



# Tax Responsibility and Transparency Index

## Assessment Criteria

The Tax Responsibility and Transparency (TR&T) Index enables multinational businesses to benchmark themselves against high-bar civil-society frameworks, pending legislation and pioneering companies in five key areas of tax conduct. It has been co-developed by CSR Europe and the Fair Tax Foundation.

In some areas of the TR&T Index there are intentionally 'high bars' to clear to achieve full marks, so no business will be expected to score 100 out of 100.

The TR&T Index focuses on corporate income tax. However, where other taxes can also be logically and efficiently encompassed, these are factored into requirements.

Benchmarking will be provided against a regularly updated anonymised leadership pool. Clear guidance will be returned to participants about what would be needed for improved scoring (via a detailed TR&T Index Scorecard Report).

The TR&T Index is divided into five distinct areas, with points allocated across a total of 34 questions, as follows:

Policy & Strategy (15%)	Management & Governance (20%)	Stakeholder engagement (15%)	Transparency & Reporting (25%)	Contribution & Narrative (25%)
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This guide contains a separate section for each of areas A1 to A5. Each section presents the TR&T Index's individual questions alongside further 'clarification and scoring' guidance (which is included to aid understanding).

Assessors will refer to the detailed guidance when awarding scores for each question and providing associated feedback. For any queries, further information or technical help, please contact us at [info@taxindex.net](mailto:info@taxindex.net)

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
1	AREA 1 - POLICY & STRATEGY	Public tax policy / strategy	Does the company publicly provide a description of its <b>approach to tax</b> ?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Ideally encompasses all taxes, not just CIT.</li> <li>- Can either be in the form of a tax policy or tax strategy (in some countries mandatory requirement and format).</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the tax policy/strategy apply to all jurisdictions, and to all subsidiaries and entities? <b>1% if does</b></li> <li>- Does the tax policy/strategy cover corporation tax and/or other taxes? <b>1% if covers CIT only, 1% if covers "all taxes"</b></li> <li>- <b>Full 3% can only be scored if "all taxes" are covered</b></li> <li>- Does it cover approach to tax incentives (both national and local)?</li> </ul>
2	AREA 1 - POLICY & STRATEGY	Public tax policy / strategy	If the company discloses its tax principles, are they in line with <b>international sustainability frameworks / guidelines / initiatives / standards</b> ?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- This requirement concerns public tax policy/strategy only, and relates to CIT only. Tax reporting of data in line with international frameworks is considered separately in Area 4.</li> </ul> <p>Points to consider:</p> <p>Examples of frameworks/guidelines/initiatives/standards include: GRI 207, UNPRI, Fair Tax Mark, OECD Guidelines for Multinational Enterprises and the B Team Responsible Tax Code and Principles.</p> <ul style="list-style-type: none"> <li>- <b>3% if refers to any of the Big 3 civil society standards... GRI207, UNPRI or FTM</b></li> <li>- <b>2% if refers to B Team</b></li> <li>- <b>1% if refers to OECD Guidelines</b></li> <li>- <b>Note maximum that can be scored is 3%</b></li> </ul>

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
3	AREA 1 - POLICY & STRATEGY	Anti-avoidance commitments	Does the public tax policy explicitly embrace the following commitment: follow the <b>spirit as well as the letter of the law</b> ?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Looking for explicit commitment to follow <u>spirit</u> of the law (cf letter of the law). <b>3% if explicit reference to 'spirit'. 1% if inferred but not explicit</b></li> <li>- Encompasses all taxes, not just CIT - but discussion is expected to focus mainly or exclusively on CIT, and this is acceptable.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- It is entirely legitimate to claim tax reliefs for the purposes for which they were intended, and this does not constitute tax avoidance.</li> </ul>
4	AREA 1 - POLICY & STRATEGY	Anti-avoidance commitments	Does the public tax policy explicitly embrace the following commitment: seek to <b>declare profits in the place where their economic substance arises</b> ?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Looking for commitment to shun profit shifting. <b>3% if explicit reference to 'profit shifting', or a precisely worded statement that captures the spirit of this commitment using alternative terms. 1-2% if inferred but not explicit</b></li> <li>- "Economic substance arises" is considered to be synonymous with "economic value created".</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the company disclose an overview of its approach to transfer pricing?</li> <li>- Does the company make a commitment not to undertake transfer pricing planning for tax avoidance purposes?</li> <li>- Does the company positively commit to adopting arm's length principles?</li> <li>- If the company is booking income in jurisdictions where it attracts low or no tax and in which related assets and business activities are not located, does the business address this? Either in policy or narrative reporting.</li> </ul>

