University of St.Gallen

Tax Reporting and Sustainability - Time to Rethink?

Oxford University – 4 June 2021

Peter Hongler
Institute of Public Finance, Fiscal Law and Law & Economics IFF-HSG, University of St. Gallen

"From insight to impact"

An overview of the applicable sustainability standards

Engagement Guidance on Corporate Tax Responsibility

Corporate Sustainability Assessment

OECD Guidelines for Multinational Enterprises

Business Charter for Sustainable Development

Global Reporting Initiative 2019: Standard 207

A Bar for Responsible Tax

- Tax planning
- Awareness
- Support and enable an effective tax system
- Legal compliance and beyond
- Transparency
- Relationship with authoriteis
- Tax governance

At least 40 different recommendations

Main elements used in these standards (own categorization)

It is a regulatory Jungle!

University of St.Gallen

Two sustainability approaches

Sustainable Business Development

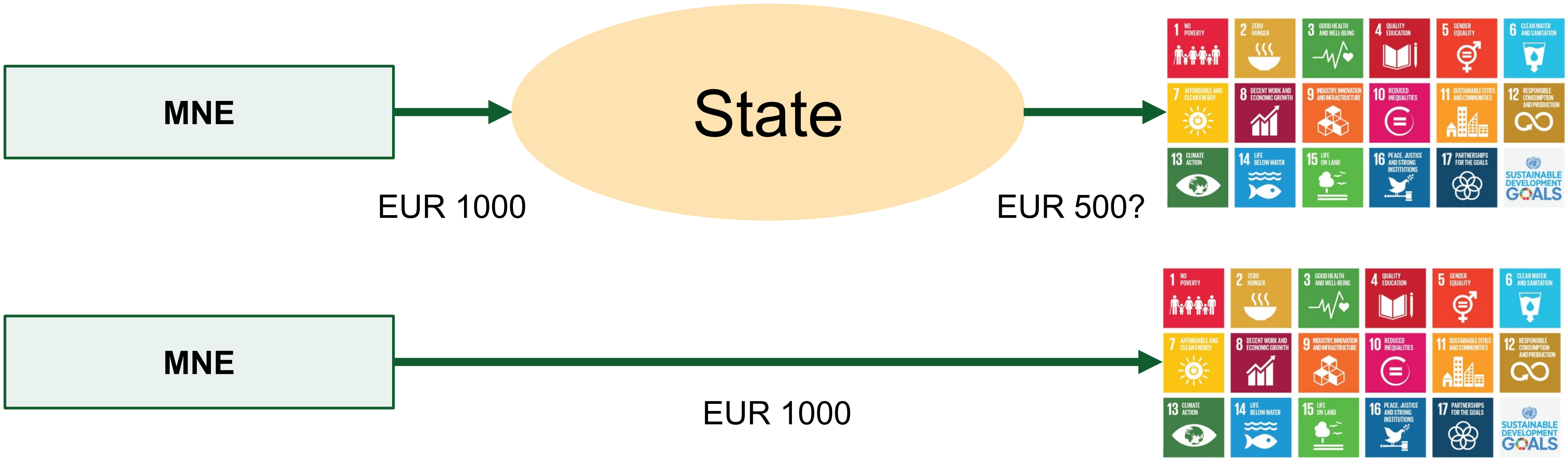
Business Development Rationale (BDR)

Sustainable Development Goals

Comprehensive Development Rationale (CDR)

