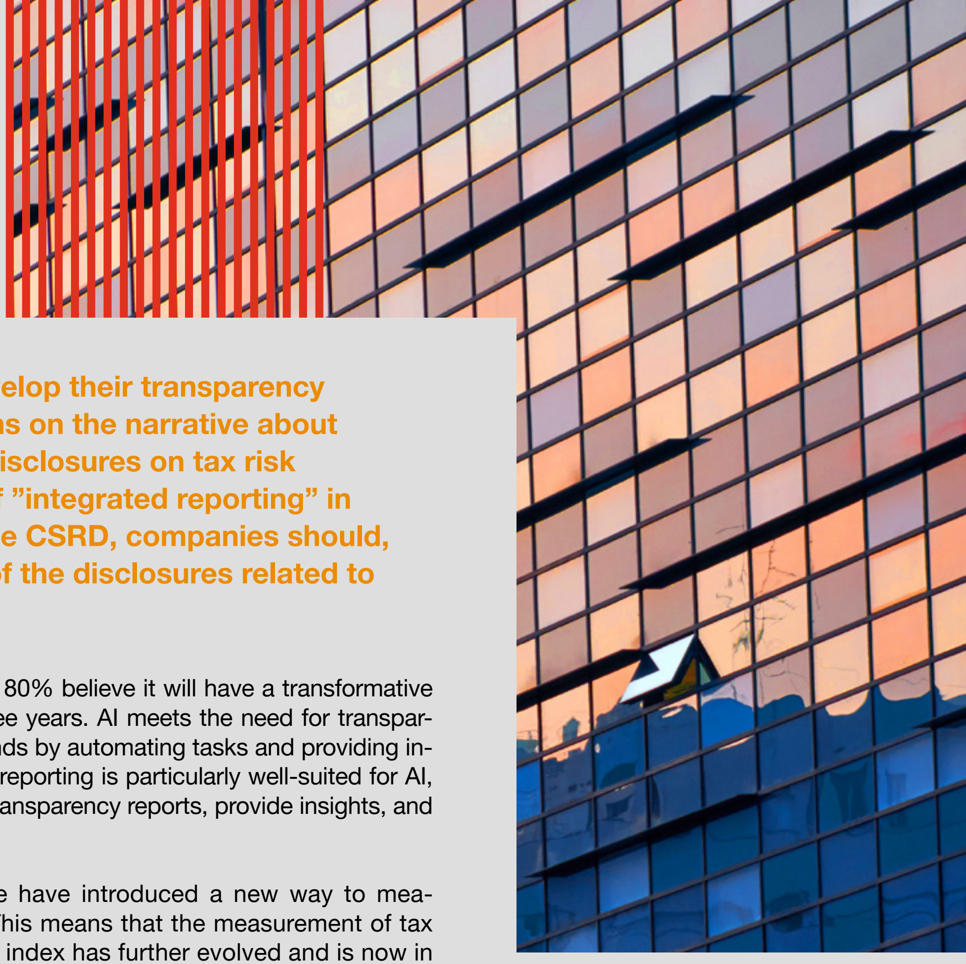
Reporting on tax matters is not just about compliance; it is about building trust with stakeholders, including investors, regulators, and the wider public. Voluntary tax transparency reporting goes beyond what is legally required and helps to demystify the complexities of tax payments. Further voluntwary reporting underscores a company's commitment to act as a responsible taxpayer, contributing to society through tax payments.

Join us in the sixth edition of the analysis of the Danish C25 Tax Transparency reporting.

Please let us know if you would like to have a conversation about how you can ensure that your tax reporting is fit for purpose. Individual feedback reports, which benchmark your company's voluntary disclosures against those of your peers, are also available upon request.

Content

Executive summary



This year's analysis shows that the Danish C25 companies continue to develop their transparency when it comes to disclosures related to tax matters. A strong focus remains on the narrative about the companies' approach to tax. This year we observe an increase in the disclosures on tax risk management. The development may be interlinked with the introduction of "integrated reporting" in accordance with the CSRD[1]. As part of the reporting in accordance with the CSRD, companies should, among other things, provide disclosures on tax risk management as part of the disclosures related to reporting aligned with the EU's "Minimum Safeguards" on tax[2].

2024 is the first year for many Danish MNEs to report on and measure the impact of Pillar II. The introduction of Pillar II may have been a driver for companies to further advance the narrative supporting the tax numbers and to provide further explanations of the tax charge in the annual report as well as the actual taxes paid.

Public disclosure of Country-by-Country data (CbC data) is generally a requirement for all MNEs with a revenue of more than EUR 750 million, with the first year of reporting for financial years starting on or after 22 June 2024. Needless to say, the general focus on CbC data has increased. Additionally, due to geopolitical changes, the disclosure of Total Tax Contribution (TTC) also seems even more relevant. TTC not only focuses on corporate taxes, but all taxes paid that are relevant to the company in an easily assessable way. Moreover, TTC can also serve as an internal reporting tool by providing insights across all tax payments of the company and ensuring compliance at local level.

The potential of AI in tax functions was a topic of discussion in 2024. By 2025, AI adoption has driven significant changes within tax departments. According to the **Global Reframing Tax Survey**, 56% of participants recognize the value of Generative AI (GenAI) in tax departments, and 80% believe it will have a transformative impact over the next three years. AI meets the need for transparency and growing demands by automating tasks and providing insights. Tax transparency reporting is particularly well-suited for AI, as it can generate draft transparency reports, provide insights, and facilitate the work.

In this year's report, we have introduced a new way to measure tax transparency. This means that the measurement of tax transparency of the C25 index has further evolved and is now in accordance with the newly developed global PwC framework. The PwC framework was used for the first time in 2024, when the first global **Tax Transparency Study** covering 21 countries with 872 companies was launched. The framework aligns with disclosure criteria across five external standards: GRI 207: Tax 2019, the relevant sections of the S&P Corporate Sustainability Assessment (CSA), the OECD Guidelines for Multinational Enterprises, the World Economic Forum's (WEF) Stakeholder Capitalism Metrics on tax, and the EU Minimum Safeguards on taxation[3]. In the measurement of the tax transparency across the C25 index we have also utilized the benefits of our AI tool Harvey to streamline the process and ease the workload.

1 CSRD: Corporate Sustainability Reporting Directive

2 The "Minimum Safeguards" are part of the EU Taxonomy Regulation. The "Minimum Safeguards" require certain reporting on topics such as human rights, bribery, taxation, and fair competition.

3 Refer to page 14 for further details on the Global PwC Tax Transparency Framework and the basis for this year's analysis.