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
5	AREA 1 - POLICY & STRATEGY	Anti-avoidance commitments	Does the public tax policy explicitly embrace the following commitments: <b>not use low tax jurisdictions artificially</b> and for the purposes of tax reduction?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Presence in 'low tax jurisdiction' is not necessarily a problematic issue. Business may have a material economic trading presence. Tax residency may be different to country of operation.</li> <li>- Issue goes beyond low headline rate of tax. Encompasses tax reliefs and secrecy attributes.</li> <li>- No definitive list of 'tax havens' will be provided. Business will be left to self define or refer elsewhere - e.g., TJN or FTF or EU lists</li> <li>- <u>1.5% if explicitly refers to artificiality and any of 'tax havens', 'low tax jurisdictions', black/grey list states</u></li> <li>- <u>1.5% if explicitly addresses how it arrived at the above (e.g., if refer to tax haven... who's definition or list?) (could be TJN, FTF, Oxfam, EU, national list, etc.)</u></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the company provide clarity on what it considers to be a low tax jurisdiction and/or financial secrecy jurisdiction?</li> <li>- If the company utilises such locations for either incorporation, subsidiaries or operations, does the policy address this? Or a narrative provided elsewhere?</li> </ul>

Questions  
Section weighting

7  
20%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
1	AREA 2 - MANAGEMENT & GOVERNANCE	Internal management, control and governance	Does the company disclose a description of its tax <b>governance and control framework?</b>	<b>3%</b>	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Ideally, covers all taxes, not just CIT.</li> <li>- <b><u>1.5% if covers CIT only. 1.5% if covers "all taxes"</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Public disclosure of governance and internal control frameworks.</li> <li>- Evidence that responsible tax conduct is embedded across both tax department(s) and the business in general.</li> <li>- How tax risks are identified, managed, and monitored.</li> <li>- Possible links to organisational KPIs and executive remuneration.</li> <li>- Possible links to resourcing.</li> </ul>
2	AREA 2 - MANAGEMENT & GOVERNANCE	Internal management, control and governance	Does the responsible governance body (e.g., board, audit committee, supervisory board) report on its oversight activities of the tax policy / strategy and <b>confirm implementation and compliance?</b>	<b>5%</b>	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Encompasses all taxes, not just CIT.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Governance responsibility clarified (e.g., named board director, audit committee). <b><u>2% if 'named' responsibility clarified</u></b></li> <li>- The governance body or executive-level position within the company formally confirms implementation and annual compliance of the tax policy and/or strategy. <b><u>3% if annual compliance confirmed publicly</u></b></li> <li>- <b><u>Partial credit of 1.5% may be given where the company formally confirms implementation and compliance to the board internally (i.e., not publicly), if this can be evidenced to the assessor.</u></b></li> <li>- Where a company's tax policy/strategy explicitly forms part of a wider public code of conduct, credit will be given for a public statement of compliance with the overall code of conduct (but this should be explained to the assessor, for clarity).</li> </ul>

Questions  
Section weighting

7  
20%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
3	AREA 2 - MANAGEMENT & GOVERNANCE	Internal management, control and governance	Can the company evidence that its <b>management</b> of tax is responsible?	2%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Looking for tax optimisation within spirit of law, not tax minimisation within letter of law. Looking for a nurturing of responsible tax conduct and tax transparency.</li> <li>- <u>Scoring based on solid examples of management being embedded across the company, as per spirit of the law</u></li> <li>- Encompasses all taxes, not just CIT.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does your company encourage a culture of responsible tax behaviour across the company?</li> <li>- Do the KPIs and incentives of the tax staff aim to implement responsible tax behaviours (besides the traditional goals of reducing tax liabilities while managing tax risk)?</li> <li>- Possible links to recruitment and/or training.</li> <li>- At what level in the hierarchy is the tax function leader.</li> </ul>

