



# TaxNewsFlash

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## Legislative update: House passes bill requiring country-by-country reporting of pre-tax profits, taxes paid

The U.S. House of Representatives today passed H.R. 1187, the “ESG Disclosure Simplification Act of 2021”, by a vote of 215 to 214.

The bill includes the provisions of H.R. 3007, the “Disclosure of Tax Havens and Offshoring Act”—a bill that would require public companies to disclose certain financial information on a country-by-country (CbC) basis, including “total income tax paid on a cash basis to all tax jurisdictions.” Read prior coverage of House Financial Services Committee approval of H.R. 3007: [TaxNewsFlash](#)

The bill would amend the Securities Act of 1934 to require:

- Companies to comply with CbC reporting rules
- Companies to disclose a number of specific tax-related items for each of its subsidiaries, as well as on a consolidated basis, such as total accrued tax expenses, stated capital, and total accumulated earnings

The proposed effective date for the CbC measures would be one year from the date on which the Securities and Exchange Commission adopts a final rule implementing the CbC provision.

### Documents

Read [text of the bill](#) as approved by the House Financial Services Committee and incorporated into H.R. 1187 and a [committee report](#) [PDF 596 KB] accompanying the bill.

A [release](#) [PDF 283 KB] related to H.R. 3007 from the Financial Services Committee notes that currently, there is no requirement for public companies to disclose their tax liabilities or the domestic or foreign governments to which they are owed or paid.

### What's next?

The bill would have to be considered and passed (expected to require 60 votes) in the Senate and then signed by the president to become law.

### **KPMG observation**

Currently pending in the European Union is a proposal for public CbC reporting. Read [TaxNewsFlash](#)

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