To view and compare the results simply click on the headlines

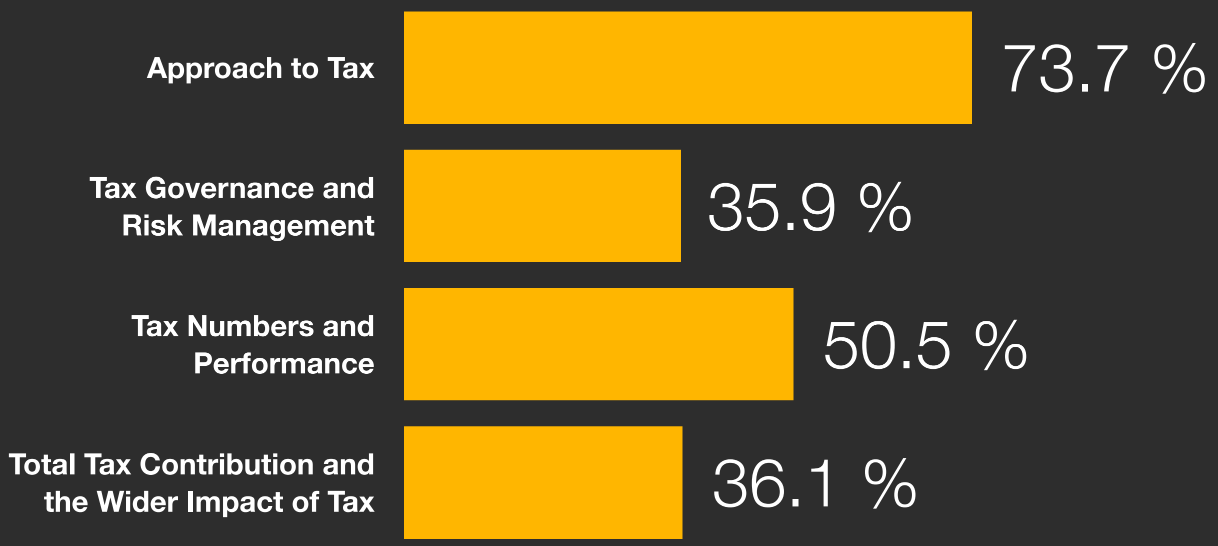
Denmark 2025 | Global 2024 | Denmark 2024

The C25 keeps increasing transparency on tax matters

For each of the categories, a number of questions, totaling 37, are scored from 1 to 3 deciding the overall assessment. For each category, a total of 100% indicates full alignment with the relevant indicators.

Total score

48.7 %



In this year's analysis we have adapted the underlying assessment to the global PwC Framework to measure Tax Transparency. Still the analysis covers four main categories: Approach to Tax, Tax Governance and Risk Management, Tax Numbers and Performance, and Total Tax Contribution and the Wider Impact of Tax. For each of the categories, a number of questions, totaling 37, are scored from 1 to 3 deciding the overall assessment. For each category, a total of 100% indicates full alignment with the relevant indicators. We refer to page 14 for further details.

Continued strong performance of the C25 index related to tax transparency

There is no doubt that the Danish C25 companies continue to develop their transparency when it comes to voluntary disclosures related to tax matters. Our review of the 2024 voluntary disclosures shows an overall increased transparency compared to previous years.

Having analysed the C25 index's tax transparency performance over the past six years, we have seen a remarkable increase in voluntary tax disclosures, which underpins the impact of the international development in recommendations, standards, and frameworks. In our view, the increase in transparency is not only a response to international development but also a testament to the general focus on responsible tax behaviors. Companies wish to provide additional disclosures to demonstrate their commitment to transparency and responsibility in tax matters. Further, an element is also to educate users of the disclosures, thereby offering deeper insights into how tax systems in an international context impact multinational enterprises.

Approach to Tax

All companies in the Danish C25 index have a publicly available tax strategy which, in almost all cases, is approved by the board of directors. Generally, these tax strategies provide information on a company's approach to taxes including information about the transfer pricing model, its acceptance and utilisation of tax incentives, and operations in "tax havens" and "low-tax jurisdictions". Across the Danish C25 index, approximately half of all companies go beyond simple disclosures and provide detailed information on these specific areas. Additionally, 16 of the C25 companies give a detailed description of their approach to interacting with the tax authorities. This high degree of transparency in the approach to taxes, is a result of the ongoing development and focus from the Danish C25 companies in developing the tax policies and being on the front foot in controlling the narrative of their tax position.