Questions  
Section weighting

7  
20%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
4	AREA 2 - MANAGEMENT & GOVERNANCE	Internal management, control and governance	Does the company <b>communicate</b> its tax policy and governance <b>internally</b> with vigour, and promote channels for identifying breaches?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Encompasses all taxes, not just CIT.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Evidence of vigorous internal communication of tax policy and governance, and 'embedding', across the business (includes all staff). <b><u>1% available if evidencable</u></b></li> <li>- Whistleblowing policy exists, is well promoted (to all employees and suppliers) and explicitly addresses 'tax'. <b><u>2% available</u></b></li> <li>- Anti-bribery policy exists, and/or code of conduct exists and explicitly covers tax matters. <b><u>1% available</u></b></li> <li>- <b><u>Note maximum that can be scored is 3%</u></b></li> </ul>
5	AREA 2 - MANAGEMENT & GOVERNANCE	Internal management, control and governance	Is the country of residence of <b>board directors</b> discernible?	1%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Parent only (board directors of subsidiary companies not required).</li> <li>- Do not require full address. Are not asking for 'nationality'.</li> <li>- May be evident from mandatory filings with public business registers (e.g., Dutch KVK/Chamber of Commerce, German Company Register). If so, and information is freely available, this is deemed to be acceptable. Payment of a small charge (c. €5-10) to access information is considered acceptable.</li> <li>- <b><u>1% if country of residence of all board directors discernible</u></b></li> </ul>

Questions  
Section weighting

7  
20%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
6	AREA 2 - MANAGEMENT & GOVERNANCE	Beneficial ownership disclosure	Are the <b>beneficial owners</b> of shareholdings of 15% and above in the ultimate parent company disclosed?	5%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- "15%" based on recent European Parliament suggestion to European Council.</li> <li>- <b><u>5% if the beneficial owners of shareholdings of 15% and above in the ultimate parent company are publicly available</u></b> on the company's website, in its ARA or on a public register that is freely accessible by the general public. Payment of a small charge (c. €5-10) to access information is considered acceptable.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Focus is ultimate beneficial owners. Natural persons with significant control. This includes within trusts if they are the ultimate owner.</li> </ul>



Questions  
Section weighting

7  
20%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
7	AREA 2 - MANAGEMENT & GOVERNANCE	Tax & CSR / ESG / Sustainability	Does the company identify and manage tax as a <b>material ESG / sustainability issue?</b>	1%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Ideally, looking for consideration beyond 'risk' - i.e., in context of CSR or ESG or SDGs or sustainability or other (i.e., double materiality).</li> <li>- <b><u>1% if company identifies and evidentially manages tax as a material ESG / sustainability issue</u></b></li> <li>- Encompasses all taxes, not just CIT.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Is corporate tax discussed outside of the R&amp;A tax notes?</li> <li>- Is corporate tax discussed in the context of ESG or other high level frames?</li> <li>- Possible links to inherently double materiality reporting frameworks such as GRI, or accreditation standards such as Fair Tax Mark.</li> <li>- Possible links to consideration of issues such as climate change, plastic pollution, green subsidies, and incentives.</li> <li>- Possible links to cross-departmental engagement (e.g., between tax and sustainability functions).</li> </ul>

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
1	AREA 3 - STAKEHOLDER ENGAGEMENT	Stakeholder policy / engagement	Does the company disclose a description of its approach to <b>stakeholder engagement</b> and management of stakeholder concerns related to tax?	2%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Encompasses all taxes, not just CIT.</li> <li>- Note: we are looking for evidence of substantive engagement, and for this to be disclosed.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Stakeholder engagement policy/strategy.</li> <li>- Company describes who it considers its stakeholders to be.</li> <li>- Processes for collecting and considering the views and concerns of stakeholders, including internal &amp; external stakeholders (e.g., to define tax principles, drafting/reviewing of tax strategy, list of engaged stakeholders, countering aggressive tax planning).</li> <li>- Education of stakeholders on tax-related issues.</li> <li>- <b><u>1% point available for description of a substantive approach</u></b></li> <li>- <b><u>1% available if evidence of robust engagement</u></b></li> </ul>
2	AREA 3 - STAKEHOLDER ENGAGEMENT	Stakeholder policy / engagement	Does the company encourage <b>significant business partners and suppliers</b> to pursue responsible tax conduct?	2%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Looking for engagement with significant business partners (e.g., within Joint Ventures). <b><u>1% available if evidential</u></b></li> <li>- Looking for engagement with significant suppliers (e.g., via procurement questionnaires and due diligence). <b><u>1% available if evidential</u></b></li> <li>- Encompasses all taxes, not just CIT.</li> </ul>