University of St.Gallen

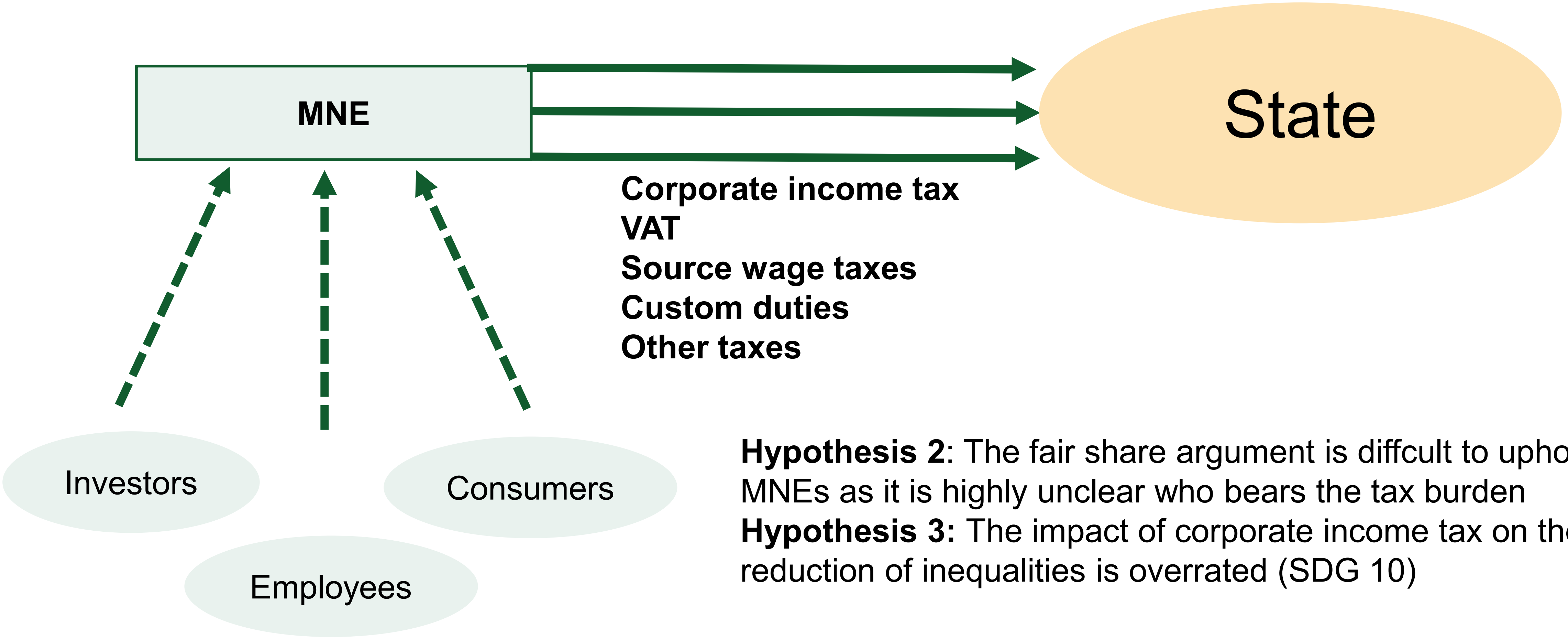
The two elephants in the room: Elephant 1 – the state



Hypothesis 1: The impact the payment of taxes has on the fulflillment of the SDGs is overrated, so is the impact of tax reporting for the purpose of achieving SDGs (e.g. SDG 1 + 2!!). It depends on how the state spends its money.