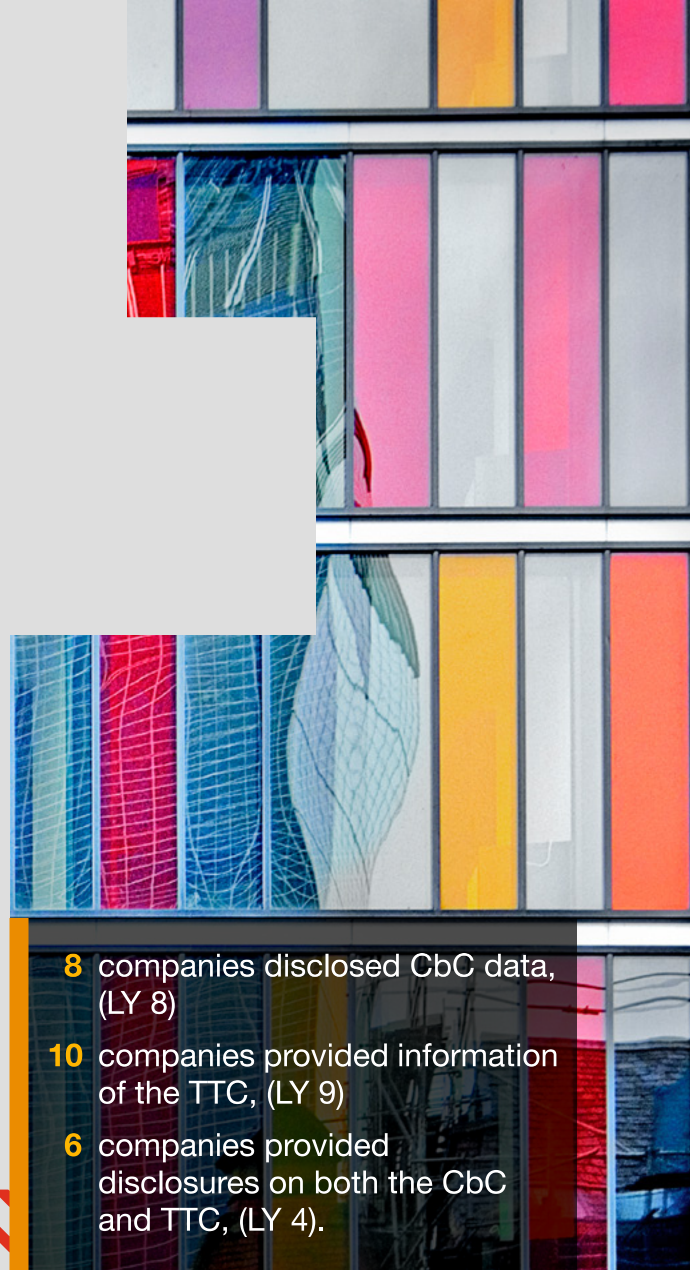
Tax Governance and Risk Management

Almost all companies in the C25 index disclose their approach to tax risk management and provide details on how tax risks are identified, managed and monitored though their tax risk management framework. This category is where we see the largest increase in transparency across the four categories. That being said, only few companies provide detailed disclosures on uncertain tax positions. The number of companies considering tax as a key business risk has doubled since last year, where especially tariffs have moved up on the risk management agenda for the companies. Performing well in this category generally requires disclosures on how tax risk management is part of the over-all enterprise risk management system, further details on uncertain tax positions, and considerations in respect of the impact of changes in tax legislation.

	Denmark 2025	Global 2024
Total score	48.7 %	26.6 %
Approach to Tax	73.7 %	35.2 %
Tax Governance and Risk Management	35.9 %	26.6 %
Tax Numbers and Performance	50.5 %	29.9 %
Total Tax Contribution and the Wider Impact of Tax	36.1 %	18.8 %

For each of the four categories, a number of data points, totaling 37, are awarded from 1 to 3 deciding the overall assessment in the category. For each category, a total of 100% indicates full alignment with the relevant indicators.

The combined average is a weighted average of the four categories and is as such an indication of the C25 index alignment across the five external frameworks and standards for tax transparency.



8 companies disclosed CbC data, (LY 8)

10 companies provided information of the TTC, (LY 9)

6 companies provided disclosures on both the CbC and TTC, (LY 4).

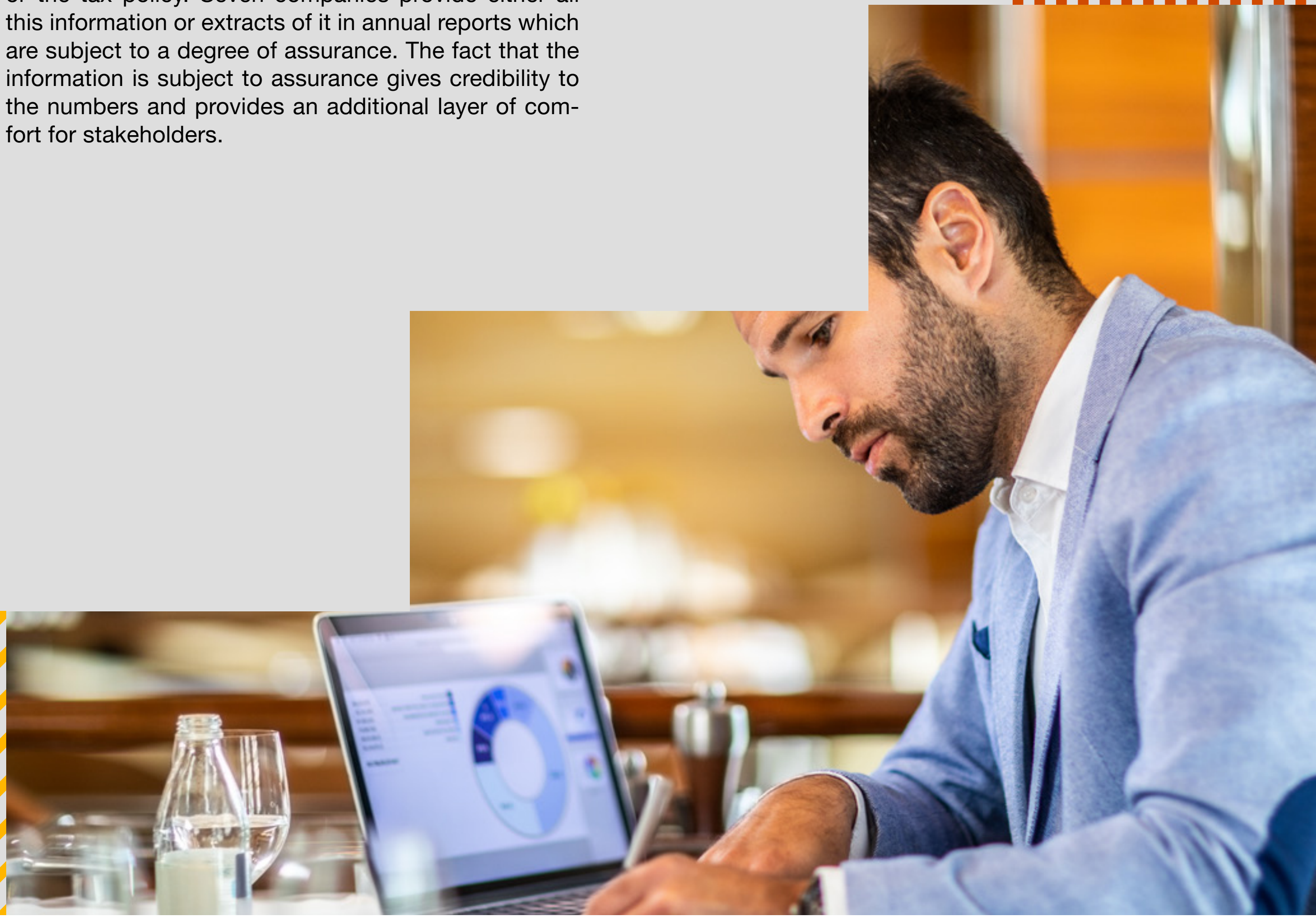
Tax Numbers and Performance

When it comes to voluntary disclosures in the Tax Numbers and Performance section, approximately 80% of the companies in our study disclose a narrative to support the reconciliation of the effective tax rate in their annual report. Providing even more transparency requires further explanations of the difference in taxes paid and comparison to the tax charge in the income statement and expectations of the future effective tax rate and future tax payments.