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
3	AREA 3 - STAKEHOLDER ENGAGEMENT	Building a cooperative relationship with tax authorities	Does the company demonstrate a constructive and open approach to <b>engagement with tax authorities?</b>	<b>3%</b>	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Care taken not to assume that tax authority is always correct/good (e.g., Russia) and/or desirous of co-operative agreements and/or may not be optional and/or only open to bigger business.</li> <li>- <b><u>3% available</u></b></li> <li>- Encompasses all taxes, not just CIT.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Company proactive and open to constructive engagement.</li> <li>- Participating in cooperative compliance agreements or related schemes.</li> <li>- Engaging on tax risks.</li> <li>- Not seeking preferential treatment.</li> </ul>

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
4	AREA 3 - STAKEHOLDER ENGAGEMENT	Responsible advocacy	Does the company disclose a description of its approach to <b>public policy advocacy</b> , lobbying, and political engagement on tax matters?	4%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Encompasses all taxes, not just CIT.</li> <li>- <b><u>1% for description and commitment to best practice (i.e., no difference in private and public positions)</u></b></li> <li>- <b><u>2% for transparency on all major positions (i.e., stance taken not process)</u></b></li> <li>- <b><u>1% for openness and assurances around role of trade bodies and how address matters of 'tax'</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Stance on significant issues related to tax that the company addresses in its public policy advocacy.</li> <li>- Confirm that no differences between the company's advocacy positions and its stated policies, goals, or other public positions.</li> <li>- Whether the company is a member of, or contributes to, any representative associations or committees that participate in public policy advocacy on tax, political contributions, trade industry associations, public policy positions and lobbying, political employee activity.</li> <li>- Is the company's socially responsible approach to direct and indirect lobbying and political engagement overseen by the highest governance body and supported by appropriate controls and transparency?</li> <li>- Does the company's government affairs policy include principles for responsible lobbying and aligns with the Responsible Lobbying Framework?</li> </ul>

Questions  
Section weighting

5  
15%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
5	AREA 3 - STAKEHOLDER ENGAGEMENT	Contribution to development programmes	Does the company pro- actively contribute to the <b>development of programmes</b> advancing responsible tax conduct and tax transparency?	4%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Encompasses all taxes, not just CIT.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Through representative associations such as industry groups, governments, and/or other external bodies such as the EU and OECD.</li> <li>- Via civil society initiatives.</li> <li>- Participation in public fora, such as public speaking.</li> <li>- <b><u>4% available. 1% for each substantive engagement over the last 3yrs</u></b></li> </ul>

Questions  
Section weighting

11  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
1	AREA 4 - TRANSPARENCY & REPORTING	Financial transparency	Does the company make freely available, on an annual basis, a set of <b>financial statements</b> (specifically an income statement, balance sheet and statement of cash flows)?	2%	Points to note: - R&A may contain a number of financial statements, but these three are the primary consideration. <b>- <u>Scores 2%, if freely available on company website or on a public register</u></b>
2	AREA 4 - TRANSPARENCY & REPORTING	Financial transparency	Is the company's tax reporting in line with <b>international sustainability frameworks / guidelines / initiatives / standards?</b>	2%	Points to note: - Looking for reference to well respected standards AND evidence that robustly utilised. <b>- <u>2% if refers and adheres to GRI207 or Fair Tax Mark, which have explicit civil society support</u></b> <b>- <u>1% if refers and adheres to B Team or WEF Common Metrics</u></b> <b>- <u>Note maximum that can be scored is 2%</u></b> - This requirement concerns tax reporting of CIT data only. Tax policy/strategy disclosures in line with international frameworks are considered separately in Area 1.  Points to consider: - Need to evidence that implement said standard robustly. - Use of 'safe harbour' non-disclosure will be penalised.