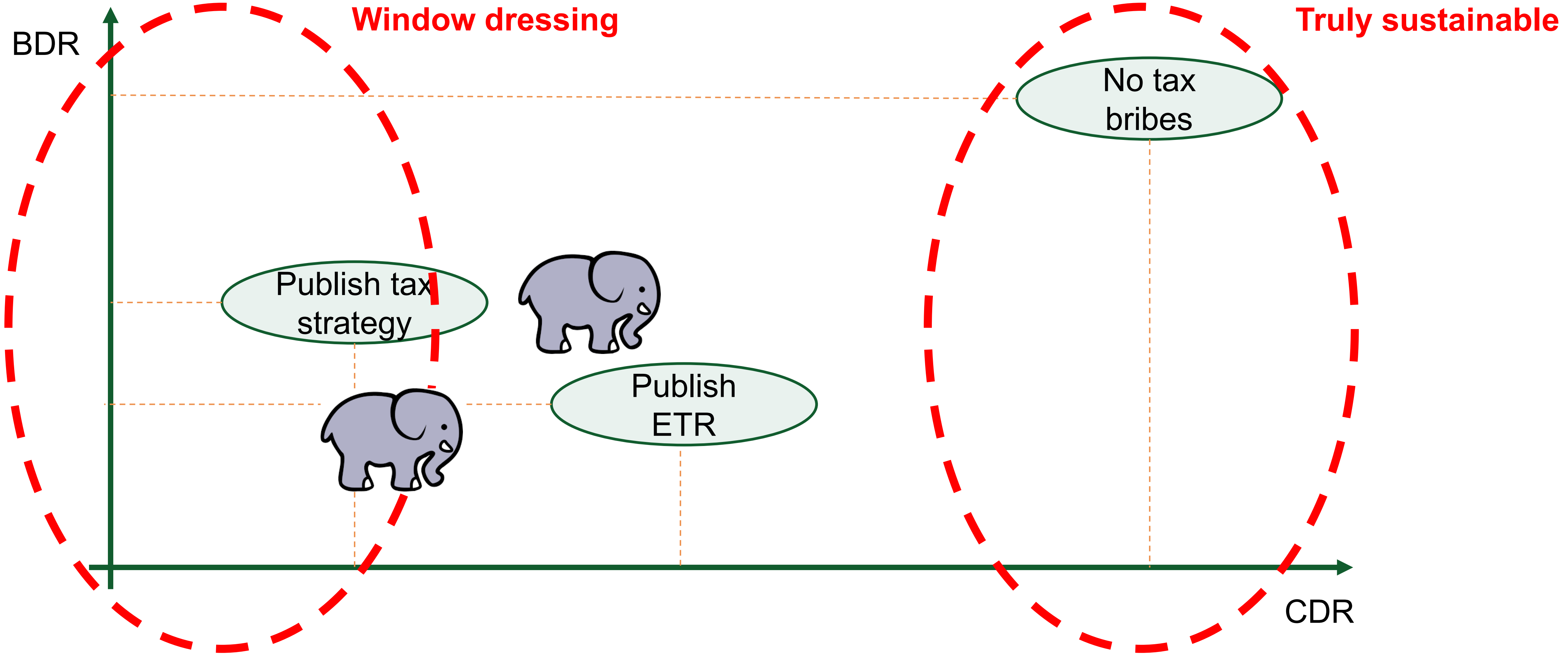
University of St.Gallen

The two elephants in the room: Elephant 2 – tax incidence

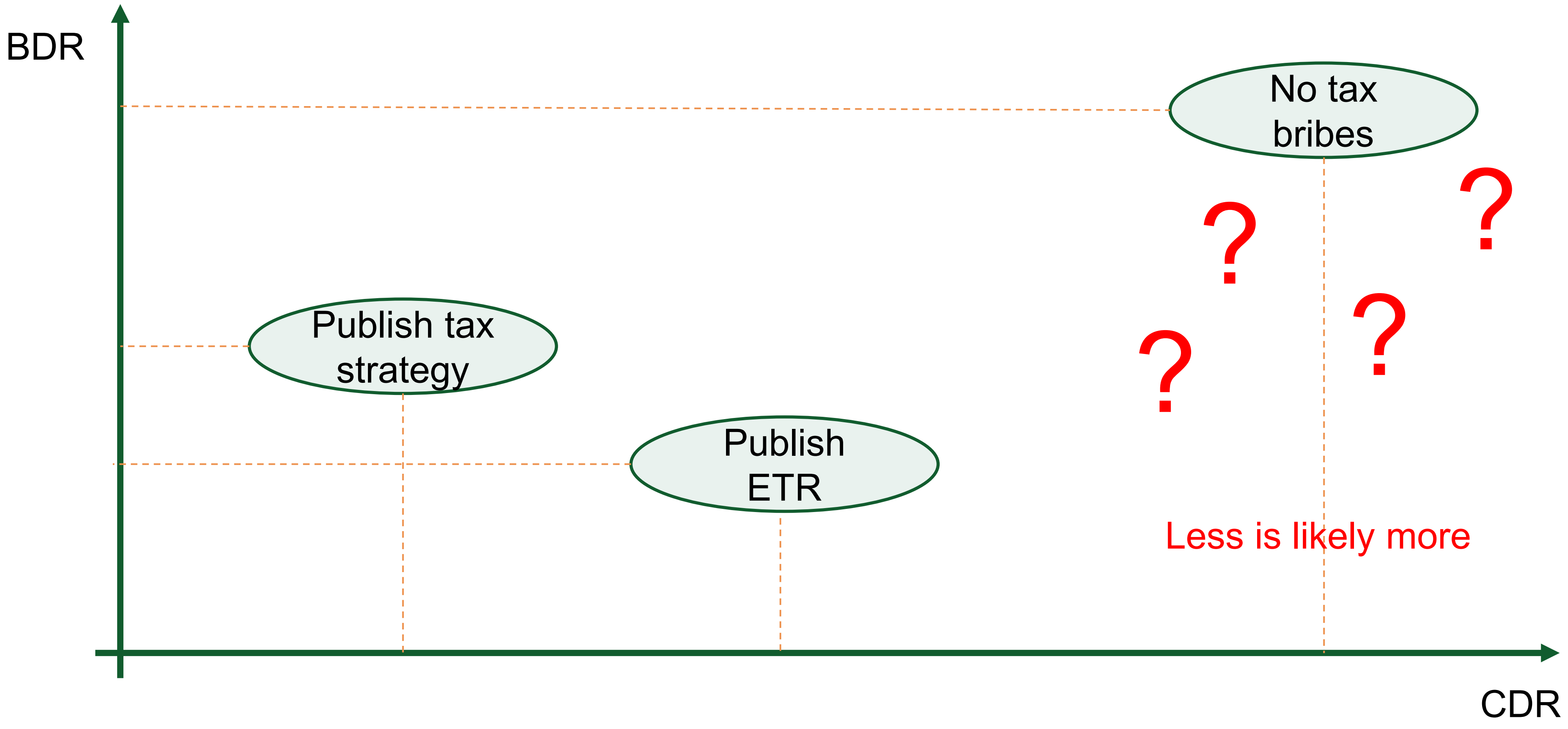


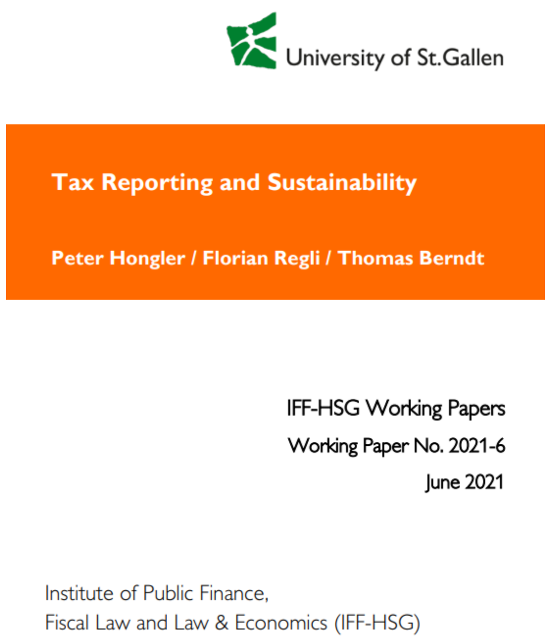
Hypothesis 2: The fair share argument is diffcult to uphold for MNEs as it is highly unclear who bears the tax burden
Hypothesis 3: The impact of corporate income tax on the reduction of inequalities is overrated (SDG 10)

Assess the impact of recommendations (i)



Assess the impact of recommendations (ii)