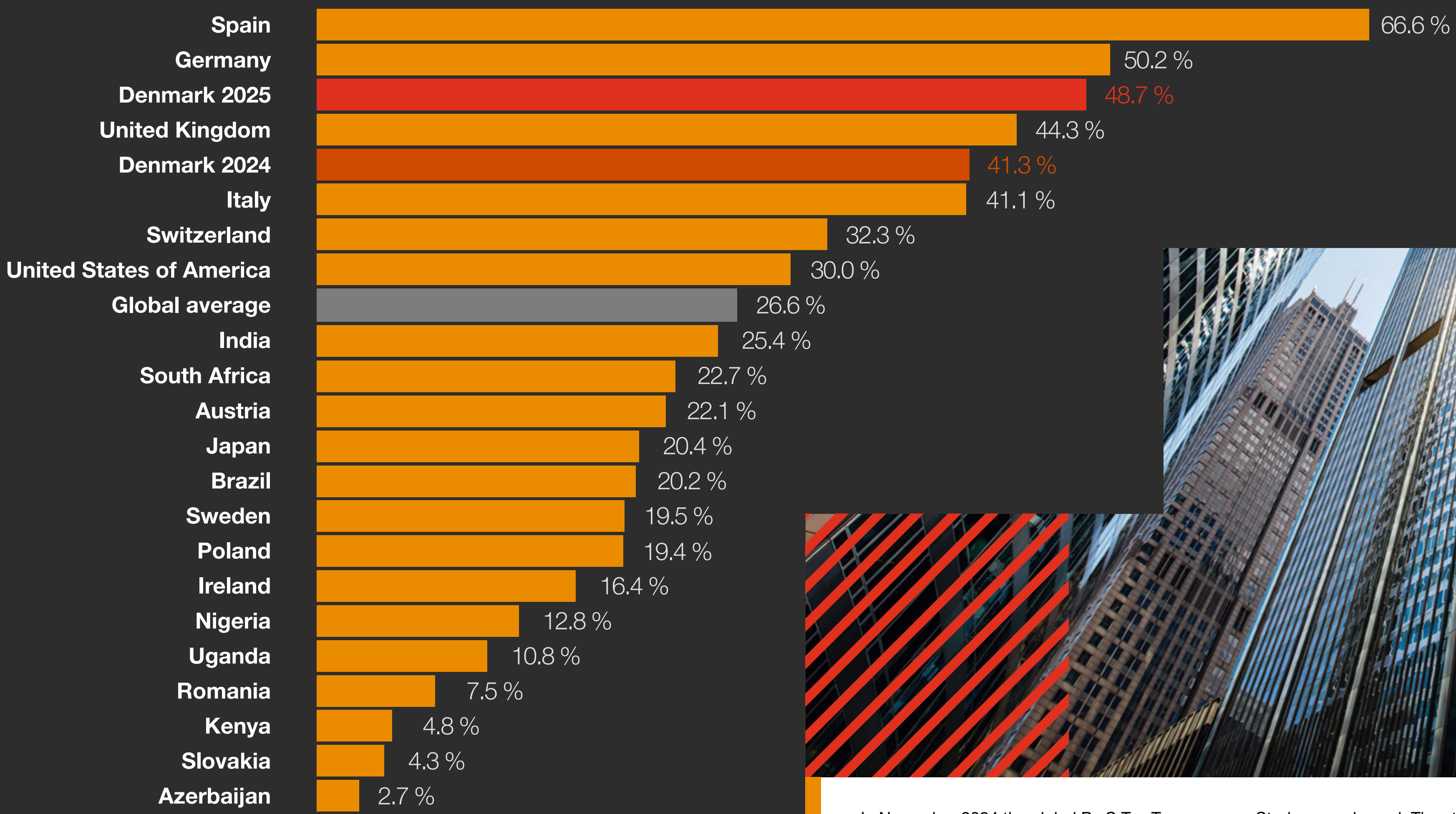
Total Tax Contribution and the Wider Impact of Tax

In the context of taxes as a factor within the wider sustainability agenda and as a vital contributor to the public finances, more than half of the companies discuss the role of their tax contributions in a narrative. 40% disclose their TTC, generally providing information on taxes borne and collected. Many of the disclosures further specify tax types and provide information at either a regional or country level.

CbCR disclosures are provided by eight C25 companies, either in alignment with the EU Directive or the GRI 207 framework. Information in respect of TTC and CbCR is generally provided in stand-alone tax reports or the tax policy. Seven companies provide either all this information or extracts of it in annual reports which are subject to a degree of assurance. The fact that the information is subject to assurance gives credibility to the numbers and provides an additional layer of comfort for stakeholders.



Transparency performance at a global scale



Dive further into the
[Global PwC Tax Transparency Study 2024]

In November 2024 the global PwC Tax Transparency Study was released. The study covers 21 countries and analysed voluntary tax reportings of 872 companies. The overall global avarage score was 26.6% when benchmarked against the PwC Tax Transparency Framework. The study included deep dives into six key industries: 1) Consumer Markets, 2) Energy, Utilities and Resources, 3) Financial Services, 4) Health Industries, 5) Industrial Manufactures and Automotive and 6) Technology, Media and Telecommunications. Generally the key industry delivering most voluntary disclosures in 2024 is Energy, Utilities and Resources, with a global average score of 33.4%.

Transparency performance at a global scale

2024 marked the first year for a global PwC Tax Transparency Study including 872 companies based on market capitalization across 21 countries.

The total average for the Danish C25 index in the 2024 study was 41.3%, ranking Denmark fourth out of 21 countries. This year's average performance by the Danish C25 index has been increased to 48.7%, ranking the Danish C25 index third compared to the 2024 results. The global average is 26.6%.

In each of the four categories, the Danish C25 Index is almost performing twice as well as the global average.

The Danish C25 2025 performance positions the index as ranking second in three out of four categories when compared to the 2024 numbers present in the Global Survey: Approach to Tax, Tax Numbers and Performance, and Total Tax Contribution and the Wider Impact of Tax.

The Danish C25 Index is especially performing very well globally when it comes to the Approach to Tax section which shows that the Danish C25 companies' tax strategies include developed narratives in relation to how the businesses operate when it comes to taxes. At a global level 56.3% have a publicly available tax strategy. However, notably the tax strategies disclosed are often closely inspired by regulatory requirements. The Energy, Utiliies and Resources together with the Technology, Media and Telecomunication industries generally provides the most voluntary disclosures when it comes to Approach to Tax.

When it comes to voluntary disclosures related to Tax Governance and Risk Management, the Danish C25 index is more or less on par with the global average. At a global scale companies within Energy, Utilities and Resources provide most insight into this area.