Questions  
Section weighting

11  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
3	AREA 4 - TRANSPARENCY & REPORTING	Public CBCR	Does the company disclose detailed information about countries in which it operates, a list of <b>subsidiary companies</b> and non-fully consolidated holdings including associates and joint ventures?	2%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Whilst much of this may be standard for EU HQed business, may not be the same elsewhere.</li> <li>- <b><u>1% for list of subsidiaries (and non-fully consolidated holdings including associates and joint ventures) and the primary activities of each</u></b></li> <li>- <b><u>1% for clarity on tax residency of each</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Disclose a complete list of all subsidiaries (with percentages owned in each one).</li> <li>- All legal entities within consolidated financial statements. Includes dormant companies, and PE with taxable presence (such as branches).</li> <li>- Disclose the tax residency of all subsidiaries.</li> <li>- Disclose the primary activities of subsidiaries.</li> <li>- Disclose all of non-fully consolidated holdings including percentages owned (associates, joint ventures).</li> </ul>

Questions  
Section weighting

11  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
4	AREA 4 - TRANSPARENCY & REPORTING	Public CbCR	Does the company disclose for each tax jurisdiction <b>total revenues, with a breakdown</b> of third-party sales and intra-group sales / transactions?	2%	Points to note: - Three numbers are being sought. - Total revenue sought by EU pCbCR.  Points to consider: - Does the company publicly disclose its total revenues on a yearly country-by-country basis? <u>1% point</u> - Does the reporting company disclose third party sales in each tax jurisdiction? <u>0.5% point</u> - Does the reporting company disclose for each tax jurisdiction revenues from intra-group transactions? <u>0.5% point</u>
5	AREA 4 - TRANSPARENCY & REPORTING	Public CbCR	Does the company disclose for each tax jurisdiction <b>profit / loss</b> before tax?	2%	Points to note: - Sought by EU pCbCR. - <u>Scores 2%</u>
6	AREA 4 - TRANSPARENCY & REPORTING	Public CbCR	Does the company disclose the <b>total tax charge, current tax charge, deferred tax charge and cash taxes</b> paid for each tax jurisdiction in which it operates?	4%	Points to note: - Relates to CIT (and possibly WHT). - Total tax accrued and income tax paid sought by EU pCbCR. - <u>2% for cash tax charge</u> - <u>1% for current tax charge</u> - <u>1% for deferred tax charge</u>  Points to consider: - Cash tax payments can be expected to include withholding tax payments.



Questions  
Section weighting

11  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
7	AREA 4 - TRANSPARENCY & REPORTING	Public CBCR	Does the company disclose for each tax jurisdiction a number of <b>employees</b> , and their aggregate gross remuneration, and the basis of calculation?	2%	Points to note: - No. of employees sought by EU pCbCR. - <u>1% number of employees</u> - <u>1% gross remuneration</u>
8	AREA 4 - TRANSPARENCY & REPORTING	Public CBCR	Does the company disclose for each tax jurisdiction information about <b>tangible assets</b> other than cash and cash equivalents?	2%	Points to note: - This area not sought by EU pCbCR, but data will sit on OECD CBCR reports. - <u>Scores 2%</u>  Points to consider: - Also acceptable is disclosure on basis of 'data on net assets for each country in which it operates', as per FTM.
9	AREA 4 - TRANSPARENCY & REPORTING	Financial transparency	Does the company provide a numerical tax <b>reconciliation of its actual current tax charge</b> to the amount determined by applying the headline corporate tax rate to the profits of the company in the reporting period?	2%	Points to consider: - Explains in detail the difference between the actual current tax charge and the current tax provisions that might be expected if the headline tax rate in the parent entity's local jurisdiction were to be applied to the business's accounting profits. - In addition to 'total tax' reconciliation. - Should be specific in the matters it refers to – e.g., 'The impact of capital allowance claims'. - <u>Scores 2%. The more detail the better</u>