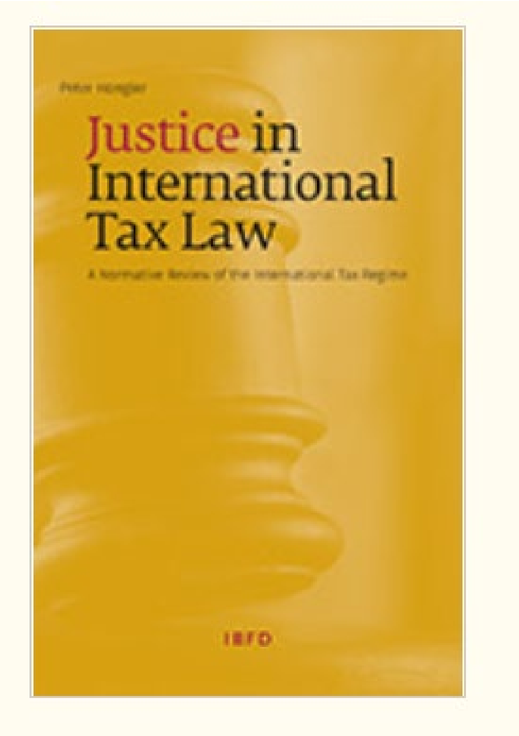

University of St.Gallen

Tax Reporting and Sustainability

Peter Hongler / Florian Regli / Thomas Berndt

IFF-HSG Working Papers
Working Paper No. 2021-6
June 2021

Institute of Public Finance,
Fiscal Law and Law & Economics (IFF-HSG)



https://www.alexandria.unisg.ch/263265/

https://www.alexandria.unisg.ch/257972/

Prof. Dr. Peter Hongler
IFF-HSG
Varnbüelstrasse 19
9000 St. Gallen
peter.hongler@unisg.ch

EQUIS ACCREDITED

AACSB ACCREDITED

ASSOCIATION OF MBAS ACCREDITED