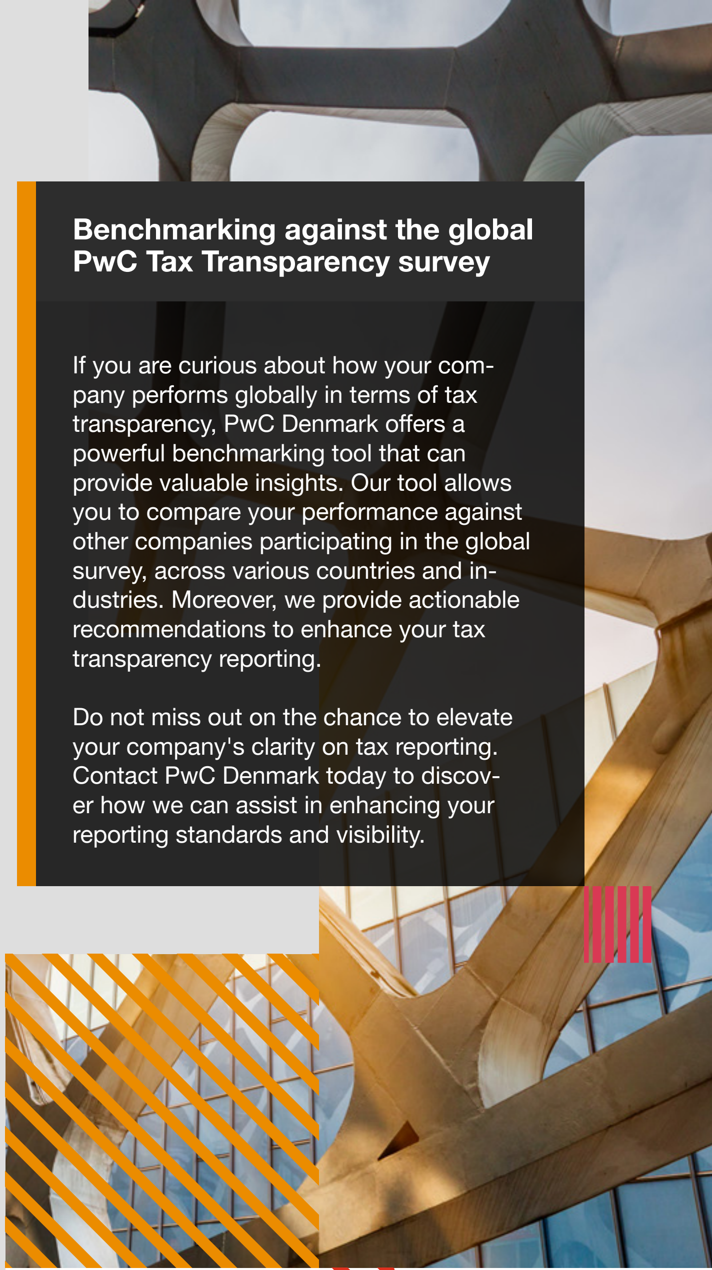
For Tax Numbers and Performance only Germany is providing more insights than the Danish C25 index. This underpins that the Danish C25 index in general provides additional explanations about the companies' tax numbers in their annual reports when benchmarking against the other participating countries. This category also focuses on how the companies explain and present their taxes paid in the tax note of the annual report and the expectations to future effective tax rates and tax payments. Across the key industries generally the Health industries provides most voluntary disclosures related to Tax Numbers and Performance with a global average of 36.3%.

The category Total Tax Contribution and the Wider Impact of Tax is where most companies seem to struggle. This category includes more than just numbers and approach. Here the companies are assessed based on how they integrate taxes with sustainability reporting, approach to lobbying activities, how they discuss the benefits of tax transparency with its stakeholders as well as other voluntary tax disclosures on CbC and TTC. Even though these disclosures are yet to become a requirement, the Danish C25 index ranks second in the global analysis regarding this.

At a global level 190 companies or more than 20% of the companies provides either full or partially CbC disclosures, the majority of these only provides partial CbC disclosures. In comparison more than 220 companies or approximately 25% disclosed their TTC. Around half of the companies disclosing the TTC provides disclosures which includes break-down by geography or tax type.

Overall, Denmark consistently positions itself among the top countries in terms of voluntary tax disclosures and has been steadily improving its position each year.

Please stay tuned for the release of the 2025 global PwC Tax Transparency Study which is expected to be launched in early October 2025.



Benchmarking against the global PwC Tax Transparency survey

If you are curious about how your company performs globally in terms of tax transparency, PwC Denmark offers a powerful benchmarking tool that can provide valuable insights. Our tool allows you to compare your performance against other companies participating in the global survey, across various countries and industries. Moreover, we provide actionable recommendations to enhance your tax transparency reporting.

Do not miss out on the chance to elevate your company's clarity on tax reporting. Contact PwC Denmark today to discover how we can assist in enhancing your reporting standards and visibility.

Increased focus on consistency and quality in CbC data

In today's globalised economy, transparency in tax reporting is more critical than ever. For many stakeholders, including investors, transparency in tax matters is an important component of the wider assessment of risk and performance of companies, and tax matters are often part of the sustainability conversations

Multinational enterprises (MNEs) are faced with increasing requests and soon legal requirements to disclose detailed financial and tax information on a country-by-country (CbC) basis. For some years, various stakeholders have requested CbC disclosures to gain additional strategic insights into the MNEs tax matters and to understand the business model driving the tax footprint.

In addition, 2024 is first year for Pillar II reporting. Many MNEs have performed Safe Harbour analyses based on CbC data, which has brought a new and increased focus on the CbC data set. Now more than ever, the CbC data set is relevant. In this article we have combined a few key observations.

Public CbCR disclosures on the horizon

The EU pCbCR is a tax transparency initiative which aims to give stakeholders a clearer view of MNEs' EU tax contributions and economic activities and is designed to foster corporate responsibility in the EU. It requires large MNEs to publicly disclose key financial data for each tax jurisdiction in which they operate, enhancing the public's ability to dive further into corporate tax metrics. The first year of reporting is financial years starting on or after 22 June 2024.

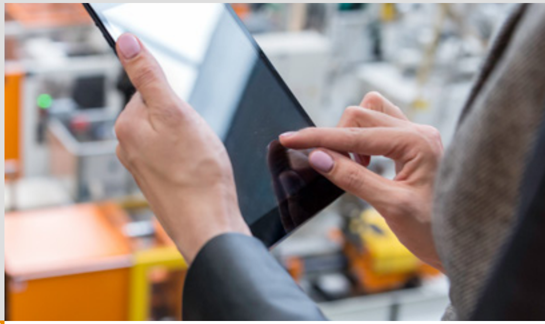
Similar proposals have also recently been introduced into the Australian Parliament. The rules, which took effect for reporting periods commencing on or after 1 July 2024, will require public disclosure of certain tax information by large groups with a presence in Australia. While the details may differ from the EU, the underlying principles and goals are the same. For an overview of the CbC reporting frameworks please refer to appendix 1.