Questions  
Section weighting

11  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
10	AREA 4 - TRANSPARENCY & REPORTING	Other taxes	Does the company report <b>on other taxes paid</b> (i.e., in addition to CIT) at a) a global level, b) on a country-by-country basis?	2%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- This recognises total tax contribution (TTC) work, but distinguishes global and CbCR.</li> <li>- Captures 'levies' as well as taxes.</li> <li>- <b><u>Scores 2%. The more detail the better</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the reporting company report the additional information for each tax jurisdiction it operates in, such as taxes collected from customers on behalf of a tax authority (taxes paid and borne - these can include income taxes, payroll taxes, and social security contributions)?</li> <li>- Does the company provide information on a country-by-country basis (in cases of regional cap-and-trade schemes, per region is sufficient) on ESG taxes (e.g., carbon taxes, green subsidies and incentives, plastics tax, sugar tax or Covid-19 tax credit)?</li> <li>- Credit may be given where the company provides information about other taxes paid for all significant operating regions (e.g., countries that combine to contribute 90% or more of total revenue).</li> </ul>

Questions  
Section weighting

11  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
11	AREA 4 - TRANSPARENCY & REPORTING	Third-party verification / assurance	Does the company secure <b>external assurance</b> on the disclosed financial and non-financial tax information?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Ideally looking for independent, third party verification. Can be via accreditation, such as the Fair Tax Mark, or reasonable assurance against a standard such as GRI207. <b>Scores 3%</b></li> <li>- <b><u>Reasonable assurance of a broad swathe of financial and non-financial tax information scores 2%</u></b></li> <li>- <b><u>Limited assurance of a broad swathe of financial and non-financial tax information scores 1%</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Scope of assurance assignment, and any standards referenced should be clear.</li> <li>- Clarity on type of assurance should be provided: i.e., civil society and/or standard financial accountancy.</li> <li>- Does the reporting company disclose a description of the assurance process for disclosures on tax?</li> <li>- If applicable, is there a reference to the assurance report and its opinion?</li> </ul>

Questions  
Section weighting

6  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
1	AREA 5 - TAX CONTRIBUTION & NARRATIVE	Level of tax paid assessed	Does the company exhibit a positive <b>corporate tax contribution</b> , and if so what is the business' average tax rate (in terms of cash taxes paid or current tax charge) over the last five years?	5%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Focus is CIT (and includes WHT).</li> <li>- Scoring takes account of OECD global norms.</li> <li>- <b><u>Is the business' average cash tax rate over the last five years:</u></b>  <u>7.5 to 10%, then score 1%</u>  <u>10.1 to 13%, then score 2%</u>  <u>13.1 to 16%, then score 3%</u>  <u>16.1 to 20%, then score 4%</u>  <u>Over 20.1%, then score 5%</u></li> </ul> <p>- Methodology: Average cash taxes paid (extracted from the consolidated cash flow statement) OR average current tax charge (extracted from ARA tax notes) for the most recent five accounting years, divided by average profit before tax for the last five years.</p> <p>- Assessors will have discretion to consider whether income statement profit before tax should be adjusted for unusual items (e.g., substantial accounting consolidation adjustments that will never form part of taxable profit for group subsidiaries, large fair value movements that are not tax allowable until they crystallise, etc).</p> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Assumes that actually paying corporate tax should be rewarded to some degree.</li> </ul>

Questions  
Section weighting

6  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
2	AREA 5 - TAX CONTRIBUTION & NARRATIVE	Narrative on corporate tax contribution	Does the company provide a narrative explanation as to <b>why its a) effective tax rate (ETR), b) current tax charge and c) cash tax contribution differs from the provisions that might be expected</b> if the headline tax rate in the parent entity's local jurisdiction were to be applied to the business's accounting profits?	5%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Focus is CIT.</li> <li>- Option to discuss over one year and/or longer term.</li> <li>- <b><u>5% available. The more detail the better</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Narrative should be provided at a parent level, although may make sense to refer to country level impacts (note: country level dealt with in separate question).</li> <li>- Does the company explain its significant tax incentives, non-taxable income items and non-deductible expenses?</li> <li>- Weighted/blended average/comparable statutory tax rate can be used (rather than headline rate in parent entity's local jurisdiction).</li> <li>- Consideration should be given to how issues are explained to a wide variety of audiences.</li> </ul>