Although preparations may already be in process, the public disclosure of CbC data will for some MNEs be uncharted waters. Building the narrative to support the detailed disclosure is not always an easy task and various stakeholders of the MNE are usually involved.

CbCR – the data set that keeps on being relevant

CbCR disclosures to tax administrations have been known for many years. The introduction of Pillar II has advanced the importance and relevance of CbC data.

With the transitional safe harbour assessment, companies' compliance obligations and potential top-up tax payments may be reduced if safe harbour tests are met for a jurisdiction. However, the potential significant benefits of the safe harbours are based on a prerequisite that the CbC data set be '"qualified". Essentially, this means that the CbC data set must be prepared based on Qualified Financial Statements, generally those prepared in accordance with recognized accounting standards, such as the International Financial Reporting Standards (IFRS).



With this perspective on the CbC data set, there is an even greater reason – if not already considered – to ensure that the data set is comprehensive or "qualifies". This ensures internal coherence and consistency in the data, which is essential for the integrity of the reporting and the trust it builds among stakeholders.

Importance of data quality

As companies navigate the complexities of CbCR, the importance of data quality cannot be overstated. Accurate, reliable, and comprehensive data is fundamental to meeting compliance requirements and leveraging potential benefits such as safe harbour provisions under Pillar II regulations. Qualified Financial Statements, prepared in accordance with recognized accounting standards like IFRS, form the backbone of this qualified data set, ensuring consistency and coherence in reporting.

Moreover, in the context of pCbCR, where corporate tax payments and profits are disclosed publicly, the integrity of the data is crucial for maintaining trust among stakeholders, including investors, regulators, and the public. High-quality data enables businesses to tell a holistic tax story that highlights their positive impact on local communities and environmental initiatives, thereby fostering corporate responsibility and enhancing their reputation. A way to provide even more context to the holistic tax story is to provide disclosures of other taxes paid in the context of total tax contributions. Please refer to appendix 2 for an overview of the PwC Total Tax Contribution Framework

How to ensure robust CbCR data

Ensuring data quality also involves implementing robust internal controls and cross-coordination between various divisions within the company, such as tax, legal, public communications, and investor relations. A coordinated approach helps prevent discrepancies and ensures a consistent narrative across all reporting channels.

As the regulatory landscape evolves, companies must stay ahead by continuously evaluating their data quality practices. This proactive approach does not only mitigate the risks associated with reputational and optics issues but also safeguards sensitive information from exposure. By prioritizing data quality, companies can effectively navigate the challenges and opportunities presented by CbCR and pCbCR, ultimately driving strategic decisions and compliance efforts.

EU Tracker til CbC

For further details and insights on how you can develop and analyse your CbC dataset and disclosures please find more information and how we can assist you **here**

Actions companies should be taking now

Here are three suggested actions to help drive your company's CbCR strategy to ensure a balanced reporting of numbers and the supporting narrative:

- **Understand the implications of CbCR:** Cross-coordination between tax and other relevant divisions in the company that handle legal, public communications, and investor relations is important to achieve a coordinated and consistent approach to assess both the benefits and risks associated with the CbCR.

- **Ensuring quality in CbCR:** The Safe Harbour analysis performed for Pillar II purposes requires a high level of accuracy and reliability of the CbCR, which has to be "qualified". If not already performed, a review of the CbC data set to ensure the quality in the data set would provide further quality in the CbC data. Implementing findings from a review of the CbCR data can significantly reduce the compliance burden in respect of both Pillar Two and pCbCR.

- **Strategies for disclosures:** In preparation for the pCbCR, MNEs must analyse and understand both the risks and benefits associated with the data to be reported. PCbCR may pose a risk of disclosing sensitive or confidential information, such as business strategies, market shares or intellectual property, to competitors, customers, suppliers or regulators. Considering both the risks and the benefits which the disclosures may have, a holistic reporting to share insights into the operating model is recommended to support the disclosure balancing the need to manage sensitive information.

AI creates opportunities for tax departments

In 2024, we discussed AI as a potential tool for tax functions. By 2025, we see that AI is not just a topic of conversation but something that has been adopted and is driving change. According to the **Global Reframing Tax Survey**, 56% of participants believe that Generative AI (GenAI) provides real value to tax departments, and 80% believe that GenAI will have a crucial transformative impact over the next three years. In a world where there is an increasing need for transparency and a need to balance the growing demands on tax functions, AI is a technological solution that can meet these needs. Additionally, AI can increase employee satisfaction by automating more trivial tasks and reducing recruitment challenges due to its automation potential. In the context of Tax Transparency reporting, AI is well-suited, as it can generate draft transparency reports, provide insights and facilitate the work.

Therefore, in this article we will dive further into the opportunities with AI and then provide recommendations on what a tax department can do now.

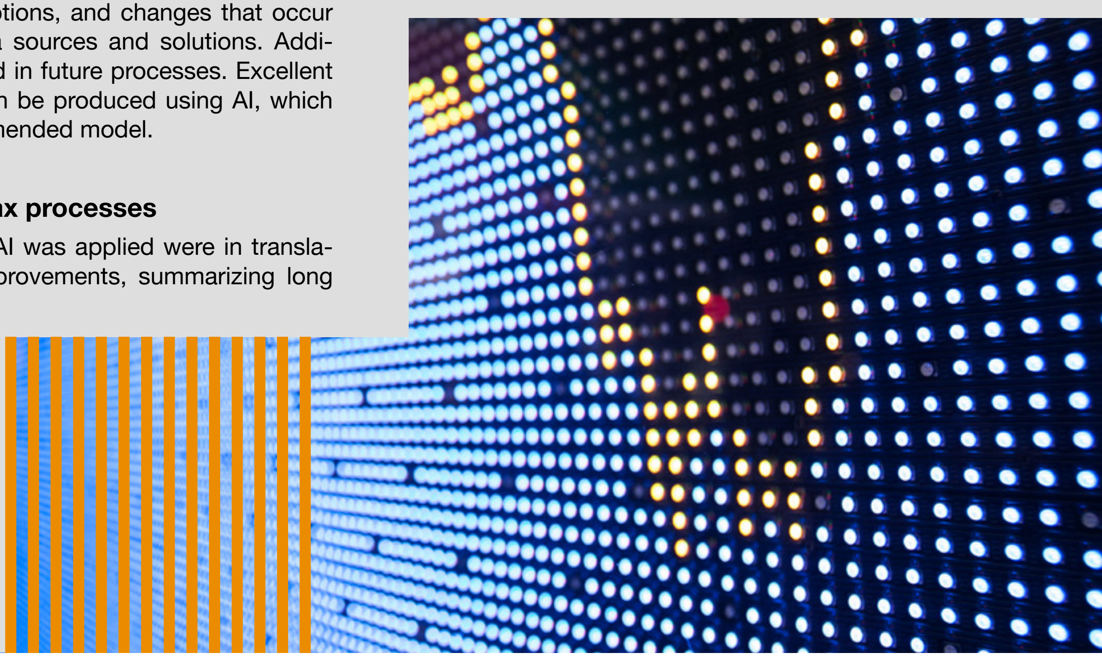
AI can be used to improve your data

Data quality is crucial for solid and effective tax processes, whether for tax transparency reporting (incl. CbCR), Pillar II, or daily reporting. Tax departments need confidence in their data both globally and locally. 47% of respondents also indicate that improving data quality is a focus area for their tax department over the next three years.

AI can be used for ongoing improvements and to support more strategic changes in data quality. In ongoing changes, AI can be used to make comparisons and recommendations, as this can be done in moments, thereby increasing immediate insight into data quality and identifying challenges. Higher strategic quality comes from a strategic discipline, common definitions, and a digital framework that makes data available in a relevant format so that the same data can be used for multiple purposes. While this may seem like a significant task, AI can be an effective assistant in analyzing the processes, descriptions, and changes that occur between different data sources and solutions. Additionally, AI can be used in future processes. Excellent synthetic data sets can be produced using AI, which can help test a recommended model.

AI can be used in tax processes

The first areas where AI was applied were in translations, grammatical improvements, summarizing long texts, and drafting proposals for various memos. As we become more proficient with AI, its application and derived value expand. According to this year's AI Barometer Survey, 95% of companies report a need for AI skills in their department, and 55% even consider it a significant need. Tax departments should not only look at processes but also tasks. While preparatory tasks such as data collection, year-over-year comparisons, and summarizing can be supported by AI, other tasks will still require deep tax technical knowledge to



critically input and contextualize AI outputs. Therefore, AI should be seen as an assistant for numerous processes, whether for reading documents for tax returns, drafting memos, documentation for transfer pricing, preparing tax reports, addressing legal questions, conducting analyses in connection with acquisitions and sales or general reporting to management. While some tasks can be fully optimized, others only partially, but relevant use cases do not require repetitive tasks or structured data. It requires more mindset and access to relevant AI tools.

AI can provide new insights

Tax departments need to transform into even more strategic advisors to support companies in an ever-changing world. Therefore, 40% say that better access to data and insights is a strategically important priority for tax departments over the next three years. These insights must come from large amounts of data, legislation, rules, and often exist in many different formats, from Excel sheets to long reports and graphical illustrations. Where the task of finding relevant insights before GenAI was a major project, AI can now be the technological helper that accelerates access to insights. Once data is made available, AI can solve the task of cross-referencing. Tax employees can use their knowledge to explore hypotheses across data and use AI to summarize and forward information, turning it into business value.

It makes sense for tax departments to either get started with AI or move forward. The next phase of AI – AI agents – is already on the way, and while AI has given us assistants, AI agents will provide us with automation. However, it is recommended that AI agents be built on an established foundation of AI knowledge to understand how agents should be designed, controlled, and implemented. Therefore, tax departments should take concrete action within AI today to help both employees, the tax department, and the company.

1. Identify relevant use cases: The possibilities with AI are many, and it is recommended to be creative about this, possibly using external resources to gather enough inspiration. Once ideas are gathered, make sure to select a few and follow up with relevant prompts so they can be executed.

2. Ensure employee upskilling: Employees need to understand GenAI and learn to prompt. Prompting is a command to an AI tool and is a discipline in itself. It requires some concentrated focus but is necessary to create valuable output.

3. Provide access to relevant and secure AI tools: Employees need access to a tool that ensures that data is stored confidentially. Adding an AI tool that understands a legal and tax technical world will further increase quality.

At PwC, we use AI in our tax and legal department and are always ready for sparring and can also help your department accelerate the value of AI.

Methodology for the Global Tax Transparency and Sustainability Reporting Study

In this publication, we share the results of our latest review of the voluntary tax and tax-related sustainability reporting of the companies listed in the OMX Copenhagen 25 index, based on their market capitalisation as of 31 December 2024. We conducted a comprehensive review of all publicly available information for the companies included in our analysis. This encompassed a wide range of documents and sources, including annual reports, other publicly available reports such as tax reports, sustainability reports, information on company websites, and other relevant publicly available information on tax. Our review focused primarily on the 2024 financial year, with a cutoff date of 7 April 2025. While we aim to include all material disclosed by companies in respect of tax matters, we cannot guarantee the completeness of our data sources.

We assessed the companies' tax disclosures to determine if they met the criteria outlined in the PwC Tax Transparency Framework. The criteria are organised into four main categories:

1. **Approach to Tax**
2. **Tax Governance and Risk Management**
3. **Tax Numbers and Performance**
4. **Total Tax Contribution and Wider Impact of Tax**

The PwC Tax Transparency Framework is aligned with following standards and guidelines, including:

- 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 (WEF) Stakeholder Capitalism Metrics on tax
- The EU Minimum Safeguards on taxation

For each of the four categories, a number of data points, totaling 37, are awarded from 1 to 3 deciding the overall assessment in the category. For each category, a total of 100% indicates full alignment with the relevant indicators.

The combined indicator is a weighted average of the four categories and is as such an indication of the C25 index alignment across the five external frameworks and standards for tax transparency.

Appendix 1: Country by Country Reporting

Understanding the requirements
EU Public CbCR Requirements

The European Union has introduced requirements for large multinational companies to publicly disclose information on where their profits arise and where these are ultimately taxed.

MNEs with global consolidated revenues of over EUR 750 million for each of the past two financial years are in scope. The first year of reporting is financial years beginning on or after 22 June 2024.

A few EU Member States have implemented the directive ahead of the 22 June 2023 transposition deadline and introduced an earlier reporting timeline. For instance, Romania has already introduced public CbC reporting obligations effective from 1 January 2023. Other countries like the Netherlands, Hungary, Germany, Finland, Ireland, and Sweden have also announced their implementation plans, with some opting for earlier dates, however, in most instances if the ultimate parent is within the EU, the reporting follows the Directive.