Questions  
Section weighting

6  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
3	AREA 5 - TAX CONTRIBUTION & NARRATIVE	Narrative on corporate tax contribution	Does the company provide a <b>deferred tax note</b> that explains the deferred tax assets and / or liabilities on its balance sheet with significant precision such that the cause of at least 75% of the underlying items are clearly described?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Ties back to balance sheet.</li> <li>- <b>3% available. The more detail the better - looking for real narrative to accompany the deferred tax data that will very likely already be in the ARAs</b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the business state clearly when the underlying assets and/or liabilities are likely to have an impact on the business's tax bill, or make a statement that this is not known because it is more than five years after the balance sheet date?</li> </ul> <p>Examples:</p> <ul style="list-style-type: none"> <li>i) A deferred liability on investment property upward revaluation might only impact a company's tax bill when the property is sold.</li> <li>ii) A deferred tax balance on fixed asset timing differences is likely to unwind and affect tax bills over the duration of each fixed asset's useful economic life.</li> </ul>

Questions  
Section weighting

6  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
4	AREA 5 - TAX CONTRIBUTION & NARRATIVE	Narrative on tax controversies	Does the company provide commentary on recent significant <b>tax controversies</b> and / or any significant <b>uncertain tax positions</b> ?	4%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Encompasses all taxes, not just CIT.</li> <li>- Bad press may (or may not) be merited.</li> <li>- Disputes with tax authorities are not uncommon. Being in court not necessarily 'bad' - ruling may be being sought.</li> <li>- <u>2% for identifying and disclosing UTPs (or for stating are zero)</u></li> <li>- <u>2% for discussing UTPs or any recent tax controversies</u></li> <li>- Where there have not been any recent tax controversies to discuss, this does not need to be publicly stated. However, this should be explained to the assessor.</li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Is each separate uncertain tax position explained in detail, including the likelihood of win/loss in each case?</li> <li>- If uncertain tax positions are considered and none are deemed to exist, is this clearly stated?</li> <li>- Are tax controversies addressed with narrative explanations?</li> <li>- Problems coming to light honestly or via whistle-blowers?</li> <li>- Is any undeserved commentary/media coverage about tax controversies explained?</li> <li>- Are fines and penalties addressed?</li> <li>- Are rulings against by tax authorities addressed, even when all that is being sought is a clarification of law?</li> </ul>

Questions  
Section weighting

6  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
5	AREA 5 - TAX CONTRIBUTION & NARRATIVE	Narrative on corporate tax contribution	Does the company provide narrative explanations and commentary to its <b>public CIT CbCR reporting</b> , paying particular attention to activity in <b>low tax and secrecy jurisdictions</b> ?	5%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Relies on CIT pCbCR being disclosed.</li> <li>- This is where would discuss any stark or seemingly unusual country level data, and presence in low tax and secrecy jurisdictions.</li> <li>- <b>5% available. The more detail the better</b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the company explain and reconcile any differences between CbCR reporting totals and values disclosed in the financial statements? (e.g., Does CbCR revenue total tie back to the consolidated income statement total?)</li> <li>- Does the company explain any noteworthy CbCR reporting statistics per key tax jurisdiction? (e.g., Is tax accrued substantially less than headline rate in a significant territory?)</li> <li>- Does the company explain Pillar 2 impacts, if any?</li> </ul>



Questions  
Section weighting

6  
25%



	AREA	CATEGORY	QUESTION	WEIGHT	CLARIFICATION AND SCORING
6	AREA 5 - TAX CONTRIBUTION & NARRATIVE	Narrative on other taxes	Does the company provide narrative explanations and commentary on <b>other taxes paid</b> (i.e., in addition to CIT) at a) a global level, b) on a country-by-country basis?	3%	<p>Points to note:</p> <ul style="list-style-type: none"> <li>- Assumes total tax contribution (TTC) reporting, at global and/or country level.</li> <li>- <b><u>1% available if global TTC and narrative</u></b></li> <li>- <b><u>2% available if pCbCR TTC and narrative</u></b></li> </ul> <p>Points to consider:</p> <ul style="list-style-type: none"> <li>- Does the company explain the method by which other tax information has been reported, including the difference between taxes borne (e.g., corporate profit tax, employer's social security) and taxes collected (e.g., VAT, employees' employment taxes)?</li> <li>- If the business reports CBCR on a TTC basis, narrative will be required as per corporate income tax reporting.</li> <li>- Are the disclosures in line with international sustainability frameworks/guidelines/initiatives/standards?</li> </ul>

The TR&T Index Assessment Criteria were first released in September 2024