Australian Public CbCR Requirements

Australia has also implemented a public CbCR regime, requiring large MNEs to disclose selected tax information on a country-by-country basis. The regime applies for reporting periods commencing from 1 July 2024. The information must be reported either on a CbC basis for certain countries or on an aggregated basis for other countries.[1]

Entities must report if they meet specific criteria, including having a global consolidated turnover of AUD 1 billion or more and having a consolidated net turnover of AUD 10 million or more of Australian-sourced income. As for the EU Directive, the reporting under the Australian CbC regulation is due 12 months following the end of the relevant reporting period.

Below is an overview of the EU, OECD, GRI and Australian Public CbCR Requirements:

Data Point	GRI 207-4	OECD	EU pCbCR	Australian pCbCR
Total revenue	✗	✓	✓	✗
Revenue from third parties	✓	✓	✗	✓
Revenue from related parties	Between jurisdictions only	✓	✗	✓
Profit/loss before tax	✓	✓	✓	✓
Cash tax paid	✓	✓	✓	✓
Tax accrued	✓	✓	✓	✓
Tangible assets other than cash and cash equivalents	✓	✓	✗	✓
Number of employees	✓	✓	✓	✓
Reasons for the difference between accrued CIT and statutory rate	✓	✗	✗	✓
Total accumulated earnings	✗	✓	✓	✗
Stated capital	✗	✓	✗	✗

1 https://www.pwc.com.au/tax/tax-alerts/australian-public-country-by-country-reporting-laws-passed.html

Appendix 2: Total Tax Contribution

How TTC can add value and a broader perspective?

While CbCR only covers the corporate income tax on a cash and accrual basis, the TTC provides an overview of all taxes a company bears and collects on behalf of others.

With the geopolitical developments and the implementation of the EU public Country-by-Country requirements, more companies may find it useful to create awareness about tax payments beyond corporate income taxes.

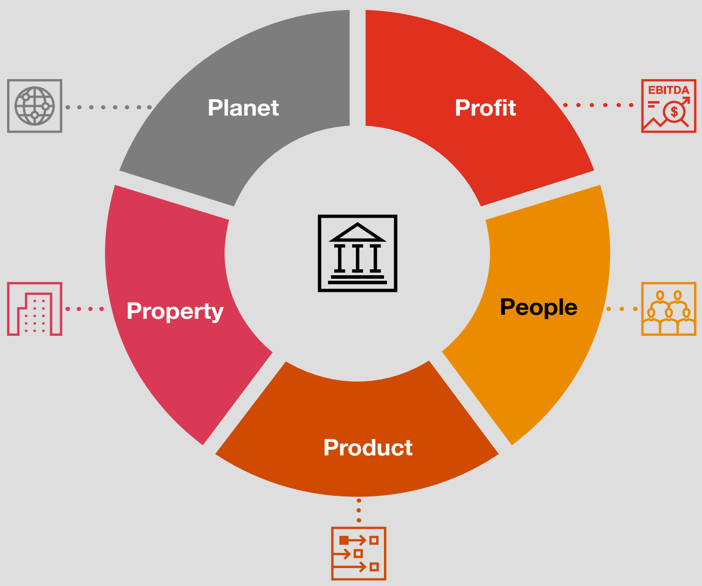
TTC provides a holistic overview of a company's tax profile and includes all taxes a company pays. This can provide tax teams with a robust baseline upon which key messages can be built and a broader transparency strategy formulated and integrated within the wider reporting of the company.

Where to begin?

TTC is as much a journey itself as developing a wider strategy. Our recommendation is for tax functions to initially focus on data collection for material taxes from top locations with operations. Undertaking this process is likely to produce a tax profile which captures around 80% of the total taxes paid by the company and will provide key messages about the company's overall tax contributions which are unlikely to change in future years.

Building on this process as a starting point on a wider transparency journey will provide tax teams with a solid foundation upon which more informed conversations with stakeholders about transparency and how the company's tax profile supports broader ESG topics can be facilitated.

5 Ps – The TTC tax bases



Greater value in TTC

For those companies who are further along on their transparency journey, there are still ways of gaining more value from TTC.

Leveraging technology and data automation to assist with the data collection process can save significant time and resources. TTC data which has been collected over a number of years can also be used to draw longer-term trends. This data could be used to inform public policy and support conversations on macroeconomic issues such as industry or geographically specific taxation.

What is TTC?

TTC is the total cash taxes and levies paid by a company to any level of government. At a broad level the TTC framework is split into two main categories:

- **Taxes bourne:** which is a cost to the company when paid and impacts the company's financial statements; and
- **Taxes collected:** which are those taxes the company collects on behalf of governments as a result of the economic activity generated by the company.

What are the 5 Ps?

Profit:
This includes taxes on company profits that are borne (such as corporate income tax) and collected (such as withholding tax on payments to third parties).

People:
Taxes on employment, both borne and collected (including income tax and social security payments).

Product:
Indirect taxes on the production and consumption of goods and services, including VAT and sales taxes.

Property:
Taxes on the ownership, sales transfer and occupation of property.

Planet:
Taxes and duties levied on the supply, use of or consumption of goods and services that are considered to be harmful.

Next steps – how we can help

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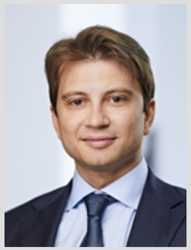

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Tax Transparency Strategy

With our extensive experience and the PwC tax transparency framework, we can guide you through the process of developing and formulating your company's strategy for advancing tax transparency and securing the benefits of greater transparency.

Together with you, we will develop a roadmap that summarises the initiatives, opportunities and risks of advancing voluntary tax disclosures.

Tax Governance

Providing voluntary tax disclosures requires a robust tax control framework to demonstrate the substance behind the disclosures. In doing so, we can assist you with:

- Mapping the current state of processes, risks and controls and conducting a gap analysis.
- Developing a strategy/roadmap to enhance the tax governance framework.
- Identifying automation opportunities.

Benchmarking

Disclosures regarding taxes are becoming an intrinsic part of the wider reporting, making it even more important that you understand the tax disclosures of your peers. Our tool allows you to compare your performance against other companies participating in the global survey, across various countries and industries. Moreover, we provide actionable recommendations to enhance your tax transparency reporting.

This will provide insightful knowledge about your tax profile and how to navigate from here in terms of tax disclosures.

Tech-driven Insights

With our tax tech tools, we can assist you in providing insights into your tax data, such as:

- CbCR analytics and dashboard solutions to identify risks and outliers.
- Tax Governance maturity assessments – based on the PwC-developed Tax Management Maturity Model (T3M), involving relevant stakeholders to develop a strategy and approach to ESG and Taxes and Tax Control Frameworks.